



PENNAR INDUSTRIES LIMITED

Dated: 28th September, 2017
Place: Hyderabad

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai-400 001
K.A.: Ms Ishwari Vaidya
Scrip Code: 513228

Dear Sir/Madam,

Sub: Submission of Annual Report for the Financial Year 2016-17 - reg.

With reference to the subject cited above we hereby submit the Annual report for the Financial Year 2016-17.

Kindly take the aforesaid information on record.

Thanking you

Yours faithfully

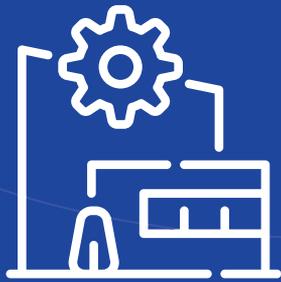
for Pennar Industries Limited

Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS 29058



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

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CIN No: L27109AP1975PLC001919



ENGINEERING VALUE



**Pennar
Industries
Limited**

Annual Report
2016-17

PERFORMANCE 2016-17

CONSOLIDATED

Pennar Industries Ltd.
Annual Report

₹ 1549.42 cr

REVENUE

18.27% GROWTH RATE

₹ 74.92 cr

CASH PROFIT

PAT

₹ 46.65 cr

3.01% MARGIN

EBIDTA

₹ 174.2 cr

11.2% MARGIN

EPS

₹ 3.88

RETURN ON NETWORTH

33.49%

RETURN ON GROSS BLOCK

25.23%

ANNUAL CAPEX

₹ 30.24 cr

Forward looking Statement

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions.

We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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ENGINEERING VALUE



4 PILLARS OF PENNAR

INCREASED
PROFITABILITY

HIGH LIQUIDITY

SUPERIOR PRODUCT
QUALITY

EVER-INCREASING
SAFETY STANDARDS

Growth is a unanimous goal for every organization but what differentiates the pioneers from the dilettantes is - pioneers place an immense onus on value-adding growth.

Over the years, Pennar's approach has been akin to a master sculptor's – each move deliberate and measured, each decision aimed at perfecting the magnum opus, each progressive step adding incremental value to the piece de resistance. We at Pennar take silent pride for having evolved over the years and for having emerged a holistic Engineering Organization, capable of catering holistic value to its customers and stakeholders.

The four pillars of Pennar's business are - Increased Profitability, High Liquidity, Superior Product Quality, and Ever-increasing Safety Standards. These continue to hold the organisation in good stead and continue to be the core drivers of growth year-on-year.

Capital Efficiency and Accelerated Growth - the cornerstones of Pennar's business philosophy serve as the key differentiators of the organisation and consciously add value to all of its processes and to all of its stakeholders. The results are visible in our numbers - Profitable growth, Increased Revenues and Strengthened EBIDTA margins.

Pennar's ROCE is a direct indicator of the balance the organisation has managed to strike. Ramping up manufacturing capabilities, setting up new revenue lines, installing new assets – both capital and human, and doing all of the aforementioned while retaining a steady growth story.

Pennar, the master sculptor, continues to adapt, prosper, and innovate.

REACHING FOR NEW HORIZONS

The year 2016-17 witnessed the cornerstones of the company's business philosophy i.e. Capital Efficiency and Accelerated Growth in their true glory. All business verticals and subsidiaries registered significant growth - some organically in line with the prevalent market conditions, a few others registering growth in excess to the market conditions by challenging the status quo and garnering a greater market share.

This year, however, shall remain etched within the annals of Pennar's history, with the company traversing upon its most ambitious journey yet. Pennar Industries' latest plant, located at Velchal, is its largest till date and equipped with state-of-the-art facilities. Built with the express intent of developing increased forward integration capabilities, the Velchal facility shall serve as a melting pot for talent and technology to converge and to emerge with new products, business lines and greater value addition for the company's ever-loyal customer base.

A year back, the COULD NOTs and DID NOTs outnumbered the COULDs and DOs.

A year back, Pennar COULD NOT perform Strip galvanizing operations, it CAN now.

A year back, Pennar COULD NOT provide its own Hot Dip Galvanized products, it CAN now.

A year back, Pennar DID NOT possess automated in-line manufacturing technology, it DOES now.

A veritable fork in the road, by setting up the Velchal unit and also ramping up capacities in other factories, Pennar has invested rapidly yet strategically created a launch pad for itself and for all of its stakeholders –



both internal and external – to be launched into the upper echelons of not just the Indian engineering space but the Global engineering market.

The possibilities now are immense, and the opportunities limitless.

Not just increased revenues but also increased profitability.

Not just improved capital assets but also improved human assets.

Not just regular grade product lines but also superior and special grade product lines.

Not just volume-based businesses but also value-based quality-driven business.

Value Engineering has always been at the crux of Pennar's approach, it has been experienced by its employees and its stakeholders, it has enabled the company to withstand the vicissitudes of tide and time. The years to come will witness Pennar's Value Engineering philosophy permeating many unconquered horizons, ensuring that it emerges a truly global holistic engineering company.

THE GO-TO DESTINATION FOR MISSION CRITICAL PRECISION ENGINEERING PRODUCTS

AND ONE OF THE FASTEST GROWING WITHIN ITS
SECTOR IN INDIA



CORPORATE IDENTITY

OUR MISSION

Our mission is to leverage our modern infrastructure, technical expertise and decades of experience to provide high quality and cost effective products to our customers.

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

SUBSIDIARIES

Pennar Engineered Building Systems Limited

Pennar Enviro Limited

Pennar Renewables Private Limited

OUR VISION

Our vision is to evolve into a globally reputed diversified engineering company.

We endeavor to have a strong and enduring relationship with our customers based on the quality of our products and services.

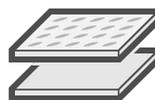
PENNAR INDUSTRIES LIMITED



Steel



Tubes



Systems &
Projects



Industrial
Components

ONE OF THE MOST DIVERSIFIED ENGINEERING COMPANIES IN THE COUNTRY

Legacy

Established in 1988, Pennar is headed By Mr. Nrupender Rao (Chairman), Mr. Aditya Rao (Vice Chairman and Managing Director) and managed by experienced professionals

Location

Head-quartered in Hyderabad, Telengana

Pan-India manufacturing locations in Patancheru, Isnapur, Sadashivpet, Mallapur, Velchal (Telengana), Chennai, Tarapur (Maharashtra).

Listing

Shares listed and traded actively on the Bombay and National Stock Exchanges

Market capitalisation of Rs.492.83 crores (as on 31st March 2017)

Clientele

Prominent customers from diverse sectors (infrastructure, automobiles, power, general engineering and construction, among others)

Quality

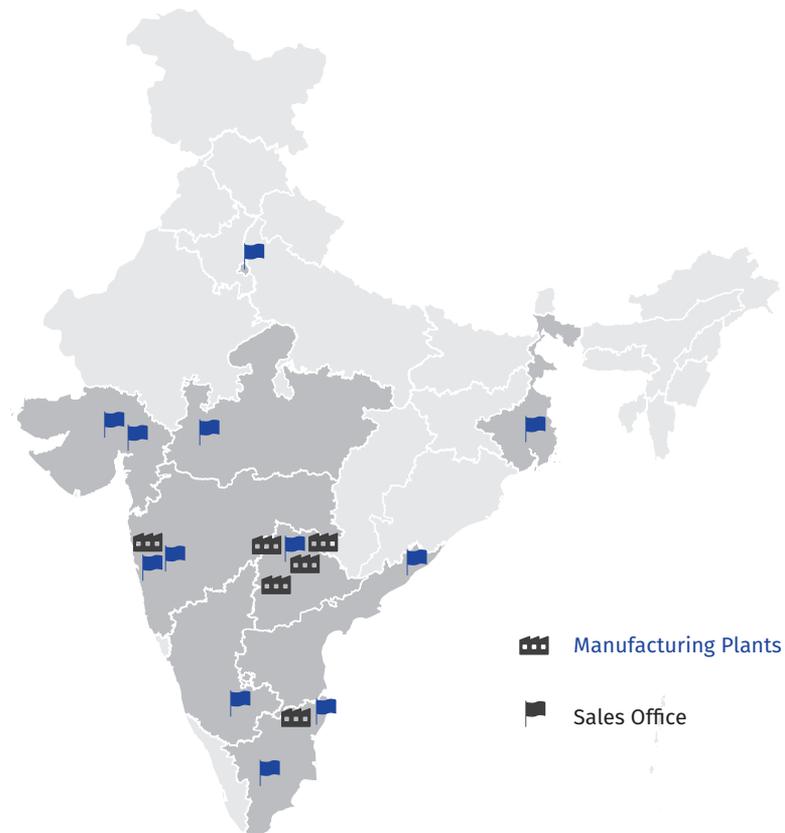
Bestowed with ISO 9001:2008 and ISO/TS 16949:2008 certifications for an unwavering emphasis on quality

Subsidiaries

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

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

Pennar Renewables Private Limited is engaged in the commercial generation of solar power (28 MWDC) in Telengana.



 Manufacturing Plants

 Sales Office

ABILITY COMBINED WITH INTENT: PENNAR'S GLORIOUS FUTURE

Every year, the Chairman's Address in the Annual Report for Pennar Industries provides me an opportunity to address you with the purpose of providing my views of the company's performance for the financial year and also to update you on the progress made on our goal of building a strong engineering company. As in previous years the structure of this address will be to first provide an overview of the financial performance of the company for the year.

I will be writing on each Business Units (BUs) specific performance focusing on the BUs that are well poised for growth and are expected to contribute a growing share of the consolidated company's revenue. The final part of the address will be dedicated towards addressing our Vision to evolve into a strong diversified engineering company and our expected growth trajectory for the next few years.

We achieved our highest ever sales and our highest ever operating profit in the consolidated entity Pennar Industries during the financial year 2016-2017. We achieved Gross Sales of Rs.1,71,825 lakhs and EBIDTA of Rs.17,422 lakhs.

Our EBIDTA margin for the year was 11.24%. We achieved a net profit of Rs.4,665 lakhs during the financial year.

The revenue and profitability numbers consolidate the performance of four BUs and three subsidiaries. Pennar Industries as a standalone entity consists of the following BUs:

- **Systems and Projects**

Railways and Solar MMS Components

- **Industrial Components**

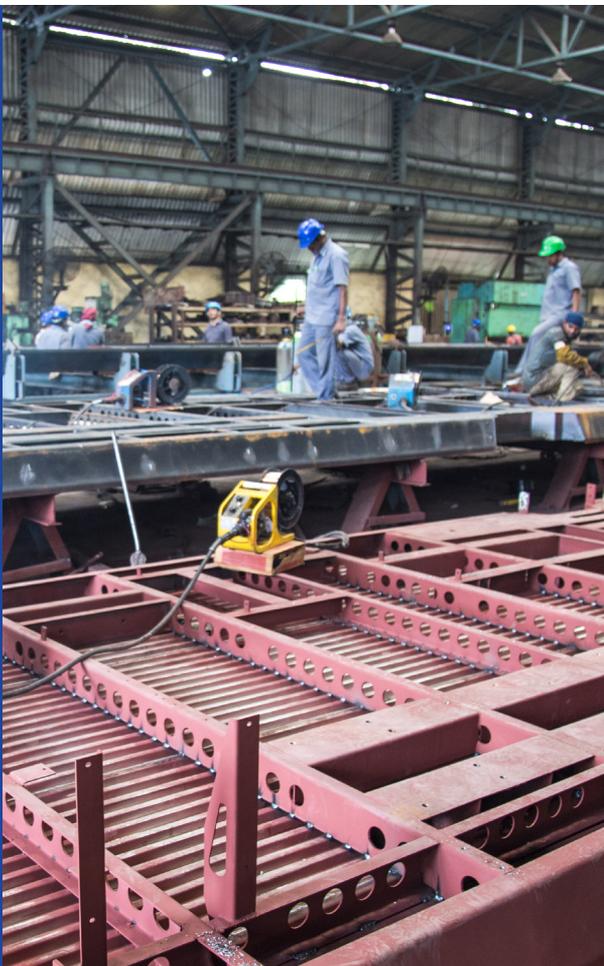
General Engineering and Automotive Components

- **Precision Tubes**

Electro Resistance Welded and Cold Drawn Welded Tubes

- **Steel Products**

Cold Rolled Steel Strips and Formed Sections





Pennar Industries also has three subsidiaries:

- **Pennar Engineered Building Systems Limited (PEBS)**

Custom Designed Building Systems and Solar MMS Systems

- **Pennar Enviro Limited (PEL)**

Process Engineering Plants and Specialty Additives Manufacture

- **Pennar Renewables Private Limited (PRPL)**

Solar Power Plant Assets (28MW)

Systems and Projects is the second largest business unit (after PEBS) in the consolidated entity for the financial year in terms of revenue and profitability. The division comprises the railways and the solar business verticals. Both these verticals have had very high growth in the past year. We expect similar growth levels to continue which could potentially make Systems and Projects the largest Business Unit soon.

The order book for the Railways vertical is expected to grow aggressively. We are expanding capacity at our Chennai and Hyderabad facility to cater to this increase. The capacity increase includes new capabilities in laser welding and cutting, expanding our stretch forming capabilities and to setup up a SS tube production line for railway interiors.

The Solar vertical has enjoyed high growth as India's grid connected solar power capacity grows. Around 7000MW of solar capacity was added to India's energy grid in the financial year. We provide Module Mounting System (MMS) components to our customers who are primarily Solar EPC players. With new capacity added at our Patancheru and Isnapur plants we expect this vertical to continue having strong growth. The implementation of GST however has removed one specific advantage that Pennar had in terms of an ability to pass on MODVAT excise credit on the sale of MMS. Prior to the implementation of GST the excise duty levied on Solar MMS products was zero and the current GST applicable rate is 18% on both our input and output this negating the advantage that we had in solar MMS sales. Nevertheless, I believe our strong manufacturing capabilities and our ability to deliver scale in solar MMS component supplies will ensure that our revenues from this vertical will continue to scale.

Our Tubes division provides precision engineered ERW and CDW tubes to a largely India based customer base. The division has succeeded in constantly adding new capacity and scaling revenue. For the last financial year the division recorded revenues of Rs. 15,518 Lakhs, a growth of 8.39% . We intend to continue building capacity in this vertical in ERW as well as downstream CDW tonnage capacity. The company has also picked up international business from Salem steel and others in tubes. In the next financial year we will commence production on our new stainless steel tube line which will allow us to further grow our addressable market size. A combination of capacity expansion in ERW and CDW, investments in stainless steel tube making capacity and targeting international markets for tubes customers will allow us to grow this BU at double digit rates over the next few years.

The Industrial Components BU services the automotive and general engineering sectors. We manufacture a

range of pressed components and hydraulic systems for our customers in this business unit. While the BU has not seen much growth in the past financial year we are hopeful that the hydraulics business vertical will allow us to bring in higher growth in this vertical.

The Steel Business unit comprises our cold rolling and roll forming operations. This is the legacy business of the company. During the financial year we added special grade cold rolling as a strong capability. In the current financial year this additional capacities and other operating efficiencies will result in substantial improvements in revenue and profitability. Thus, we are able to project that after a long impasse the Steel BU will show strong growth going forward.

Pennar Engineered Building Systems (PEBS) is a subsidiary of Pennar Industries engaged with providing custom designed building solutions to our customers in India and the US. The subsidiary has been one of our most successful initiatives since its inception and has quickly grown to achieve gross revenue of Rs.54,761 lakhs, representing 32% of Pennar Industries' consolidated revenue. The company has commenced operations in Baroda in the past financial year and has also rapidly expanded our structural engineering services vertical which services metal building and structural fabrication companies in the US and other geographies. With GST implementation sectors such as warehousing, building construction and the capital goods sectors are expected to grow strongly over the next few years and PEBS has cohesive capabilities to take advantage of these opportunities. The company's profitability for the financial year ending March 2017 has however declined substantially even with substantial growth in revenue primarily due to a large increase in volatility in steel prices over the second half of the last financial year. We expect some of this volatility in prices – with the consequent effect on our margins – to persist in this financial year. However, the subsidiary has a strong order book, very low leverage

and new growth initiatives that will ensure growth in the next few financial years.

Pennar Enviro the second subsidiary I will be covering provides water treatment, nuclear power, fertilizer plants and other process industry solutions including design, procurement, manufacturing and site execution. The company has grown rapidly over the past few years and recorded gross revenue of Rs.11,528 lakhs for the financial year. With strong references in a range of technologies including desalination, effluent treatment and recycling, demineralization and instrumentation PEL is well placed to continue to grow revenue and profitability over the next few years.

In the last financial year we completed the execution and capitalization of our newest subsidiary Pennar Renewables Private Ltd. The company operates 28MW of solar power plant capacity in the state of Telangana at a PPA of Rs.6.45. In spite of being operationally efficient, the plants however represent a substantial investment from Pennar. The board of Pennar Industries after consultation has decided to offload these assets as the IRR for the project – while attractive and as per industry norms – is lower than the CAPEX initiatives that PIL has. Consequently, we plan to sell the subsidiary in the coming financial year and we expect a substantial capital gain from this sale.

Our vision at Pennar is to continually invest in capability and capacity expansions. We constantly evaluate our addressable markets for growth opportunities and once we reach market share of around 10% in any vertical we look at potential avenues for increasing addressable market size. These investments have to meet certain boundary conditions we set up such as an ROCE of over 20% and an EBITDA margin that is above 10% at a minimum. Once these conditions are achieved we focus on investing and quickly implementing these projects and focus on making the projects breakeven and deliver payback as soon as possible.

As per this paradigm we have identified several projects in this financial year that will when implemented deliver rapid double digit growth in our overall revenue and profitability. In this financial year we look at completion of the following projects:

- Tubes ERW and CDW Expansion.
- Hot dip galvanising and strip galvanizing.
- Heavy fabrication facilities.
- Light guage building system.

Since all these projects are at an EBIDTA margin that is higher than our current margins, they will – once implemented – also boost the overall margin of the company.

Pennar Industries is a diversified engineering firm that has a large addressable market. Our vast reach across sectors and our low debt levels combined with our ability and intent to invest and grow our addressable market will show dramatic returns over the next few years. I am glad to have had your backing over the past few years and look forward to your continued assistance and support as we look to implement our growth strategy.

MR. NRUPENDER RAO

Chairman



STRATEGY & EFFICIENCY: THE PENNAR PARADIGM

I am thankful for the opportunity to address you in the Annual Report for Pennar Industries for the financial year ending March 2017. I would like to take this chance to speak with you about our performance for the year and also about our medium term and long term growth prospects and strategic initiatives.

PERFORMANCE FOR THE FINANCIAL YEAR

The financial year 2016-2017 saw us achieve our highest ever sales for the consolidated company. We achieved gross sales of Rs.1,71,825 lakhs with an EBIDTA of Rs.17,422 lakhs, and a net profit of Rs.4,665 lakhs. The EBIDTA margin for the year was 11.24%.

Pennar Industries as a standalone entity consists of the following entities:

- **Systems and Projects**
Railways and solar MMS Components
- **Industrial Components**
General Engineering and Automotive Components
- **Engineered Tubes**
ERW and CDW Tubes
- **Steel Products**
Cold Rolled Steel Strips and Formed Sections

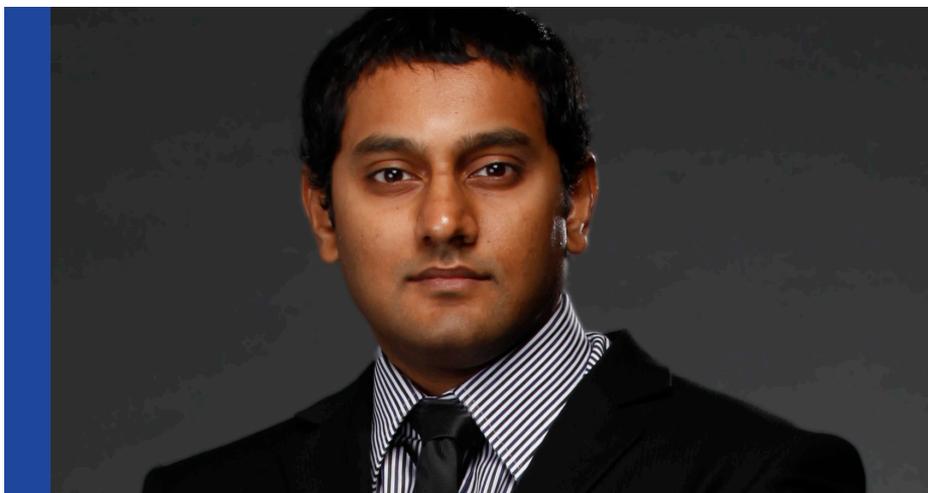
Pennar also has three subsidiaries:

- **Pennar Engineered Building Systems Limited**
- **Pennar Enviro Limited**
- **Pennar Renewables Private Limited**

BUSINESS UNIT PERFORMANCE

Systems and Projects is the second largest Business Unit in the consolidated company in terms of Revenue and profitability. It includes the Railways and Solar verticals which have both exhibited high growth in revenue in the past three financial years. We expect this business division to continue growing in the following years as well.





The Railways vertical consists of our Coaches and Wagon Components business. On the back of new orders from ICF and RCF for coaches and from major integrators for wagons our revenue from the railways vertical should continue to scale well over the next few years. In line with the increasing volumes of railways orders our facilities in Chennai and Hyderabad have been upgraded, we have further plans to expand our manufacturing operations to North India as well.

Sales in standalone solar MMS are also recorded in the Systems and Projects Business Unit. With India's grid connected photo-voltaic plants market set to expand for the next few years at a rapid pace we are extremely confident that this business vertical will continue to scale in revenue and profitability. With increased capacities and modern manufacturing technology incorporated during FY 2016-17, we look forward to not just sustaining double-digit growth in our standalone solar MMS sales but also to improving upon our market share in FY 2017-18.

The Industrial Components business unit consists of sales of a range of automotive and general engineering components. It also includes our Hydraulics business division. We have not been able to grow this business division to our expectations. We continue to invest in capacity and precision improvements that we believe will drive organic growth but also feel that the business vertical is capable of generating high revenue and cash

flow growth. In the FY ending March 2017 the division recorded a revenue of Rs. 5,806 lakhs – a minor dip from the previous financial year – an unfortunate domino effect from GST implementation slowing down the automotive sector. While the performance for FY 2017 has been muted we believe that there are compelling growth opportunities for this business division over the medium term and will consequently continue to invest resources in building capabilities and expanding capacities for the Industrial Components Business.

The Engineered Tubes business vertical has continued to expand rapidly. During FY 2016-17, we focused our growth trajectory and our capital and manpower resources on growing the cold drawn welded tubes (CDW) business while treating the electro resistance welded tubes (ERW) business as feeder for further market share growth in CDW. This approach reaped positive results and we will continue to replicate the same concentrating on continual market share improvements in the years to follow. Engineered tube-manipulated products and stainless steel tubes are good opportunities for us to explore and we have laid the foundation for capitalising on these opportunities. The Engineered Tubes BU team is well structured to focus on its growth plans and is in the process of implementing a five-year strategy. I have every confidence that the BU will evolve into one of the premier business verticals at Pennar.

Cold rolled steel strips (CRSS) and cold rolled formed sections (CRFS) comprise the Steel Products BU, the legacy business of the company.

CRSS is a very competitive and low margin business where we compete with large integrated steel manufacturers for the most part. Consequently, it has been increasingly difficult for us to scale market share and profitability for this vertical. We have invested into capability building for Special Grade CRSS during FY 2016-17, adding a new range of alloy steel products to our profile. Upon the new capabilities attaining stabilisation we are confident that the CRSS sales will increase substantially in the years to follow and all revenue additions will occur at an EBIDTA higher than 10%.

CRFS has a range of products servicing the automotive, construction and engineering sectors. Some of these have significant growth opportunities while some others are subject to low entry barriers, diminishing market share and high competition. We are looking at growing our sheet piling products and also automotive formed sections business.

While we do not expect rapid growth in the Steel Products business unit, we are confident our special grade CR sales should result in significant growth in revenue and EBIDTA. Over the medium term this business unit will have moderate growth in line with the general growth in the infrastructure, automotive and process engineering sectors in India.

Our subsidiary Pennar Engineered Building Systems Limited (PEBS) continues to perform well and the financial year ending March 2017 saw the company continue to record high growth in EBIDTA and profitability. The company had gross revenue of Rs.54,761 lakhs for the last financial year and PAT of Rs.2,440 lakhs. PEBS provides custom designed building solutions to our customers who operate in

the manufacturing, warehousing, process industries, solar, engineering services and multi-story buildings sectors. Considering the growth potential of our newer verticals viz. Engineering services, solar tracking solutions, multi-storey steel buildings and cold form steel buildings, we are confident of continued high growth in this business vertical.

Pennar Enviro Limited is the second subsidiary and operating vertical at Pennar Industries Limited. The company operates in the design, manufacture and project management of turnkey plants incorporating technologies such as demineralization, desalination, effluent treatment and recycling, instrumentation and specialty treatment solutions. The company has scaled well over the past three years recording sales of Rs.11,528 Lakhs in the financial year ending March 2017. On the back of a strong order book, increasing interest from international clientele and a good execution track record, we project that the company will continue to scale revenue and profitability over the next few years.

Pennar Renewables Private Limited is the third subsidiary of Pennar Industries Limited. The company operates 28MW of solar power plant capacity, supplying power to Telangana DISCOMs at a PPA price of Rs.6.45 per unit. The company has recorded revenue of Rs.26 crores with a net profit of Rs.3.6 crores. The plants, however, represent a substantial investment from Pennar presenting an IRR lower than Pennar Industries Limited's IRR benchmark for CAPEX initiatives. After thorough deliberation, the board has decided to offload these assets – the company shall be sold in this financial year and the subsequent capital gains shall be allocated for further improvements in capacity building.

CAPITAL AND RESOURCE EFFICIENCY

We have closed out a strong financial year for Pennar with record high sales and good growth in profitability.

We have created a strong base of growth for Pennar and believe that all our business units and subsidiaries have the capability to grow this year. Our newest and largest facility till date at Velchal will house new products and forward integrated production lines that – I am confident – will contribute significantly to the revenue and EBIDTA growth of the existing BUs, and in addition pave way for new revenue lines.

While we plan and execute our growth plan the key metric that each of our business unit heads and the CEOs of our subsidiaries prioritize is cash flow growth and capital efficiency. Every rupee of profit that is generated and ploughed back into the business and every rupee of capital already invested in the business has to generate a certain benchmark return.

We believe that the cash flows that result from each business units' and subsidiary's growth should be invested back in the business vertical to enable further growth. This creates a near-perpetual feedback loop allowing us to transform Pennar into a strong engineering company over the medium term.

While each business unit has a separate return expectation that is derived based on market returns and historical margins, every business vertical at Pennar has to meet a minimum ROCE and positive cash flow generation expectation. The implementation of this policy has held us in good stead till date and I am confident will further fortify our reputation as a strong cash flow focused company.

FIVE YEAR STRATEGY AND CONCLUSION

We have always believed that Pennar is a strong engineering institution. Over the past decade Pennar has successfully transformed itself into an engineered products company servicing a diverse range of sectors. Our renewed focus over the next five years will be on seeking out large markets that we can cater to followed

by implementation and deployment of capital and resources to build strong engineering, manufacturing and execution capabilities and – most importantly – to ensure financial discipline by rigorously implementing capital efficiency and cash flow generation targets. This paradigm will – I am convinced – place us in the upper echelons of the global engineering space within the next few years. I am thankful to have had your support and trust as I have worked on growing Pennar along with the rest of the very talented management team at Pennar. I am confident that your continued encouragement will ensure that we achieve the goals we have set for ourselves.

MR. ADITYA RAO

Managing Director



TOWARDS INCREASED ENGAGEMENT & PERFORMANCE

Pennar has always been blessed with quality talent and a great group of skilled workers. Undoubtedly we enjoy the privilege of housing the most number of engineers and arguably the largest technical workforce in Hyderabad.

One of Pennar's secrets to success is the high levels of motivation and performance that its people bring to the table. The company's management has consciously put in place measures to acknowledge and appreciate the efforts being put in by its personnel, ensuring good and timely appraisals exceeding market standards. This has resulted in high employee retention, improved employee commitment and consequently higher throughput. This paradigm has resulted in attracting more talent to the company.

FY 2016-17 witnessed the Pennar management assigning BU Heads with the task of identifying high-performing, highly motivated employees within their respective verticals. These individual leaders in turn would serve as champions for the driving of the vertical - functioning as inspiring examples and motivating individuals within the vertical to function as a cohesive unit, driving



the company forward. This endeavor resulted in better employment engagement and has presented a remarkably positive impact on the work force. We have also encouraged high-potential individuals to cross-train across verticals, this we have strategically done in order to make them multidisciplinary. The idea is to enable individuals to apply the experience and expertise gained into another field so that they add more value. This initiative also has been presenting promising results.

With an employee workforce exceeding 2300 and a staff workforce exceeding 700, we have always reported low attrition. Thanks to the Employment Recognition Scheme which we began, the work force has participated better than ever and that has reflected



on the output. Recently we started the system of half yearly appraisals and monthly notes - the BU heads have been specifically assigned the role of assessing the Goals Vs Performances every month in order to align the employee towards the right direction and to motivate them to work in a focused manner. With Pennar venturing into the largest plant it has ever built, Pennar would need the support and cooperation of the entire workforce and the synergy of all the leaders.

We can also proudly proclaim that the relationship with our labour force has been very healthy. In FY 2016-17 Pennar has not witnessed a single day of disturbance or disruption – a laudable effort for all the relevant parties. We have recognized unions and have made committees to address the problems of the workforce. For example, we have made committees for different aspects like Canteen committee, Garden Committee, Scrap Disposal Committee, House Keeping etc., where we have encouraged and involved workers to solve problems of fellow workers.

We impart training for staff as a part of our Employment Induction Program, workers as we invite Motivational speakers regularly and also by conducting training classes regularly. The emphasis is always on Employment Safety and we impart and follow high safety standards. The idea is to identify risks and train

the work force accordingly towards a safe and risk-free environment safeguard.

We have been actively involved in CSR activities as well - we have adopted village schools - supplying food and potable drinking water to the students – providing for over 70000+ gallons of safe drinking water. Pennar believes in Education and the dream of education to one and all is why we have adopted schools wherever we have built our factories.

Consistency, reliability, and commitment have been Pennar's greatest strengths and we will continue to maintain our high standards for many years to come.

MR. LAVANYA KUMAR

Wholetime Director

GROWING FROM STRENGTH TO STRENGTH

The Tubes Business Unit has been growing from strength to strength, and I consider it a privilege to be heading the Business Unit. The year 2016-17 witnessed continuous growth across all quarters and credit is due to the leadership team of Pennar, the passionate workforce as well as the robust infrastructure in place.

We began the financial year 2016-17 by setting ourselves a lofty topline target and performed respectably - attaining a 99% achievement of the targeted topline. The fact that we attained this exceeding the company's EBITDA and ROCE benchmarks - we take special pride in the achievement.

The CDW Division has emerged a dominant performer registering increasing double-digit growth. The ERW division has held steady and performed well in spite of a challenging market - an achievement within itself. We continue to cater products to the energy sector and have managed to ward off competitors from eclipsing our market share. The orders from other sectors continue to experience an upward trend.

REVENUE **₹ 155.18 cr**

Value - added proportion of revenues

15.66%

EBIDTA

₹ 13.51 cr

Value - added proportion of revenues

14.47%

TUBES BU





FY 2016-17 was specifically challenging owing to dynamic market scenarios with price fluctuations making it a tough terrain for business. Pennar's philosophy of lapping up challenges with the firm belief that they only make us stronger and better has kept us in good stead. Rising raw material and conversion costs notwithstanding, we balanced customer requirements with quality deliverables and ensured that our customers didn't feel the pinch of the steep increase in prices.

THE FUTURE, UPGRADED

The coming FY 2017-18 looks bright - we are confident of double-digit growth and are also bullish about achieving not just attaining the needful, but also expanding our market share. To address the changing market paradigm and to garner a greater grasp on the market offerings, we had begun a journey 6 months back to enable and empower the plant so as to improve the capacity and increase the capability. We

have upgraded to a stable supply model, maintaining inventory of fast-moving products in order to cater to customers with quick turn-around times. There is a lot of demand for CDW products, and in line with this requirement we are expanding our CDW lines as well.

LOYAL CUSTOMER BASE CONSISTENT GROWTH

One of the major reasons for the growth of our vertical continues to be the loyal customer base and the trust that's been put on us. We have catered to our customers with great pride and honesty and will continue to do so. Growing orders from customers have served well in giving us that additional confidence to produce great results - our healthy order-book is reflective of the same. Therefore I can proclaim with great assurance that we have a clear growth plan for the future. I can see it as I say it.

MR. BHOOPAL REDDY M

Executive Vice President, Tubes BU

TOUGHER THE MARKET, TOUGHER ITS PIONEERS

There is a saying, "When the going gets tough, only the tough get going". We, in the Steel Products Business Unit take great inspiration from the above adage and have practically experienced it. As a team, we have faced many a hurdle in the past and thanks to the team's unwavering focus and its relentless approach, we have continued to emerge as top players.

FY 2016-17 was relatively competitive - Pennar witnessing stiff competition from many players – both established and emerging - in the market. We held steady, however, and protected our market share registering a topline of Rs.310 crores.

We have managed to maintain our revenues to a standard point despite a turbulent market. With the market becoming more and more competitive, we are strategically moving away from manufacturing regular grades and are consciously transitioning towards special grades. We have started concentrating on increasing the volume of these special grades to increase the overall BU profitability.

REVENUE **₹ 309.71 cr**

Value - added proportion of revenues

31.25%

EBIDTA **₹ 14.24 cr**

Value - added proportion of revenues

15.25%

STEEL PRODUCTS BU





CHANGED STRATEGY. BRIGHT FUTURE

The prospects for 2017-18 look bright - we have estimated double-digit growth rates and are confident of delivering the same. Our changed strategy for special grades is expected to reap great volumes and a steep ascent in our topline and bottomline. The Solar sector, another dominant performer, is on an exponentially upward curve thanks to the healthy ecosystem created by the Government of India. There is a genuine dearth of production capacity to cater to all the Solar module mounting structures across the country. However, Pennar, the original pioneer in roll forming continues to possess the necessary capabilities to deal with these volumes, an advantage that aids us in delivering value to our ever-loyal customers.

With the new manufacturing unit at Velchal we would have established further forward integration in terms of Strip Galvanizing and Hot Dip Galvanizing – new business lines that would definitely give a steep boost to the Steel BU's topline. We are positive about a definite growth in revenue for strip galvanizing products. Through these facilities, we will be adding a double-digit revenue growth through new revenue lines catering to the existing customer base.

We have consciously avoided backward integration in this BU to avert the risk of becoming yet another product manufacturer in an already crowded market. By continuing to be a component manufacturer, we continue to serve our loyal customer base and have been focusing more and more to improve the volumes.

Going forward, our focus will continue to be on increasing volumes while retaining our product quality.

MR. Y NARASIMHA RAO

President, Steel Products BU

HOLISTIC SUCCESS OF A HOLISTIC ENGINEERING COMPANY

In FY 2016-17, notwithstanding an unstable, uncertain economy with tremendous variations in market demand, the Industrial Components BU performed well. We were able to capture the upswing of the market with – a. strategic CAPEX investments, b. placing faith on our credo – “Our customers don’t buy our products. They buy our capabilities.”

The 2-wheeler automobile market witnessed a steep downturn for a period of 2 months – an unfortunate side-effect of demonetization. Subsequently, however, the sector rebounded and the ICD Business Unit registered double-digit growth in sale revenues. Timely CAPEX investments and precise deployment of productivity and process upgrades helped us reap maximum benefits of the cumulative surge in demand arising from the rebound.



REVENUE

₹ 58.06 cr

Value - added proportion
of revenues

5.86%

EBIDTA

₹ 8.89 cr

Value - added proportion
of revenues

9.52%

INDUSTRIAL COMPONENTS BU

Our customers have never been ones to gauge our manufacturing and production capabilities in isolation. Our customers meticulously gauge our competence, our adherence to global standards of systems, processes, management practices and the relevant requirements.



We have invested in machinery and manpower improvements - introduced inverter-based machines, similar to the ones we install at home thereby resulting in lower power consumption per unit of productivity, and also trained our personnel to attain excellence in execution. This, overall, has helped us showcase the organization for better growth in terms of process, people and system adherences.

THE FUTURE, UPGRADED

We anticipate double-digit growth rates in the first two quarters of FY 2017-18. Hydraulics and Press components are the predominant products under this BU and during FY 16-17 we are ramping up capabilities on both product lines to push the collective topline of the BU into a three digit numeric. We foresee export businesses, particularly to the American and European markets, paving way for this plan to attain fruition.

An ambitious target we've set ourselves is a conscious upgrade in the value chain of our existing businesses – moving from Tier-3 to Tier-2, and likewise from Tier-2 to Tier-1. We will be consciously moving towards

manufacturing of sub-assembly products, stepping up from component manufacturing. In the 2-wheeler automotive sector, we are determined to upgrade towards manufacturing of frames. The prospect customers will be the likes of Enfield and Yamaha.

Pennar is entirely unique with its innate capabilities for backward and forward integration. To the best of my knowledge, we are the only organisation capable of operating at 3 tiers - manufacturing entire sub-assemblies, manufacturing individual components as well as producing finished products such as Hydraulic Cylinders for OEMs. For any potential customer on the lookout for a product that involves precision welding and machining, in addition to assembling requirements, Pennar is the lone and obvious choice. This very ability will continue to remain our key differentiator and will ensure our continued relevance and consequent growth for many years to follow.

MR. SHIVA KUMAR K

Vice President, Industrial Components BU

WHAT WE DO IS EFFICIENCY. HOW QUICKLY WE DO IT IS EFFECTIVE-EFFICIENCY

The Operations department is undoubtedly the backbone of any engineering organization and at Pennar we take our processes equally seriously.

As we have evolved, our focus has shifted to the following – Produce Greater Results in Lesser Time incurring Lesser Costs. Pennar has always been synonymous with timely delivery of quality products and this wouldn't have been possible without a passion to improve effective-efficiency. And thanks to the leadership team of Pennar, we have constantly invested in upgrading our Infrastructure and towards attracting positive talent.

The ultimate goal for any organisation is to attain greater profitability with optimised operational expenses. However, what has seen Pennar emerge above other competitors is its approach to this universal philosophy. We have always been at the forefront in not just identifying the scope for converting traditionally low-margin products into high-margin products, but also executing these value-adding projects to fruition. We have done this time and again by investing strategically towards capacity building.

REVENUE

₹ 434.34 cr

Value - added proportion of revenues

31.25%

EBIDTA

₹ 14.24 cr

Value - added proportion of revenues

15.25%

SYSTEMS & PROJECTS





Tubes has been growing exponentially - CDW taking the lion's share of the growth - we have added 4-5 products, increased CDW lines and escalated the business line from low-margin to high-margin products over the last decade. Railways and Solar have been witnessing increasing requirements year-on-year, requirements which have traditionally exceeded our capabilities. New capabilities have already been added and further capacity increments are under way to ensure Pennar captures further market share in both these sectors as well.

In addition, we have been emphasising consciously on automation and adoption of modern manufacturing technology and practices. In FY 2016-17 we have invested in modern manufacturing infrastructure - adding 4 High Speed Online Punching mills and Online Post-Forming machines that have provided a tremendous boost to our capacities. With Auto Gauge Control and Hydrogen and Helium infused processing we are on the verge of stabilising on the manufacturing of special grade Steel strips. Spot welding techniques are being consciously implemented, a cut away from the more traditional manual marking method that we used to practice - equally effective yet more efficient.

The state-of-the-art manufacturing facility at Velchal is a welcome addition to the ever-widening horizon of Pennar. This facility will stand as a role model and will churn out products that will substantiate Pennar's Value Engineering vision and approach in a manner hitherto unseen.

Servicing the Indian Railways sector, we have steadily grown from strength to strength. The sector places an increased emphasis on modern manufacturing technology - the sector's demand for rapid product turn-around continues to remain high. High-Speed Technology, technology that requires low weight and high strength composites, is a mandatory requirement to meet this demand, and Pennar continues to move in unison with this demand. The Operations team places an immense onus on Safety. A dedicated Safety cell comprising of a strong Safety Management Team that relentlessly infuses a culture of safety and adherence to global standards has ensured that the company continues to operate with minimum incidents. We mandate safety orientations for anyone visiting our facilities during which they are made aware of Pennar's mode of functioning and the onus we place on ensuring safe operations. Safety is a journey, and we will continue to take proactive measures to get closer and closer to our Zero-Incident objective.

In conclusion, I would like to state that FY 2016-17 was a challenging-yet-enriching one, with the company witnessing many new developments. These developments were deployed seamlessly and shall function as a launch-pad for rapid growth in the coming years. We look forward to 2017-18 with renewed enthusiasm, ready for new challenges and confident of carrying on the good work done in previous years.

MR. DAYASAGAR RAO N

Executive Vice President, Operations and Railways BU

VALUE-DRIVEN DELIVERY IN VOLUMES: PENNAR'S GROWTH FORMULA

This year we have performed exceptionally well in all segments of business. Thanks to the combined force of all BU Heads and their respective teams, our numbers reflect positive results and I am certain all the stakeholders would take note of the same.

Pennar has traditionally been customer and investor-centric, and has adapted and emerged as an engineering product manufacturing company in line with their requirements, incorporating appropriate design solutions accordingly. We no longer seek just volumes in isolation, we seek and specialise in generating products that require a keen eye for engineering value-addition.

Today we manufacture products that require meticulous engineering in the value chain, in line with Pennar's Value Engineering philosophy. We have retained our core expertise but have moved well beyond mere processing of steel. Our wide product and project portfolio and a loyal customer base willing to invest time and money in our capabilities serve as ready evidence of Pennar's transition.

Our growth follows three stages – upgrading of existing facilities, expansion of existing product line capacities, and evaluation and inclusion of new products into the existing portfolio. This year we have introduced new product lines in the form of galvanising facilities and increased capacities for stainless steel tube manufacturing, and we foresee major windfalls in both topline and bottom line once these lines stabilise and reach peak efficiencies. By constructing our largest and most modern manufacturing

facility till date at Velchal, we have aimed at further forward integration and expansion into new revenue lines and at the same time de-congested our existing plants – paving way for further investment in modern infrastructure in the years to follow.

Our CAPEX is designed to suit not just our business style but also our parameters for growth. Today we have increased Capital Efficiency – 60% of CAPEX investment has been towards promoting forward integration, without taking a considerable hit on our balance sheet. As the CFO, the parameters I consciously monitor are





- liquidity and ROCE. With staunch payment terms in place, both at sale and purchase level, I am glad to say we have always enjoyed good liquidity. ROCE has been traditionally high, and this year in spite of major CAPEX investments the ROCE persists, strong as ever. All the money invested is thoroughly justified and has been done so to source maximum returns as quickly as possible. As a company we have never struggled for liquidity and this we owe to the good financial discipline which we have been following.

To conclude I would like to reiterate Pennar's key differentiating ability. We, at Pennar, believe in de-risking our business. Productivity and profitability are forever subject to the sway of market conditions. Our experience over the years has taught us to plan our project and product mix and our growth plans in a manner where we attain sustainable growth irrespective of market conditions. This very approach now inspires not just its internal stakeholders but also external ones thus defining the market paradigm. Having witnessed the company's evolution over the

years, I can confidently state that Pennar will continue to perform commendably in the coming years as well, growing from strength to strength, further establishing itself as a holistic Engineering Company.

MR. J KRISHNAPRASAD

Chief Financial Officer, Pennar Industries Limited

AWARDS & ACCOLADES



Pennar believes that enduring sustainability is derived from the ability to generate increased margins, the benefits of which can be redeployed into building the business.

2017

Best Professionally Managed Moppany
**CIDC VISHWAKARMA
AWARD**

2016

Top Challenger
**CONSTRUCTION WORLD
TOP CHALLENGER
AWARD**

2016

Excellence Award
**IEI INDUSTRY
EXCELLENCE AWARD**

2016

PEB Project Of The Year - Runner Up
**CONSTRUCTION WEEK
INDIA AWARDS 2016**

2016

Industrial Building
**D&B INFRA
AWARDS**



BUSINESS COMPETENCIES

Pennar Industries has progressed to a business model that is likely to generate multi-year growth irrespective of industry trough and crests.



MARGIN FOCUSED



INTEGRATED

Over the years, Pennar has created an integrated business model, offering engineering design with products that offer clients comprehensive cutting-edge solutions.



VALUE ADDED

The Company is engaged in the design and manufacture of value-added products thus emerging as the preferred choice for customers.



WIDESPREAD

The Company's seven manufacturing units are located close to key downstream users, making it possible to service clients with ease.



BALANCED

The Company is present in fast-growing sectors like infrastructure, real estate, railways, warehouses, automobile, power and general engineering.



PRUDENT

Pennar restricted its long-term debt-to-equity ratio to bare minimum, envisaging the financial strength of the Company.



EVOLVING

The Company strategically ventured into servicing high-end sectors like aerospace and nuclear power, shedding its tag of being primarily a general engineering products player.



RANGE

The Company created a portfolio comprising more than 1500+ products, de-risking itself from an overt dependence on any single product or sector.



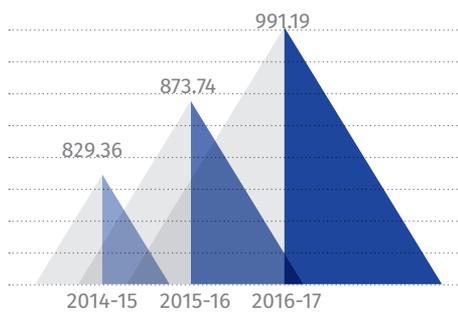
QUALITY CONSCIOUS

The Company's units have been certified with ISO 9001:2008 and ISO/TS 16949:2008 because of their unwavering focus on quality excellence.

IMPACT OF PENNAR

Pennar Industries has progressed to a business model that is likely to generate multi-year growth irrespective of industry trough and crests.

REVENUES (cr)



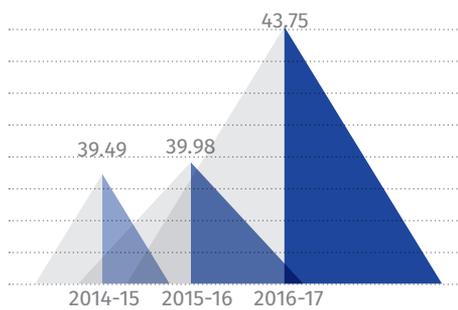
RATIONALE

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

PERFORMANCE

Pennar reported a **CAGR growth of 6.12%** in the last three years leading to 2016-17.

CASH PROFIT (cr)



RATIONALE

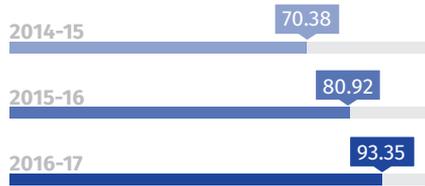
To gauge accruals available at Pennar's disposal from captive resources for onward investment.

PERFORMANCE

The Company's cash profit reported a **3.47% CAGR growth** in the three years leading to 2016-17.



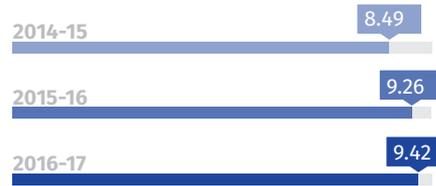
EBIDTA (cr)



Rationale: To measure our operating profit and get an idea regarding the financial health of Pennar.

performance: EBIDTA reported a **CAGR growth of 9.87%** in the last three years leading to 2016-17.

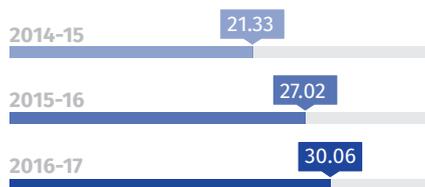
EBIDTA MARGINS (%)



Rationale: To measure our operating profit and get an idea regarding the financial health of Pennar.

performance: EBIDTA reported a **CAGR growth of 15.08%** in the last three years leading to 2016-17.

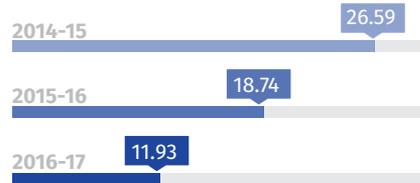
PROFIT AFTER TAX (cr)



Rationale: To measure our operating profit and get an idea regarding the financial health of Pennar.

performance: EBIDTA reported a **CAGR growth of 12.12%** in the last three years leading to 2016-17.

ANNUAL CAPEX (cr)



10%

EPS of 2.50 with a growth rate 10%

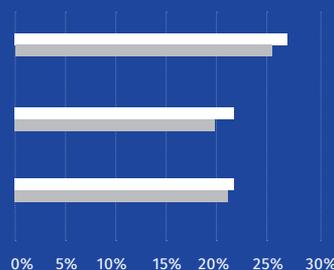
MEASURING THROUGH RETURNS

RETURN ON NETWORTH (RONW)

RETURN ON GROSS BLOCK

RETURN ON CAPITAL EMPLOYED (ROCE)

■ FY2017 ■ FY2016



GROWTH RATE

139 bps

244 bps

35 bps

2016-17 (STANDALONE) FINANCIAL PERFORMANCE

Total Revenue	873.74	991.19	13.44%
EBIDTA (Rupee in Crore)	80.92	93.55	15.36%
PAT (Rupee in Crore)	27.02	30.06	11.25%
Cashprofit (Rupee in Crore)	39.98	43.75	9.43%
EPS (Rupee)	2.25	2.50	Rs. 0.25
EBIDTA Margin%	9.26%	9.42	16 bps
Annual CAPEX (Rupee in Crore)	18.74	11.93	(36.34%)
Return on Capital Employed(ROCE)	20.67%	21.02%	35 bps
Return on Gross Block	18.60%	21.04%	244 bps
Return on Net Worth(RONW)	24.98%	26.37%	139 bps



Segment-wise Income	FY 2016		FY 2017		Growth%	EBITDA	EBITDA Growth%
	Revenues	Proportion of net	Revenues	Proportion of net			
Steel products	339.98	40.58%	309.71	32.35%	(8.9%)	14.24	4.60%
Systems and Projects	293.36	35.01%	434.34	45.37%	48.06%	56.7	13.06%
Tubes	143.17	17.09%	155.18	16.21%	8.39%	13.51	8.70%
Industrial Components	61.39	7.33%	58.06	6.06%	(5.42%)	8.89	15.32%
Total	837.9	100%	957.29	100%	14.25%	93.35	9.42%

*Total excludes scrap sales worth ₹33.9 crore in FY 2016-2017 and ₹33.54 crore in FY 2015-2016

SEGMENT-WISE BUSINESS REVIEW

PENNAR SERVICES DIVERSE SECTORS LIKE INFRASTRUCTURE, AUTOMOBILES, ENERGY, GENERAL ENGINEERING

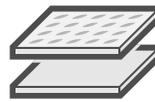
The Company's business is divided into four strategic units – steel products, systems and projects, tubes and industrial components. The Company's manufacturing units (five) are located across India and all the manufacturing facilities are certified with relevant accreditations. The plants comprise modern equipment like laser cutting, plasma cutting, transfer presses and CNC machines.



Steel



Tubes



Systems &
Projects



Industrial
Components

OVERVIEW

35+

years of Industry Experience

1,500+

Product portfolio

3,000+

Tools & Dies

2,500+

Employee base

600+

Customer base

PENNAR'S EVOLVING BUSINESS MIX

2011-12



SEGMENTAL REVENUES (cr)

■	598.65	Steel Products
■	248.11	Systems & Projects
■	60.77	Tubes
■	69.00	Industrial components



VALUE ADDED PROPORTION OF REVENUES (%)

■	61.30%	Steel Products
■	25.41%	Systems & Projects
■	6.22%	Tubes
■	7.07%	Industrial Components



SEGMENTAL EBIDTA AS A PROPORTION OF EBIDTA (%)

■	61.30%	Steel Products
■	36.70%	Systems & Projects
■	4.35%	Tubes
■	8.04%	Industrial Components

2016-17



SEGMENTAL REVENUES (cr)

■	309.71	Steel Products
■	434.34	Systems & Projects
■	155.18	Tubes
■	58.06	Industrial Components



VALUE ADDED PROPORTION OF REVENUES (%)

■	31.25%	Steel Products
■	43.82%	Systems & Projects
■	15.66%	Tubes
■	5.86%	Industrial Components



SEGMENTAL EBIDTA AS A PROPORTION OF EBIDTA (%)

■	15.25%	Steel Products
■	60.75%	Systems & Projects
■	14.47%	Tubes
■	9.52%	Industrial Components

PENNNAR'S PRESENCE: RIGHT SECTORS, RIGHT TIME



RAILWAYS

RS.1,31,000 cr

Proposed outlay for FY2017-18 which is an increase of 8% over previous year

RS.5,000 cr

Estimated appropriation to the DRF in FY2017-18



SOLAR POWER

12.3 GW

Present day solar power generating capacity (gigawatts) in India

100 GW

Targeted solar power generating capacity (gigawatts) by 2022



WAREHOUSING

839 MMSF

Cumulative warehouse space demand over next four years (million sft)

35 MMT

Agri-warehouse capacity to be developed by 2017 (million metric tonnes)



AUTOMOBILE

9.23 %

Annual growth rate of the Indian passenger car market (%)

USD 113 bn

Projected Indian auto component market valuation by 2020 (USD billion)



MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL ECONOMY OVERVIEW

2.4%

According to the World Bank report titled World Economic prospects June 2017, the global economy is estimated to have grown by 2.4% in 2016. This economic stagnation was brought about by two key drivers – a conscious shift of the Chinese economy from manufacturing to consumption and service sectors, and tightening of the US monetary policy and consequent slowdown in global trade.

All major economies started bottoming out in 2016 owing to a slow rise in commodity prices and strengthening global trade. The global trade growth has firmed and is on a path to outpace GDP growth in next two years. The world economy is anticipated to have steady growth over the coming years.



OUTLOOK

The World Bank, in its June report on Global economic prospectus, indicated that the world economy could grow at 2.7% in 2017 and 2.9% in 2018. This forecast is based on improvement in global trade and investments which bottomed out in 2016 along with a gradual rise in commodity prices. Activity in advanced economies is expected to gain momentum in 2017, supported by an upturn in the United States, as previously anticipated. In the Euro Area and Japan, growth forecasts have been upgraded, reflecting strengthening domestic demand and exports.

The forecast is subject to moderate downside risks that include escalating trade restrictions because of protectionist policies by countries such as US and UK and a slowdown in Chinese economy.

INDIAN ECONOMIC OVERVIEW

Indian economy grew at a pace of 7.1% in 2016-17 registering lower growth compared to 2015-16. The growth slowed down from 7.6% in previous year 2015-16 due to a below-average monsoon coupled with a liquidity crunch curbing rural demand, a key growth engine of the Indian economy.

The Union budget 2017-18 is strictly in line with the fiscal consolidation path of the government and the reforms by the government are aimed at making India a more organized economy. The Government's conscious focus upon the improvement of Ease of Doing Business with reforms such as the Implementation of GST and the Make In India Campaign created a launch-pad for

+7.6% **GROWTH RATE**

The worldbank retained 7.6% growth rate for India in 2016-17, Which it said could accelerate to 7.7% in 2017-18 and 7.8% in 2018-19.

the Indian economy to scale greater heights.

OUTLOOK

The Government is aimed at fiscal consolidation along with continuous reforms that will reduce impediments to sustainable growth. The political stability of the country along with its macroeconomic prospectus is setting India on a robust growth path for the future.

The World Bank has estimated the growth for India to be 7.5% in 2018 and 7.7% in 2019. 2017 is expected to have an above normal monsoon that will activate the growth engines of the Indian economy such as rural consumption thus setting stage for robust growth.

INDIA'S INFRASTRUCTURE OVERVIEW

The Indian Infrastructure sector is one of the key drivers of the Indian economy. The sector is largely responsible for propelling India's overall development and enjoys intense focus from the Government policy making that would ensure time-bound creation of world class infrastructure in the country

The Road Transport & Highways Ministry has invested approximately Rs.32,000 crore (US\$ 47.7 billion), while the Shipping Ministry has invested around Rs 80,000 crore (US\$ 12.0 billion) in the past two and a half years towards building world class highways and shipping infrastructure in the country. The Government of India is expected to invest sizably in the infrastructure sector, mainly highways, renewable energy and urban transport, prior to the general elections in 2019.

GOVERNMENT INITIATIVES

In the Union Budget 2017-18, the Government of India has taken the following measures for the development of infrastructure.

- Increased total infrastructure outlay and defense capital expenditure by 10 per cent and 20.6 per

cent to Rs.396,135 crore (US\$ 59.18 billion) and Rs 86,488 crore (US\$ 13.1 billion) respectively, over FY17 revised estimate

- Railway expenditure allocation has increased by 8 per cent to Rs.131,000 crore (US\$ 19.58 billion) for laying down 3,500 km of railway lines in 2017-18
- Affordable housing has been given infrastructure status
- Lock-in period for long-term capital gains on land and buildings has been reduced from three to two years

OUTLOOK

Indian infrastructure sector is slowly reviving from the stagnation it experienced in the previous years with the help of capital impetus from the Government. Majority of the new infrastructure projects were related to roads and railways. Demand for affordable housing coupled with award of infrastructure status by the government will enable significant investments in this space. However, lower capacity utilization levels by corporates and lack of private CAPEX is dampening the growth of infrastructure sector. Overall the growth outlook for infrastructure sector remains moderate.

INDIAN CONSTRUCTION SECTOR OVERVIEW

Indian construction sector, second largest sector in terms of number of people employed contributes to around 8.5% of the Indian GDP and employs more than 35 Million people. The size of the Indian construction sector is estimated at 2,48,000 crore. Construction sector provides a growth impetus to many other sectors such as Cements, Iron & steel, Paints & tiles etc.

Residential construction was the largest in the Indian construction industry. Urbanization has been key demand driver in India along with rising household incomes which lead to improvement to residential construction over a period of time.

GOVERNMENT INITIATIVES

In the Union Budget 2017-18, the Government of India

has taken the following measures for the development of construction sector.

- Infrastructure status to affordable housing
- Pradhan Mantri Awas Yojana and housing for all by 2022 and increased allocation to PMAY by 45%
- Holding period for immovable assets reduced from 3 years to 2 years and indexation to be shifted from 1.4.1981 to 1.4.2001

OUTLOOK

Indian automobile market is one of the most competitive markets in the world. The market witnessed significant growth over the last two decades owing to investments from foreign players through FDI along with significant rise in Indian disposable incomes and this trend is expected to continue in future. Leading auto maker Maruti Suzuki expects Indian passenger car market to reach four million units by 2020, up from 1.97 million units in 2014-15.

The automobile industry sales grew significantly during the years 2016-17 on account of a gradual uptick in rural demand along with growth in exports. However, the sector saw mixed results on account of the impact of demonetization in the third and fourth quarters of 2016-17 along with this the ban on BS-3 vehicles from April 1st 2017.

In 2017-18 the industry is expected to witness gradual pickup in demand as the liquidity and cash situation in the market improves. Also, demand is expected to improve on back of various initiatives taken by the government in the Union Budget 2018. Higher allocation for infrastructure and transportation segment is likely to benefit the commercial vehicles demand during the year. Allocation to farm credit has been increased which is expected to fuel demand for the tractors segment. Also, reduction in tax burden for individuals with income below Rs 5 lakhs is likely to have positive impact on the two-wheelers and small cars demand. However issues related to upgrading



emission standards with significant investments and uncertainty related to GST may impact the sector to some extent.

INDIAN MANUFACTURING SECTOR OVERVIEW

Manufacturing has emerged as one of the high growth sectors in India. The 'Make in India' program has been launched with a vision to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. India is expected to become the fifth largest manufacturing country in the world by the end of year 2020*.

Basing on the Gross Value Added (GVA) at constant (2011-12) prices, the manufacturing sector in India grew 7.9 per cent year-on-year in 2016-17, as per the 2nd provisional estimate of annual national income published by the Government of India. Under the Make in India initiative, the Government of India aims to increase the share of the manufacturing sector in GDP to 25 per cent by 2022, from current share of 16 per cent, and to create 100 million new jobs by 2022. Thus the scenario of the Indian manufacturing sector continues to remain positive.

GOVERNMENT INITIATIVES

The Government of India has taken several initiatives to promote a healthy environment for the growth of manufacturing sector in the country. Some of the notable initiatives and developments are:

- Reduction of income tax rate to 25 per cent for MSME companies having turnover up to Rs 50 crore (US\$ 7.5 million)
- MAT credit forward is extended to 15 years from 10 years
- Abolishment of Foreign Investment Promotion Board (FIPB) by 2017-18

OUTLOOK

The government's plan to promote India as a global manufacturing hub and create employment opportunities within the country is a welcome move.

However, with the growing protectionist policy measures by advanced economies along with tightening US monetary policy may impact the manufacturing sector growth. Exports from the manufacturing sector may witness some decline on account of trade restrictions. Lack of demand in the domestic sector on account of lower capacity utilization levels may also impact the growth in manufacturing sector. However, increased government CAPEX push along with tax incentives can boost manufacturing in certain sectors such as Defense and Capital goods to some extent.

INDIAN SOLAR POWER SECTOR OVERVIEW

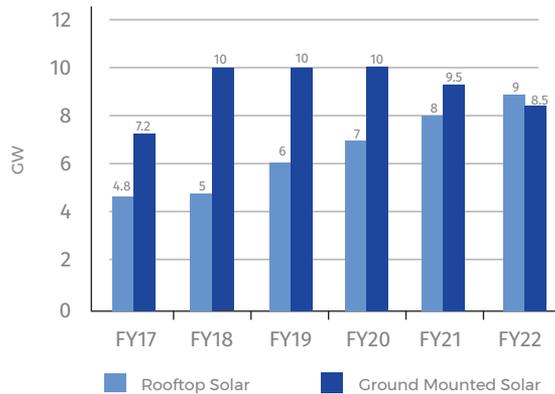
Power is one of the most critical components of infrastructure and is crucial for the economic growth and welfare of any nation.. Energy security through non conventional sources is of paramount importance to a country such as India which depends on exports for 80% of its energy needs. Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required.

India ranks third among 40 countries in EY's Renewable Energy Country Attractiveness Index, on back of strong focus by the government on promoting renewable energy and implementation of projects in a time bound manner.

Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country . Total installed capacity of power stations in India stood at 315,426.32 Megawatt (MW) as of February 28, 2017. In order to meet the future demand mass additions in installed and generated capacity is needed for economic growth. However, a continued downward

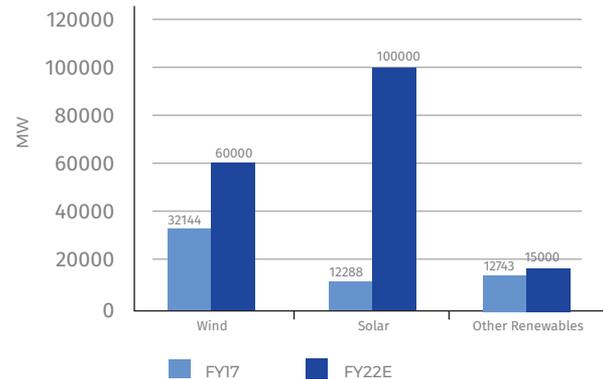
spiral of power tariffs fueled by price wars between existing players, and an uncertainty in module prices and tax regime pose significant threats to the viability of the market

India's Yearly Capacity Addition Targets Breakdown



Source: MNRE and Citi Research

Renewable Energy Capacity Targets vs FY17 Capacity



Source: MNRE

GOVERNMENT INITIATIVES

10 years of tax exemption is given for all solar projects to promote investments into renewable energy sector. 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, 60,000 MW from wind energy, 10,000 MW from biomass, and 5,000 MW from small hydro power projects.

The Government of India plans to start as many as 10,000 solar, wind and biomass power projects in next five years, with an average capacity of 50 kilowatt per project, thereby adding 500 mega-watts to the total installed capacity.

The Ministry of New and Renewable Energy plans to introduce a fixed-cost component to the tariff for electricity generated from renewable energy sources like solar or wind, in a bid to promote a green economy. The Ministry of Power plans to set up two funds of US\$ 1 billion each, which would give investment support for stressed power assets and renewable energy projects in the country.

BUDGET 2016-17 PROPOSALS

The AMP (Automotive Mission Plan) 2016-26 is a collective vision of the Government of India and the Indian automotive industry where the vehicles, auto components, and tractor industries should reach over ten years in terms of size, contribution to India's development, global footprint, technological maturity, competitiveness, and institutional structure and capabilities.

The vision is to make the Indian automotive industry among the top-three in the world by 2026 in engineering, manufacture and export of vehicles and auto components, encompassing safe, efficient and environment-friendly conditions for affordable mobility of people and transportation of goods in India comparable with global standards, growing in value to over 12% of India's GDP and generating an additional 65 million jobs. AMP 2026 envisages that the Indian automotive industry will grow 3.5-4x in value from its current output of around Rs.464,000 crore in 2015 to about Rs.16,16,000-18,88,500 crore by 2026, based on base case of an average GDP growth of 5.8% and an optimistic case with an average GDP growth of 7.5% during the period.



OUTLOOK

India is slowly shifting its energy base from traditional energy to renewable energy model. So solar energy is going to play a lead role in conversion from conventional energy to renewable energy sources. The past few years witnessed several big-ticket investments in the solar power sector. However, downward-spiraling power tariffs brought about by price wars amongst the major players combined with prevailing GST-related ambiguities may reduce growth and capacity additions in this sector.

INDIAN RAILWAYS SECTOR OVERVIEW

The Indian Railways is among the world's largest rail networks. The Indian Railways network is spread over

115,000 km, with 12,617 passenger trains and 7,421 freight trains each day from 7,172 stations plying 23 million travelers and 3 million tonnes (MT) of freight daily.

During FY 2016-17, the passenger traffic of Indian Railways grew 0.8 per cent to 8,219.38 million, with passenger revenue growth of 4.6 per cent at Rs 47,449.75 crore (US\$ 7.37 billion). The overall revenue of Indian Railways grew 8.7 per cent year-on-year to Rs 15,884.58 crore (US\$ 2.47 billion) during March 2017. The passenger earnings grew 10.1 per cent to Rs 4,205.29 crore (US\$ 652.90 million) and the freight earnings grew 4.1 per cent to Rs 10,273.20 crore (US\$ 1.60 billion) during March 2017.

INR (bn)	FY13	FY14	FY15	FY16	FY17(BE)	Change over RE(%)
New lines (Construction)	59	58	90	135	156	15.6
Gauge Conversion	25	31	34	43	43	1.4
Doubling	27	30	40	90	251	178.9
Rolling Stock (Total)	181	175	174	191	273	42.9
Dedicated freight corridor	15	12	43	53	76	42.9
Track renewals	53	50	50	54	40	(26.3)
Bridge works	3	4	5	5	6	19.8
Sailing and Telecommunication	11	9	10	9	10	12.3
Electrification projects	9	13	14	23	34	49.9
Passenger amenities	10	9	10	12	18	51.6
Inv in govt. PSU	7	6	6	93	26	(71.5)
Inv in non-govt incl JVs/SPV	14	29	36	7	8	9.7
Metropolitan transport project				234	14	(94.0)
Others	97	97	115	52	214	25.3
Total	511	523	627	1,000	1,170	59.5

Source: Budget document, Antique

The revenue generated by the Railways is expected to grow at 10 per cent in the fiscal year 2017-18. The Union Budget 2017-18 has estimated that the overall earnings will rise to Rs 189,498.37 crore (US\$ 28.42 billion) in 2017-18, compared to Rs 172,305 crore (US\$ 25.84 billion) in the fiscal year 2016-17.

GOVERNMENT INITIATIVES

The Government allocated Rs 55,000 crore (US\$ 8.25 billion) towards capital and development expenditure of Railways. A fund named Rashtriya Rail Sanraksha Kosh worth Rs 100,000 crore (US\$ 15 billion) will be created, which will be directed towards passenger safety. All the coaches of the Indian Railways will be fitted with bio toilets by the year 2019. Railway lines of 3,500 kms will be commissioned in 2017-18.

OUTLOOK

Indian railways is growing at a very good pace and is expected to grow at a 10 % growth rate in 2017-18. Indian railways is expected to be the third largest railway market in the coming five years. The government's initiatives towards proper utilization of railway assets for revenue generation along with increased capital expenditure into railway projects will push growth in railway sector moving forward. Improvement in FDI and development of cold storage chains along the railway networks will substantially increase the revenue generation in future. development of cold storage chains along the railway networks will substantially increase the revenue generation in future.

BUDGET 2016-17 PROPOSALS

₹ 1.21 LAC cr

Capital expenditure proposed



Proposed to develop Rail side logistics parks and warehousing in PPP mode and 10 goods sheds will be developed by TRANSLOC, the Transport Logistics Company of India, in 2016-17.

Encourage development of cold storage facilities on vacant land near freight terminals. Local farmers and shermen would be given preferential usage of the facility.

RISK MANAGEMENT

Risk is integral to every business transaction. hence it is critical to balance risk and returns in order to maximise long-term sustainability. the company possesses a risk management team which periodically evaluates the risks associated with the company and takes corrective measures.

INDUSTRY RISK

Adverse impact on business owing to downstream industry slowdown.

Risk Mitigation

The Company provides more than 1,500 products across diverse industry verticals and a number of them are growing strongly. It is also continuously evaluating new products and high growth sectors to further diversify its user base.

CUSTOMER RETENTION RISK

Inability to cater to retail customers could impact business sustainability.

Risk Mitigation

The Company's products have high entry barriers. Clients need to test them for a long period to approve them. To change vendors, clients have to replicate the test processes with others. Besides, the Company is quick to adopt new processes and provides clients with suggestions for procedural improvements

QUALITY RISK

Inability to maintain quality could lead to loss of business.

Risk Mitigation

The Company is ISO 9001:2008-compliant. It invested in state-of-the-art quality control laboratory to ensure high product quality. Quality is critical as some of the products have stringent applications. The Company also invested in modern technologies at its manufacturing locations. These technologies include laser cutting, plasma cutting, transfer presses and CNC machines.

PRODUCT MIX RISK

Inability to provide the right product mix may impact offtake.

Risk Mitigation

Over the years, the Company has produced high precision and value-added products. The Company's high precision fabricated products are evolved as per dynamic customer requirements. The Company moved from commodity to value-added products, enabling it to derive better margins.

FUNDING RISK

Inability to fund expansion could affect business sustainability.

Risk Mitigation

The Company enjoyed a bare minimum debt-equity ratio for long-term loans and a healthy interest cover.

SUBSIDIARY 01

PENNAR ENGINEERED BUILDING SYSTEMS LIMITED

OVERVIEW

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 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.

The Company's clientele includes UltraTech, L&T, HCC, P&G, Godrej, Dr. Reddy's Laboratories, ABB, JSW, Schwing Stetter, Honda, Toyota, Ambuja Cement, Bharat Biotech, My Home Industries, Schneider Electric, Reliance, IOT Infra, Volvo, Toyotsu, Jayabheri, ACC, Schindler, Audi, Hindustan Unilever and MRF Tyres among others.

HIGHLIGHTS 2016-17

- Reported a gross revenue of Rs.547.61 crore; EBIDTA of Rs.56.35 crore; PAT of Rs.24.40 crore
- Executing a 20 storey high-rise commercial steel building comprising, slated to be one of the largest steel buildings in India
- Successfully executed solar power projects in excess of 240 MW
- Finished the year under review with an order book of Rs.425 crore

OUTLOOK

At PEBS, FY 2017 is expected to be one of the strongest, resulting out of a robust order book translating into attractive topline growth.

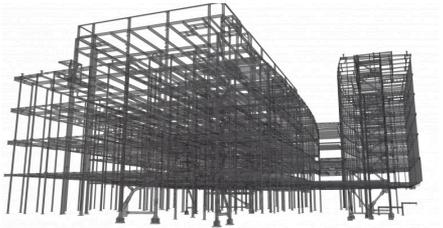
- Seamless integration of Engineering and Design capabilities will lead to conversion of current outsourcing orders into in-house manufacturing, reducing project costs and ramping up bottomline growth
- Solar to continue its strong growth – in-house capabilities developed specific to solar requirements will ensure the same
- Increased focus on High Rise Steel Building – both commercial as well as residential, and on Cold Form structures for low-cost housing project, among others
- Expansion into US market providing for engineering services paving way for additional revenue line

PORTFOLIO



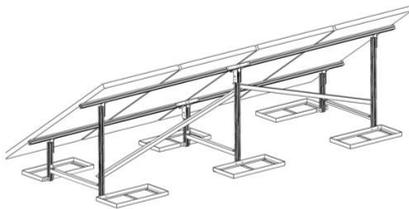
PRE-ENGINEERED BUILDINGS

- Custom designed and fabricated, available in large multi-dimensional spans
- Enhanced speed, flexibility and resistance against meteorological vagaries



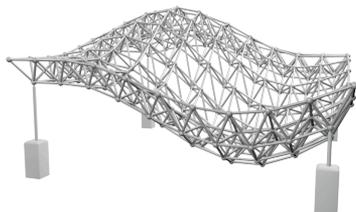
STRUCTURAL & HIGH RISE STEEL BUILDINGS

- Comprising steel and cement plants, multi-level car parking, high-rise buildings and telecom towers
- In-house designing, manufacturing and installing capabilities



SOLAR MODULE MOUNTING STRUCTURES

- Designing, supplying and erecting module mounting structures for solar plants
- Applications in solar photovoltaic plants, solar canal tops, solar rooftops, solar thermal plants and solar car parks



DESIGNING & ENGINEERING SERVICES

- Developing integrated and comprehensive engineering design solutions
- In-house team comprising 235 experienced engineers
Engineering services outsourcing agreement with a leading US-based entity

SUBSIDIARY 02

PENNAR ENVIRO LIMITED

PEL (Pennar Enviro Limited) provides process technology solutions including water and wastewater treatment, specialty additives, civil projects and instrumentation. PEL covers a range of solutions for industrial water, wastewater and specialty additive treatment packages for combustion efficiency and also for water treatment and operations and maintenance services for various kinds of industries. Multiple technology collaborations allow PEL to provide a wide range of solutions to process industries.

OFFERINGS

Fuel Additives: Fuel additives and application in a variety of industrial needs (including additives for heavy and light fuel oils, storage stability additives, additives for solid fuels and other industrial and agro products). PEL pioneered the manufacture and supply of fuel additives with a technical collaboration with Total.

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

Standard packaged plants: PPEL's modular packaged water treatment plants offer several advantages over conventional water treatment for smaller volumes resulting in economies-of-scale. Pre-engineered modular components allow wastewater treatment plants to be sized specifically around customer needs. These products can also be designed to handle a variety of in-vent low rates and loadings to address discharge

requirements. Our standard plant capabilities make it possible to provide fabricated structures / skids and pressure vessels.

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

HIGHLIGHTS 2016-17

- Recorded high revenue growth, registering a 15% growth from FY 2015-16 and reached Rs.115 crore in gross sales
- Created a strong engineering team with capabilities in process design, optimisation and project management
- Signed a deal with P & D Creative USA for new range of products in chemicals
- Completed and commissioned large scale projects that have paved the way for further bidding in larger projects with increased ticket value

OUTLOOK

- Robust order book assuring strong growth in revenue and profitability over the next few years.
- Further planning for export orders under way – 2 export orders already on verge of confirmation for FY 2016-17
- Expanding technical tie-ups will allow further expansion of the addressable market size

SUBSIDIARY 03

PENNNAR RENEWABLES PRIVATE LIMITED

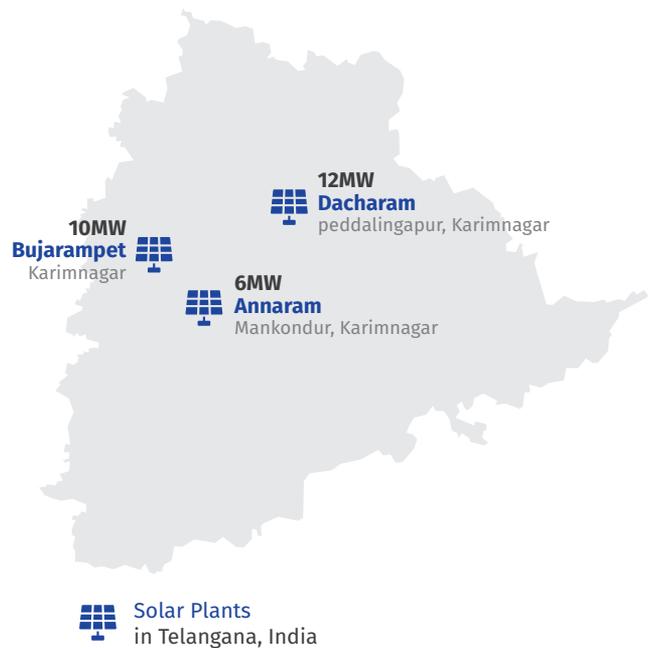
Pennar Renewables Private Limited has recorded a revenue of Rs 26 crs with Net Profit of Rs 3.6 crores. The company is into the business of supply of solar power to Telangana DISCOMS.

PROJECTS DETAILS

- Spread across 3 sites, 2 in Karimnagar and 1 in Medak and domiciled under a single SPV
- Commercial Production commenced in April 2016 and have Power Purchase Agreements(PPA) with Northern Power Distribution Company of Telangana Ltd. ("NPDCTL") and Southern Power Distribution Company of Telangana Ltd. ("SPDCTL") for supply of power on long term basis i.e. 20 years

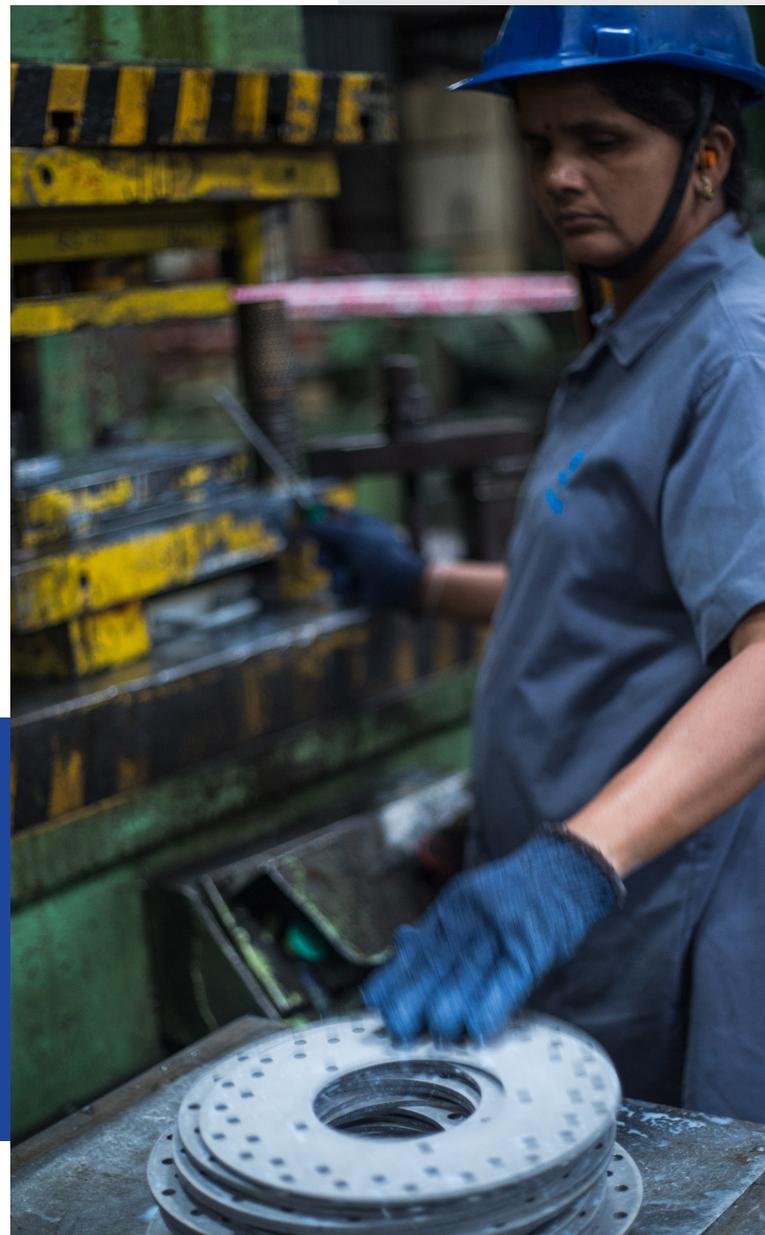
HIGHLIGHTS

- Attractive Tariff of Rs 6.45/kWh
- Projects are located in Telangana which has one of the highest generation potential in the country
- Long term 20 years PPA with a significant residual life



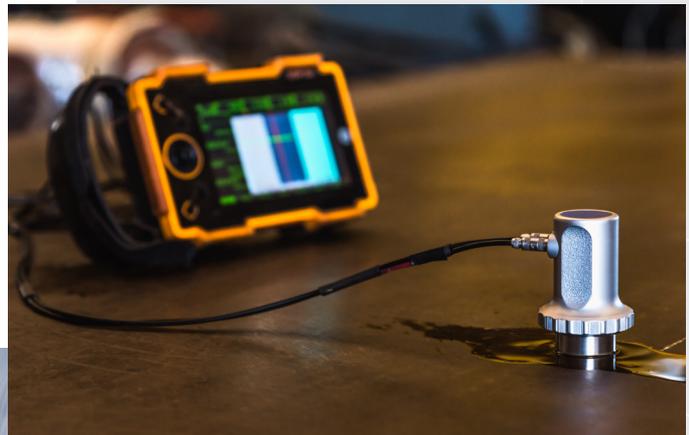
HUMAN RESOURCES

Pennar Industries has an excellent track record of cordial and harmonious industrial relations and, over the years, not a single man-day was lost on account of labour unrest. In view of its aggressive growth plans, the Company enhanced its focus on improving human resource productivity and efficiency. The Company took steps for upgrading the knowledge base of its employees by continuous training. A systematic learning and development plan is in place to identify training needs, provide training and evaluate the learnings. The Company imparts training on behavioral safety aspects along with process-based training to enhance employee and improve productivity. The Company continues to take care of employee welfare. It organised camps for checking the health of operatives and staff by ESI and other medical agencies. Thus, HR has built an open, transparent and meritocratic culture to nurture human capital. Performance orientation and ethics are high priority areas for the Company. The work environment and career opportunities help retain talent.



INTERNAL CONTROLS & THEIR ADEQUACY

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. In accordance with the highest industry standards, the Company has been accredited with ISO 9001 (quality systems). The Company's robust ERP system defines queries for detection of exceptions and/or detection of deviating transactions, real-time analytics on transactional data, unmatched flexibility when changing reporting structures and even real-time simulation of business scenarios.



NOTICE

NOTICE is hereby given that the 41st Annual General Meeting (AGM) of members of M/s. Pennar Industries Limited will be held on Thursday, the 28th day of September, 2017 at 11:00 A.M. at Radisson Hyderabad, HITECH City, Gachibowli, Hyderabad - 500 032, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) of the company for the financial year ended 31st 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. Kondapally Lavanya Kumar Rao (DIN: 01710629) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Potluri Venkateswara Rao (DIN: 03157581) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W-100018), Hyderabad, be and are hereby appointed as the Statutory Auditor of the Company in place of the retiring Auditors M/s. Rambabu & Co., (FRN 002976S), to hold office for a term of five consecutive years from the conclusion of the ensuing Annual General meeting to be held in the year 2017 till the conclusion of the Annual General Meeting to be held in the year 2022 (subject to the ratification of appointment by shareholders in

SPECIAL BUSINESS

every Annual General Meeting) on such remuneration plus service tax as applicable and reimbursement of out-of pocket expenses in connection with the audit as may be mutually agreed upon by the Board of Directors and the Auditors.

5. To designate Mr. Ravi Chachra (DIN: 01298145) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Pursuant to Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013, subject to such other laws, rules and provisions as may be applicable from time to time Mr. Ravi Chachra (DIN: 01298145), who meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment be and is hereby appointed as Independent Director for a term of five years with effect from 14.08.2017 to 13.08.2022 not liable to retirement by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. Nrupender Rao (DIN: 00089922) as Chairman of the

Company for a period of two year with effect from 10th November, 2016 to 9th November, 2018, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 10th November, 2016, the particulars of which are annexed hereunder:

Particulars of Remuneration:

- i. Salary (including dearness and all other allowances) shall be Rs. 6,00,000/- per month.
- ii. Special salary shall be Rs. 4,00,000/- per month.
- iii. Perquisites and Allowances shall be Rs. 3,90,000/- per month.
- iv. In addition to the above minimum remuneration, commission not exceeding 1.5% of the net profits of the company, computed according to the provisions of the Companies Act, 2013.

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

In addition to the above, company car with driver and fuel, company's contribution to Provident Fund and Gratuity, communication facilities, medical and accident insurance will not be treated as perquisites.

"RESOLVED FURTHER THAT so long as Mr. Nrupender Rao (DIN: 00089922) functions as the Chairman of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof."

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

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

"RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions of the Companies Act, 2013 and

the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. Aditya Rao (DIN: 01307343) as Vice-Chairman and Managing Director of the Company for a period of two year with effect from 9th February, 2017 to 8th February, 2019, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 8th February, 2017, the particulars of which are annexed hereunder:

Particulars of Remuneration:

- i. Salary (including dearness and all other allowances) of Rs 6,00,000 per month.
- ii. Special salary shall be Rs. 2,50,000/- per month.
- iii. Perquisites and Allowances shall be Rs. 1,43,000/- per month.
- iv. In addition to the above minimum remuneration, commission not exceeding 1% of the net profits of the company, computed according to the provisions of the Companies Act, 2013.
- v. In addition to the above, company car with driver and fuel and also communication facilities will be provided to Mr. Aditya Rao. These will not be treated as perquisites.

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

"RESOLVED FURTHER THAT so long as Mr. Aditya Rao (DIN: 01307343) functions as the Vice-Chairman and Managing Director of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof."

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

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

“RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. K Lavanya Kumar (DIN: 01710629) as Whole-Time Director of the Company for a period of two year with effect from 10th November, 2016 to 9th November, 2018, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 10th November, 2016, the particulars of which are annexed hereunder:

Particulars of Remuneration:

- i. Salary (including dearness and all other allowances) shall be Rs. 2,00,000 per month.
- ii. Special salary shall be 60% of the salary above.
- iii. Perquisites and Allowances shall be Rs. 1,00,000 per month.

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

In addition to the above, company car with driver and fuel, company's contribution to Provident Fund and Gratuity, communication facilities, medical and accident insurance will not be treated as perquisites.

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

“RESOLVED FURTHER THAT the Board of Directors be and are hereby

authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 and do all acts deeds and things to give effect to this appointment.”

9. To ratify the remuneration payable to M/s. Shaik & Associates., Cost Auditors for the financial year ending 31st March, 2018 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded to ratify the appointment of M/s. Shaik & Associates., as Cost Auditors made by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018, and also to ratify the remuneration of Rs. 80,000/- p.a. as an audit fee including all taxes and duties and out of pocket expenses.”

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

10. 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 and the Companies (Meeting of Board and its Powers) Rules, 2014 and in terms of applicable provisions of the Listing Agreement (including any statutory modification(s) or enactment thereof for the time being in force), and also pursuant to the consent of the Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, the approval of the Company be and is hereby accorded to the Material Related Party Transactions as entered by the company for the Financial Year 2016-17 of a value of Rs. 2,916 Lakhs and transactions to be entered for Financial Year 2017-18 of a value of Rs.4000 Lakhs as per details as set out under item no. 10 of the Statement annexed to this Notice and that the Board of Directors be and are hereby authorized to perform and execute all such deeds, matters and things including delegate such authority as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.



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

**Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer**

ACS No. 29058

Place : Hyderabad

Date : 14.08.2017

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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. A proxy form for the Annual General Meeting is enclosed.

3. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.

4. The Register of Members and the Share Transfer Books of the company will remain closed from 22nd September, 2017 to 23rd September, 2017, both days inclusive in connection with the Annual General Meeting.

5. An Explanatory Statement pursuant to the provisions of Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the notice is annexed herewith.

6. Shareholders desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries to the registered office of the company at least seven days before the date of the Annual General Meeting, so that the information requested may be made available.

7. Members are requested to bring duly filled in Attendance Slips sent herewith for attending the meeting

8. Relevant documents and registers will be available for inspection by the members at the registered office of the Company.

9. Members are requested to address all correspondence with regard to change of address, dividend matters to the Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District Nanakramguda Seriligampalli Hyderabad - 500032 in respect of shares held in physical mode and to their depository participants in respect of shares held in dematerialized form.

10. Members are requested to furnish their e-mail id's to enable the Company to forward all the requisite information in electronic mode. In case of shareholders holding shares in demat form, the email IDs of the shareholders registered with the DP and made available to the Company shall be the registered email ID unless communication is received to the contrary.

11. Copies of the Annual Report 2017 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.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.

13. Members/Proxies are requested to bring their copy of the Annual Report to the meeting.

14. 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 cast 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. Subhash Kishan Kandrapu, (Membership No. 32743) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

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 Postal Ballot Form. 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 Postal 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 25th September, 2017 @ 10:00 A.M. to 27th September, 2017 @ 5.30 P.M. During this period, shareholders of the company holding shares either in dematerialized or physical form as on the cut-off date of 22nd 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 1st 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. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together 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 /Fls/Flls/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to sub-bok@gmail.com with copy to evoting@karvy.com and mirza.baig@

pennarindia.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 # 5 To designate Mr. Ravi Chachra as an Independent Director of the Company

The Board of Directors appointed Mr. Ravi Chachra (representing the Eight Capital Master Fund Limited) as Non-Executive Director of the company at the Board meeting held on 29.07.2006. M/s. Eight Capital Master Fund Limited divested the entire stake in the company, consequent upon such disinvestment Mr. Ravi Chachra deemed to be an independent director. In view of the same, the Board at its meeting held on 14.08.2017 appointed Mr. Ravi Chachra as Non-Executive Independent Director of the company. His induction on the Board as an Independent Director would be of immense benefit to the company.

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

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

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

The resolution seeks the approval of members for the appointment

of Mr. Ravi Chachra as an Independent Director of the Company up to 13.08.2022 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

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

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

Item # 6 Appointment of Mr. Nrupender Rao as an Executive Chairman

The members of the Company at their Annual General Meeting held on 30th September, 2017 had approved the terms of appointment of Mr. Nrupender Rao as an Executive Chairman of the company for a period of two years commencing from 01.04.2015.

The Board of Directors at its meeting held on 10.11.2016 has, subject to the approval of members, unanimously approved the terms of appointment of Mr. Nrupender Rao as an Executive Chairman of the Company for a period of two years commencing from 10.11.2016 to 09.11.2018 including payment of remuneration.

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

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

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

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

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 6 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Nrupender Rao and Mr. Aditya Rao (being a relative), to whom the resolution relates, is interested or concerned in the resolution.

Item # 7 Appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director

The members of the Company at their Annual General Meeting held on 30th September, 2015 had approved the terms of appointment of Mr. Aditya Rao as a Vice-Chairman and Managing Director of the company for a period of two years commencing from 01.04.2015.

The Board of Directors at its meeting held on 09.02.2017 has, subject to the approval of members, unanimously approved the terms of appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director of the Company for a period of two years commencing from 09.02.2017 to 08.02.2019 including payment of remuneration.

Mr. Aditya Rao has been handling the functions of diversification, projects, various strategies, initiatives of the Company and involved in the operations of subsidiaries.

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

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

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 7 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Nrupender Rao and Mr. Aditya Rao (being a relative), to whom the resolution relates, is interested or concerned in the resolution.

Item # 8 Appointment of Mr. K Lavanya Kumar as Whole-Time Director

The members of the Company at their Annual General Meeting held on 30th September, 2015 had approved the terms of appointment of Mr. K Lavanya Kumar as Whole-Time Director of the company for the period commencing from 01.05.2015 to 31.03.2017.

The Board of Directors at its meeting held on 10.11.2016 has, subject to the approval of members, unanimously approved the terms of appointment of Mr. K Lavanya Kumar as Whole-Time Director of the Company for a period of two years commencing from 10.11.2016 to 09.01.2018 including payment of remuneration.

The terms and conditions of his appointment are as follows :

1. Remuneration : As provided in the resolution.
2. Period of appointment : from 10th November, 2016 to 9th November, 2018.
3. The appointment may be terminated by either party by giving six months' notice in writing of such termination or as may be mutually agreed between the parties.
4. Mr. K Lavanya Kumar shall perform such duties as shall from time to time be entrusted to him by the Board of Directors, subject to superintendence, guidance and control of the Board of Directors.

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

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

pointment at the ensuing Annual General Meeting.

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

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 8 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. K Lavanya Kumar, to whom the resolution relates, is interested or concerned in the resolution.

Item # 9 Approval for payment of remuneration to the Cost Auditors for the financial year ending 31st March, 2018

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the M/s. Shaik & Associates., Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2018 at a remuneration of Rs. 80,000/- p.a. as an audit fee including all taxes and duties and out of pocket expenses.

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. 9 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st 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 # 10 Approval of material related party transactions

During the Financial Year 2016-17, your Company has entered into certain business transactions with M/s. Pennar Engineered Building Systems Limited (PEBS), a Subsidiary Company, which is a "Related Party" as defined under Section 2 (76) of the Companies Act, 2013. The Company is also proposed to enter into certain business transactions with PEBS during Financial Year 2017-18. These transactions are worth Rs.2,916 Lakhs for Financial Year 2016-17 and estimated at Rs.4,000 Lakhs for Financial Year 2017-18. The details of such transactions are given below:-

Transaction During 2016-17:

Sl. No.	Name of the related party	Salient features of the transaction	Nature of Transactions	Amount of Transaction (Rs. In lakhs)
1.	Pennar Engineered Building Systems Limited (subsidiary of Pennar Industries Limited)	As per the sale/purchase orders entered into between the Company and PEBS	Purchase of Material	2916
			Sale of Goods	
			Other Services Rendered	
			Other Services Received	

Transaction During 2017-18:

Sl. No.	Name of the related party	Salient features of the transaction	Nature of Transactions	Amount of Transaction (Rs. In lakhs)
1.	Pennar Engineered Building Systems Limited (subsidiary of Pennar Industries Limited)	As per the sale/purchase orders to be entered into between the Company and PEBS at the time of entering in to transaction	Purchase of Material	4000
			Sale of Goods	
			Other Services Rendered	
			Other Services Received	

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

Place : Hyderabad

Date : 14.08.2017

**Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS No. 29058**

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

Particulars	Date of Birth	Date of appointment	Qualification	Expertise	List of Companies in which outside directorship held on 31 st March, 2017	Chairman of the Committee of other companies on which he is a director as on 31 st March, 2017	Member of the Committee of other companies on which he is a director as on 31 st March, 2017	No of Shares held by them in the Company as on 31 st March, 2017
Joginapally Venkata Nrupender Rao	23.06.1945	23.09.1995	B.Tech IIT Kharagpur, M.S. Operations Research & Industrial Engineering, Purdue University, USA	Experience in the various field of Management	M/s. Pennar Engineered Building Systems Limited M/s. Pennar Enviro Limited M/s. Pennar Solar Limited M/s. Pennar Holdings Private Limited M/s. Saven Technologies Limited	M/s. Saven Technologies Limited	M/s. Pennar Engineered Building Systems Limited	50,97,863 Equity Shares of Rs. 5/- each.
Aditya Rao	06.12.1981	30.01.2008	Industrial Engineering, Purdue University, USA B.S., M. Eng. From Cornell University, USA	Experience in Corporate Business Planning	M/s. Pennar Engineered Building Systems Limited M/s. Pennar Enviro Limited M/s. Pennar Renewables Private Limited M/s. Pennar Solar Limited M/s. Pennar Holdings Private Limited M/s. Mainstay Tech Solutions Private Limited	Nil	M/s. Pennar Engineered Building Systems Limited M/s. Pennar Enviro Limited	49,62,508 Equity Shares of Rs. 5/- each.
Lavanya Kumar Rao Kondapally	19.02.1959	07.05.2014	Graduated in Law from Kakatiya University	Experience in the areas of law, construction, corporate affairs and liaising with statutory authorities	M/s. Pennar Solar Limited M/s. Pennar Renewables Private Limited	Nil	Nil	82,200 Equity Shares of Rs. 5/- each.
Potluri Venkateswara Rao	15.08.1959	30.03.2016	B. Tech (Civil Engineering)	Experience in the field of management	M/s. Pennar Engineered Building Systems Limited M/s. Pennar Enviro Limited M/s. Calderys India Refractories Limited	Nil	M/s. Pennar Engineered Building Systems Limited and M/s. Pennar Enviro Limited	6,920 Equity Shares of Rs. 5/- each.
Ravi Chachra	10.09.1965	29.07.2006	B.Com, M.B.A.	Portfolio Manager	M/s. Effcenter Infrastructure Private Limited M/s. Fort Kochi Hotels Private Limited M/s. Eight Asset Reconstruction Private Limited M/s. Goa Beach Estate Private Limited M/s. Beach Gate Tourism and Hospitality Services Private Limited	Nil	Nil	Nil

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 41st Annual Report and the Company's audited financial statement for the financial year ended 31st March, 2017.

Financial Results:

The Company's financial performance, for the year ended 31st March, 2017 is summarized below:

₹ Lakhs

Particulars	Consolidated		Standalone	
	2016-17	2015-16	2016-17	2015-16
Gross sales	1,71,825	1,48,054	1,10,490	98,564
Operating profit (PBIDT)	17,422	15,133	9,335	8,092
Profit before tax (PBT)	8,786	9,404	4,786	4,159
Income Tax and Deferred Tax	2,932	3,580	1,780	1,457
Profit after tax (PAT)	4,665	4,385	3,006	2,702
Profit brought forward from previous year	26,852	22,466	20,108	17,406
Surplus available for appropriation	31,517	26,852	23,114	20,108
Appropriations				
Dividend	0	0	0	0
Corporate tax on proposed dividend	0	0	0	0
Transfer to General Reserve	0	0	0	0
Transfer to Capital Redemption Reserve	0	0	0	0
Balance of profit carried to Balance Sheet	31,517	26,852	23,114	20,108

Result of Operations and the state of Company's affairs:

Your company has recorded highest ever consolidated gross sale at Rs. 1718 Crores and highest ever EBIDTA at Rs. 174 Crores. Pennar has recorded consolidated net profit of Rs.47 crores. Your company's new products and ability to increase new customer base has helped in achieving this. All the business units of the company are profitable and showed growth over previous year.

Consolidated Financial Statement:

In accordance with the Companies Act, 2013 ("the Act") and Accounting Standard (AS) - 21 on Consolidated Financial Statements, the audited consolidated financial statement is provided in the Annual Report.

Subsidiaries:

The following are three subsidiaries of the company as on 31st March, 2017.

- M/s. Pennar Engineered Building Systems Limited
- M/s. Pennar Enviro Limited
- M/s. Pennar Renewables Private Limited (formerly New Era Enviro Ventures (Karimnagar) Private Limited)

The performance of the subsidiaries is as hereunder:

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

Your company's subsidiary, M/s. Pennar Engineered Building Systems

Limited, is one among the top players of pre engineering building segment in India with gross sales of Rs. 570 Crores and EBIDTA of Rs. 56 crores. PEBSL has recorded a net profit of Rs. 24 crores. The company has increased its presence in Solar MMS EPC business and Engineering Services business.

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

Your company's subsidiary, M/s. Pennar Enviro Limited, has recorded gross sales of Rs. 115 crores and EBIDTA of Rs. 4.4 crores. PEL has recorded a net profit of Rs. 1.69 crores. On the back of healthy order book the company expects to scale revenue further in next few years.

(c) M/s. Pennar Renewables Private Limited (PRPL)

Your company's has recorded revenue of Rs. 27 Crores with Net Profit of Rs. 3.6 crores. The company is into business of supply of solar power to Telangana DISCOMS.

Joint Venture:

Your company has invested USD 90,000 in M/s. Pennar Global INC on 3rd July, 2017 to cater its products and services in United States of America. Your company wish to convert this into a Joint Venture with its other subsidiary M/s. Pennar Engineered Building Systems Limited.

The financial position of each of the subsidiaries, as per the Companies Act, 2013 is annexed. The Policy for determining material subsidiaries may be accessed on the Company's website at the link: <http://www.pennarindia.com/policy-determining-material.html>. The information on subsidiaries pursuant to Section 129(3) of the Act read with rule 5 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure - A in Form AOC - 1.

Material Changes and Commitments if any affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report

There are no material changes and commitments affecting the financial position of the Company.

Dividend, Fixed Deposits and General Reserves:

The company has been investing in new CAPEX to expand its product profile and increase the markets. This has already shown results by achieving highest sales and EBIDTA. Most of these activities are planned through internal sources. Therefore your Directors are not

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

Particulars of Loans given, Investments made, Guarantees given and Securities provided:

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

Internal Financial Controls:

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

Contract and Arrangement with Related Parties:

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

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

Change in the nature of business, if any:

There is no material change in the nature of business affecting the financial position of the Company for the year ended 31st March, 2017.

Credit Rating:

CARE has reaffirmed the 'CARE A' (Single A; Outlook: Positive) with rating assigned to long term bank facilities. This rating is applicable to facilities having tenure of more than one year. Instruments with 'CARE A' rating are considered to have adequate degree of safety regarding timely servicing of financial obligations.

Further, CARE has also reaffirmed the 'CARE A1' (A One) rating to short term bank facilities of the Company. This rating is applicable to facilities having tenure up to one year. Instruments with 'CARE A1' rating



are considered to have very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk.

Liquidity:

Your company has undertaken number of steps to maintain strong liquidity levels. The consolidated net debt level is at Rs.179.63 Crore. Your company continues to focus on generating strong cash flows to meet its future growth plans and is comfortable with its current liquidity positions.

Board of Directors and Key Managerial Personnel:

None of the Directors of the company are disqualified under the provisions of the Act or under the Listing Regulations.

Mr. P V Rao, and Mr. K Lavanya Kumar who retire by rotation and being eligible offer themselves for re-appointment. Your Board recommends their appointment.

Mr. J Ramu Rao, Non-Executive Independent Directors of the company resigned from the office of directorship on 26th April, 2017 the same was taken note by the Board of Directors at its meeting held 18th May, 2017. Your Board places on record their deep appreciation for the contribution made by him during his tenure as Director.

Mr. Ravi Chachra, Non-Executive Director of the company was designated as Non-Executive Independent Director of the Company under Section 149 of the Companies Act, 2013 at the meeting of the Board of Directors held on 14th August, 2017.

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

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors. The details of programmes for familiarisation of Independent Directors with the Com-

pany, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <http://www.pennarindia.com/policy-familiarization-programme.html>.

Meetings of the Board:

Six meetings of the Board of Directors were held during the year. For further details, please refer the same in Corporate Governance report in this Annual Report.

Directors Responsibility Statement:

Your Directors state that:

- a. in the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year ended on that date;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the annual accounts on a 'going concern' basis;
- e. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Corporate Governance:

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

Corporate Social Responsibility (CSR):

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure - E of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company.

Nomination and Remuneration Policy:

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

Risk Management:

Pursuant to section 134 (3) (n) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the company has formulated a policy on risk management. At present, the company has not identified any element of risk which may threaten the existence of the company.

Statutory Auditors:

M/s. Rambabu & Co., Chartered Accountants (FRN No. 002976S), existing Statutory Auditors have been in office for more than ten years and in compliance with the provisions of the Act, the Audit Committee and the Board of Directors of the Company at their meetings held on 12th August, 2017 and 14th August, 2017 respectively, recommended the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W-100018), as the Statutory Auditors (new auditors) of the Company in place of the existing Statutory Auditors to hold office for a term of five consecutive years from the conclusion of the ensuing Annual General meeting to be held in the year 2017 till the conclusion of the Annual General Meeting to be held in the year 2022 (subject to the ratification of appointment by shareholders in every Annual General Meeting). The necessary resolution is being placed before the shareholders for approval. The new Auditors have confirmed their eligibility to the effect that their appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for appoint-

ment. The Auditor's report to the shareholders on the standalone and consolidated financials for the year ended 31st March, 2017 does not contain any qualification, observation or adverse comment.

Cost Auditors:

The Cost Audit Report for the year ended 31st March, 2016 was reviewed by the Audit Committee at its meeting held on 11th August, 2016 and has been filed with Registrar of Companies on 13th October, 2016. The Board of Directors at its meeting held on 12th August, 2016 appointed M/s. Shaik & Associates., Cost Accountants, Hyderabad as Cost auditors of the company for the year ending 31st March, 2017. The Cost Audit for the year ended 31st March 2017 is in progress and the Cost Audit Report will be filed with the Registrar of Companies within the stipulated time.

Secretarial Auditor:

The Board has appointed Mr. Subhash Kishan Kandrapu, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended 31st March, 2017 is annexed herewith as Annexure - F. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Audit Committee:

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

Vigil Mechanism/Whistle Blower Policy:

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

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

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

Extract of Annual Return:

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

Particulars of Employees and related disclosures:

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

Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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

1. No. of complaints received : nil
2. No. of complaints disposed off: nil

Listing of Equity Shares:

The Company's equity shares are listed at the Bombay Stock Exchange Limited, National Stock Exchange of India Limited.

Delisting from Metropolitan Stock Exchange of India Limited:

The Board of Directors of the Company have approved at their Board Meeting held on 28th February, 2017 to delist the equity shares of the Company from Metropolitan Stock Exchange of India (MSEI) pursuant to regulation 6(a) read with regulation 7(1) of Securities And Exchange Board Of India (Delisting of Equity Shares) Regulations, 2009.

The Company has filed the delisting application with the Metropolitan Stock Exchange of India (MSEI) on 28th February, 2017 and further the exchange have approved the application on 30th May, 2017 and hence the equity shares of the Company are delisted from Metropolitan Stock Exchange of India (MSEI) w.e.f. 16th June, 2017.

Presently the equity shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE), the shareholders are requested to utilize the services of the said prime exchanges.

Dematerialisation of Shares:

98.56% of the company's paid-up equity share capital is in dematerialized form as on 31st March, 2017 and balance 1.44% is in physical form.

Managing Director Certification under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The Vice-Chairman & Managing Director certification under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith as Annexure-J.

Personnel / Industrial Relations:

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

The details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future:

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

Management Discussion and Analysis:

The "Management Discussion and Analysis Report" highlighting the industry structure and developments, opportunities and threats, future outlook, risks and concerns etc. is furnished separately and forms part of this Board's Report.

Appreciation:

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

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

Place : Hyderabad

Date : 14.08.2017

**Nrupender Rao
Executive Chairman**

ANNEXURE - A

FORM NO. AOC - 1

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

Part "A": Subsidiaries

1	Name of Subsidiary	Pennar Engineered Building Systems Limited	Pennar Enviro Limited	Pennar Renewables Private Limited [Formerly New Era Enviro Ventures (Karimnagar) Private Limited]
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	Not Applicable
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable	Not Applicable
4	Share Capital	3,427	837	500
5	Reserves & Surplus	20,227	338	4,926
6	Total Assets	55,041	8,271	17,127
7	Total Liabilities	31,387	7,096	11,701
8	Investments	3,529	2	0
9	Turnover	54,761	11,528	2,599
10	Profit Before Taxation	3,373	212	532
11	Provision for Taxation	933	427	177
12	Profit after Taxation	2,440	169	356
13	Proposed Dividend	Nil	Nil	Nil
14	% of Shareholding	53.98%	51.03%	80.69%

Additional Information:

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

Part "B": Associates/Joint Ventures

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

Additional Information:

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

* Your company has invested USD 90,000 in M/s. Pennar Global INC on 3rd July, 2017 to cater its products and services in United States of America. Your company wish to convert this into a Joint Venture with its other subsidiary M/s. Pennar Engineered Building Systems Limited.

for Pennar Industries Limited

J S Krishna Prasad
Chief Financial Officer

Aditya Rao
Vice-Chairman &
Managing Director
DIN 01307343

Nrupender Rao
Chairman
DIN 00089922

Mirza Mohammed Ali Baig
Company Secretary
ACS 29058

ANNEXURE - B

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)

Part "A": Subsidiaries

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

1. Details of contracts or arrangements or transactions not at arm's length basis: M/s. Pennar Industries Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2016-17

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

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

a	Name(s) of the related party and nature of relationship	1. Pennar Engineered Building Systems Limited (Subsidiary Company) 2. Pennar Enviro Limited (Subsidiary Company) 3. Pennar Renewables Private Limited [Formerly New Era Enviro Ventures (Karimnagar Private Limited)] (Subsidiary Company)
b	Nature of contracts/arrangements/transactions	Sale of Steel Products, Purchase of Steel products, Job works etc.
c	Duration of the contracts / arrangements/ transactions	April 2016 to March 2017
d	Salient terms of the contracts or arrangements or transactions including the value, if any	The contract was entered into in the ordinary course of business and on arm's length basis. (for details of transactions during the year refer Note No. 32 to the Standalone financial statements).
e	Date(s) of approval by the Board	20.05.2016; 12.08.2016; 10.11.2016; 09.02.2017
f	Amount paid as advances, if any	-

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

**Nrupender Rao
Chairman**

ANNEXURE - C

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Directors present below a detailed Compliance Report on Corporate Governance. At Pennar Industries Limited (PIL), Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success, and we remain committed to maximising stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all.

1. Company's philosophy on Code of Corporate Governance:

The Company continues to adhere to the good corporate practices established by it, in all its business activities. The Company aims at achieving transparency, accountability and equity, in its operations, interactions with stakeholders, including shareholders, lenders and the Government through good governance and best business practices. The Company will continue to focus on maximizing its stakeholders' wealth, adopt best business practices and ensure fairness, transparency and ethical governance in its affairs. The Company adopts a Code of Conduct for its employees including the Board of Directors, Insider Trading Policy and Whistle Blower Policy to ensure compliances and fairness in all its operations and dealings. The Code of Conduct is available on the Company's website at www.pennarindia.com.

[dia.com](http://www.pennarindia.com). The Company is in compliance of requirements of Corporate Governance guidelines stipulated in the Listing Agreement entered with the Stock Exchanges and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

Appropriate Governance Structure with defined roles and responsibilities:

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

2. Board of Directors:

The Board of Directors of the Company have an optimum combination of Executive, Non-Executive and Independent Directors who have an in-depth knowledge of business, in addition to the expertise in their areas of specialization. The Board of the Company comprises twelve Directors that includes one women Director. None of the Directors on the Board is Member of more than ten Committees or Chairman of more than five Committees across all the public companies in which he/she is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2017, have been made by the Directors.

(a) Composition and Category of Directors as of 31st March, 2017 is as follows:

Category	No. of Directors	%
Executive Directors	3	25
Non-Executive Non-Independent Directors	3	25
Non-Executive Independent Directors	6	50
Total	12	100

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

Sl. No.	Name of the Director	Category of Directorship	Number of Board meeting held during his Directorship	Number of Board meetings attended	Attendance at the last AGM held on 30th September, 2016
1	Mr. Nrupender Rao	Executive Chairman (Promoter)	6	6	Yes
2	Mr. Ravi Chachra @	Non-Executive Director	6	3	No
3	Mr. P V Rao	Independent Non-Executive Director	6	6	Yes
4	Mr. C Parthasarathy	Independent Non-Executive Director	6	2	No
5	Mr. B Kamalaker Rao	Independent Non-Executive Director	6	6	Yes
6	Mr. Manish Sabharwal	Independent Non-Executive Director	6	2	No
7	Mr. J Ramu Rao *	Independent Non-Executive Director	6	2	No
8	Mr. Vishal Sood	Non-Executive Director	6	4	No
9	Mr. Varun Chawla	Independent Non-Executive Director	6	3	No
10	Mr. Aditya Rao	Vice-Chairman & Managing Director (Promoter)	6	6	Yes
11	Mr. K Lavanya Kumar	Whole-Time Director (Promoter)	6	6	Yes
12	Dr. Sita Vanka	Independent Non-Executive Director	6	2	No

@Mr. Ravi Chachra was designation as Non-Executive Independent Director w.e.f 14th August, 2017

* Mr. J Ramu Rao resigned from the Board of Directors w.e.f 26th April, 2017

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

The Board of Directors duly met 6 times during the financial year from 1st April, 2016 to 31st March, 2017. The dates on which the meetings were held are as follows: 20th May, 2016; 12th August, 2016; 10th November, 2016; 9th February, 2017, 28th February, 2017 and 20th March 2017.

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

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

@Mr. Ravi Chachra was designation as Non-Executive Independent Director w.e.f 14th August, 2017

* Mr. J Ramu Rao resigned from the Board of Directors w.e.f 26th April, 2017

(e) Mr. Nrupender Rao and Mr. Aditya are inter-se related. (Mr. Aditya Rao is son of Mr. Nrupender Rao)

(f) Details of number of shares held by the Non-Executive/Independent Directors as on 31st March 2017:

Name of the Director	Designation	No. of Shares held
Mr. Ravi Chachra @	Independent Non-Executive Director	-
Mr. C Parthasarathy	Independent Non-Executive Director	-
Mr P V Rao	Non-Executive Non-Independent Director	6,920
Mr. B Kamalaker Rao	Independent Non-Executive Director	-
Mr. Manish Sabharwal	Independent Non-Executive Director	-
Mr. J Ramu Rao *	Independent Non-Executive Director	-
Mr. Vishal Sood	Independent Non-Executive Director	-
Mr. Varun Chawla	Independent Non-Executive Director	-
Dr. Sita Vanka	Independent Non-Executive Director	-

@Mr. Ravi Chachra was designation as Non-Executive Independent Director w.e.f 14th August, 2017

* Mr. J Ramu Rao resigned from the Board of Directors w.e.f 26th April, 2017

(g) Independent Directors:

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

(1) Training of Independent Directors:

Whenever new Non-executive and Independent Directors are inducted in the Board they are introduced to our Company's culture through appropriate orientation session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risks and management strategy. The terms of appointment of Independent Directors has been placed on the Company's website at http://www.pennarindia.com/pdf/Investor_presentation/terms-of-appointment-of-independent-directors.pdf

(2) Familiarisation programmes for Board Members:

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

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

The Board evaluates the performance of Non-executive and Independent Directors every year. All the Non-executive and Independent

Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

(4) Separate Meeting of the Independent Directors:

The Independent Directors held a Meeting on 9th February, 2017, without the attendance of Non-Independent Directors and members of Management. All the Independent Directors were present at the meeting. The following issues were discussed in detail:

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

3. Audit Committee

(a) Brief description of the terms of reference

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and, inter alia, performs the following functions:

- overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- reviewing and examining with management the quarterly finan-

- reviewing and examining with management the annual financial statements before submission to the Board and the auditors' report thereon;
- review management discussion and analysis of financial condition and results of operations;
- scrutiny of inter-corporate loans and investments made by the Company;
- reviewing with management the annual financial statements as well as investments made by the unlisted subsidiary companies;
- reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- approving the appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
- recommending the appointment, remuneration and terms of appointment of Statutory Auditors of the Company and approval for payment of any other services;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- discussing with Statutory Auditors, before the commencement of audit, on the nature and scope of audit as well as having post-audit discussion to ascertain area of concern, if any;
- reviewing with management, Statutory Auditors and Internal Au-

- ditor, the adequacy of internal control systems;
- reviewing the financial statements, in particular, the investments made by the unlisted subsidiaries;
- recommending appointment, remuneration and terms of appointment of Internal Auditor of the Company;
- reviewing the adequacy of internal audit function and discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;
- evaluating internal financial controls and risk management systems;
- valuating undertaking or assets of the Company, wherever it is necessary;
- reviewing the functioning of the Whistle Blowing mechanism;

The Audit Committee ensures that it has reviewed each area that it is required to review under its terms of reference and under applicable legislation or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are reviewed. The Committee is governed by the Terms of Reference which are in line with the regulatory requirements mandated by the Act and Listing Regulations. The Audit Committee also reviews the functioning of the Code of Business Principles and Whistle Blower Policy of the Company and cases reported thereunder. The recommendations of Audit Committee are duly approved and accepted by the Board.

(b) Composition, name of members and chairperson

The Committee comprises of the following:

- | | | | |
|----|---------------------|---|---|
| 1. | Mr. B Kamalaker Rao | - | Chairman (Independent Non-Executive Director) |
| 2. | Mr. C Parthasarathy | - | Member (Independent Non-Executive Director) |
| 3. | Mr. Varun Chawla | - | Member (Independent Non-Executive Director) |
| 4. | Mr. Aditya Rao | - | Member (Vice-Chairman and Managing Director) |

(c) Meetings and attendance during the year

During the year under review, the Committee met fourtimes on 20th May, 2016; 11th August, 2016; 9th November, 2016; and 8th February, 2017. The details of attendance are given below:

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

Company Secretary is the Secretary to the Audit Committee. All the members are financially literate and possess the requisite financial/business acumen to specifically look into the internal controls and audit procedures.

M/s. Rambabu & Co., Statutory Auditors, M/s. R Krishna & Associates., Internal Auditors and Mr. Krishna Prasad, Chief Financial Officer of the Company are invited to attend the Audit Committee meetings and the Company Secretary acts as the Secretary of the Committee. The Chairman of the Board will attend the meetings as he deems appropriate. The minutes of the meetings of the Audit Committee are circulated to all the members of the Board. The Chairman of the Audit Committee was present at the last Annual General Meeting. The Committee periodically interacts with the Auditors, reviews the Company's financial and risk management policies and adequacy of internal controls with the management and is responsible for effective supervision of the financial reporting process and compliance with financial policies etc.,

4. Nomination and Remuneration Committee

(a) Brief description of terms of reference

In terms of Section 178(1) of the Companies Act, 2013 and Regulation 19 of Listing Regulations, the Nomination and Remuneration Committee should comprise of at least three Directors; all of whom should

be Non-Executive Directors. At least half of the Committee members should be Independent with an Independent Director acting as the Chairman of the Committee. Pursuant to provisions of Regulation 19(2) of Listing Regulations the Executive Chairman of the Company was appointed as member of the Committee.

The role of Nomination and Remuneration Committee is as follows:

- Determine/ recommend the criteria for appointment of Executive, Non-Executive and Independent Directors to the Board;
- Determine/ recommend the criteria for qualifications, positive attributes and independence of Director;
- Identify candidates who are qualified to become Directors and who may be appointed in the Management Committee and recommend to the Board their appointment and removal;
- Review and determine all elements of remuneration package of all the Executive Directors, i.e. salary, benefits, bonuses, stock options, pension etc;
- Review and determine fixed component and performance linked incentives for Directors, along with the performance criteria;
- Determine policy on service contracts, notice period, severance fees for Directors and Senior Management;
- Formulate criteria and carry out evaluation of each Director's performance and performance of the Board as a whole;

(b) Composition, name of members and chairperson

The Nomination and Remuneration Committee of the Company consists of 3 Non-Executive Independent Directors and 1 Executive Chairman of the Company.

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

(c) Meetings and attendance during the year

During the year the Committee had two meetings i.e., on 9th November, 2016 and 8th February, 2017. The details of attendance are given below:

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

(d) Performance Evaluation of Board, Committees, Individual Directors and Independent Directors:

Pursuant to the provisions of the Companies Act, 2013 read with rules made thereunder and provisions of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Board carried out the annual performance evaluation of its own performance, as well as the evaluation of the working of its Audit, Nomination and Remuneration and Stakeholders Relationship Committees. The evaluation took into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance the Company and its stakeholders. It was observed that the Board played a vital role in formulation and monitoring of policies.

The evaluation in respect of the committees took into consideration inputs received from the Directors, covering various aspects of the Committees functioning such as, the amount of responsibility delegated by the Board to each of the committees is appropriate, the committees take effective and proactive measures to perform its functions, the reporting by each of the Committees to the Board is sufficient. It was observed that the Board had constituted sufficient committees wherever required with well-defined terms of reference whose composition was in compliance with the legal requirement and their performance reviewed periodically. It was found that the Committees gave effective suggestion and recommendation to the Board.

The evaluation of individual director was made taking into consideration inputs received from the Directors, covering various aspects such as the directors understand their duties, responsibilities, qualifications, disqualifications and liabilities as a director, the directors are familiar with the Company's vision, policies, values and code of conduct, they have adequate knowledge of the Company's key operations, financial condition, key developments and abreast with the latest developments and factors affecting the business of the Company and the sector as a whole. It was observed that the directors understood the governance, regulatory, legal, financial, fiduciary and ethical requirements of the Board, attended all Board/Committee Meetings well prepared and participated in the meetings constructively by providing inputs and suggestions to the Management/Board in areas of their domain expertise.

The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors at

a separate meeting held on 9th February, 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. A separate exercise was carried out to evaluate the performance of Individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company etc. The Chairman and the Non-Independent Directors discharged their responsibilities in an effective manner.

The Board evaluated the performance of Independent Directors considering various parameters such as their familiarity with the Company's vision, policies, values, code of conduct, their attendance at Board and Committee Meetings, whether they participate in the meetings constructively by providing inputs and provide suggestions to the Management/Board in areas of domain expertise, whether they seek clarifications by raising appropriate issues on the presentations made by the Management/reports placed before the Board, Practice Confidentiality, whether the director is a team player and considers the views of the other members, Engages with the senior management personnel as and when required, Understands the governance, regulatory, legal, financial, fiduciary and ethical requirements of the Board. The directors took advantage of opportunity to upgrade skills by regularly attending familiarization programmes. All the Directors have discharged their responsibilities in an effective manner.

5. Remuneration policy:

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

- * Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain laid down criteria.
- * Identifying potential individuals for appointment as Key Managerial Personnel and to other Senior Management positions.
- * Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel and senior management employees and their remuneration.
- * Review the performance of the Board of Directors and Key Managerial Personnel based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors and Key Managerial Personnel, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best

managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that

the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.

(f) At present, all the Non-Executive Directors receive remuneration only by way of sitting fees for attending the meetings of the Board and Committee thereof. The actuals of remuneration paid to all the Director's for 2016-17 is given below:

₹ Lakhs

Name of the Director	Designation	Salary	Commission	Provident fund, Superannuation fund and other perquisites	Sitting Fee	Total
Mr. Nrupender Rao	Executive Chairman	107	78	31	-	216
Mr. Ravi Chachra @	Non-Executive Director	-	-	-	0.20	0.20
Mr. P V Rao	Independent Non-Executive Director	-	-	-	-	-
Mr. C Parthasarathy	Independent Non-Executive Director	-	-	-	0.20	0.20
Mr. B Kamalaker Rao	Independent Non-Executive Director	-	-	-	1.32	1.32
Mr. Manish Sabharwal	Independent Non-Executive Director	-	-	-	-	-
Mr. J Ramu Rao *	Independent Non-Executive Director	-	-	-	-	-
Mr. Vishal Sood	Non-Executive Director	-	-	-	-	-
Mr. Varun Chawla	Independent Non-Executive Director	-	-	-	0.55	0.55
Mr. Aditya Rao	Vice-Chairman & Managing Director	83	52	15	-	150
Mr. K Lavanya Kumar	Whole-Time Director	34	-	9	-	43
Dr. Sita Vanka	Independent Non-Executive Director	-	-	-	0.20	0.20

@Mr. Ravi Chachra was designation as Non-Executive Independent Director w.e.f 14th August, 2017

* Mr. J Ramu Rao resigned from the Board of Directors w.e.f 26th April, 2017

All the Non-Executive Directors receive remuneration only by way of sitting fees for attending the meetings of the Board and Committee thereof. However the Criteria of making payments to non-executive directors is available on the website of the Company viz., <http://www.pennarindia.com/policy-evaluation-directors.html>

6(a) Stakeholders Relationship Committee:

The role of Stakeholders' Relationship Committee is as follows:

- consider and resolve the grievances of shareholders of the Company with respect to transfer of shares, non-receipt of annual report, non-receipt of declared dividend, etc;
- ensure expeditious share transfer process in line with the proceedings of the Share Transfer Committee;
- evaluate performance and service standards of the Registrar and Share Transfer Agent of the Company;
- provide guidance and make recommendations to improve investor service levels for the investors.

a) Brief description of terms of reference

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

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

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

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

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

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

e) Number of pending share transfers and complaints: Nil

f) Details of meetings and attendance by the members:

During the year the Committee met four times on 20th May, 2016, 11th August, 2016 9th November, 2016; and 8th February, 2017.

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

6 (b) Corporate Social Responsibility (CSR):

(a) Brief description of terms of reference

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

(b) Composition, name of members and chairperson

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

- | | | | |
|----|---------------------|---|---|
| 1. | Mr. B Kamalaker Rao | - | Chairman (Independent Non-Executive Director) |
| 2. | Mr. Varun Chawla | - | Member (Independent Non-Executive Director) |
| 3. | Mr. Nrupender Rao | - | Member (Chairman - Executive) |
| 4. | Mr. Aditya Rao | - | Member (Vice-Chairman & Managing Director) |

(c) Meetings and attendance during the year

During the year the Committee had one meeting i.e., on 20th May, 2016. The details of attendance are given below:

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

7. General body meetings:

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

Date	Year	Type	Venue	Time
30th September, 2016	2015-16	Annual General Meeting	Radisson, Hyderabad	11:30 A.M
30th September, 2015	2014-15	Annual General Meeting	Radisson, Hyderabad	10:00 A.M
30th September, 2014	201-14	Annual General Meeting	Radisson, Hyderabad	10:00 A.M

(b) Special resolutions

All resolutions moved at the last Annual General Meeting were passed accordingly 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 held on	Whether special resolution passed	Summary of the resolution
30th September, 2016	Yes	<ol style="list-style-type: none"> 1. Approval of material related party transactions. 2. Create of Charges under Section 180(1)(a) of the Companies Act, 2013. 3. Borrow in excess of paid-up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013. 4. To serve documents on members.
30th September, 2015	Yes	<ol style="list-style-type: none"> 1. Appointment of Mr. Nrupender Rao as Executive Chairman. 2. Appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director 3. Appointment of Mr. K Lavanya Kumar as Whole-Time Director. 4. Approval of material related party transactions. 5. Create of Charges under Section 180(1)(a) of the Companies Act, 2013. 6. Borrow in excess of paid-up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013.
30th September, 2014	Yes	<ol style="list-style-type: none"> 1. To designate Mr. Aditya Rao as Vice-Chairman and Managing Director. 2. Appointment of Mr. K Lavanya Kumar as Whole-Time Director. 3. Increase in investment limit under PIS by SEBI registered FIIs from 24% to 35% in the paid-up capital of the company. 4. Alteration of Articles of Association of the Company.

c) Postal ballot

The Company has issued notice for the Postal Ballot on November 30th, 2016, to the shareholders pursuant to Section 192A (2) of the Companies Act, 1956, read along with Companies (Passing of Resolution by Postal Ballot) Rules, 2001, seeking their approval by means of postal ballot for the purpose of making investment in excess of limits prescribed under Section 186(2) of the Companies act, 2013.

The results are as follows:

Sl. No	Particulars	No. of shareholders	No. of Equity shares	% to the total no. of equity shares for which postal ballot forms were received
1	Total Postal Ballot forms received	80	5,15,95,526	100
2	Total no. of votes polled in favour of the resolution	70	4,37,00,472	84.70
3	Total no. of votes polled against the resolution	10	78,95,054	15.30
4	Total no. of votes polled neutral/invalid to the resolution	0	0	0

Presently, the Company is not proposing to pass any special resolution through postal ballot.

d) Procedure for postal ballot: NA

e) Information on Directors re-appointment as required under Listing Regulations with stock exchanges is given as a note appended to the explanatory statement of the AGM notice.



8. Means of communication

(a) The quarterly/half-yearly/annual financial results of the Company are sent to the stock exchanges immediately after they are approved by the Board.

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

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

(d) Scores: The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web based complaints redressal system. The system processes complaints in a centralized web based mechanism. The company is in compliance with this system. During the financial year 2016-17 there were no complaints.

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

(f) National Electronic Application Processing System ('NEAPS'): National Stock Exchange announced a web based application system NEAPS for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, among others are also filed electronically on NEAPS.

9. General Shareholders Information

SI. No.	Particulars	Description
1	Date, time and venue of Annual General Meeting	28th September, 2017 at 11:00 A.M. at Radisson Hi-Tech City, Gachibowli, Hyderabad - 500 032
2	Financial calendar (Tentative schedule)	Financial year : 1st April, 2017 to 31st March, 2018 Board meetings for approval of quarterly results: 1st Quarter ended on 30th June, 2017: within 45 days from the close of quarter. 2nd Quarter ended on 30th September, 2017: within 45 days from the close of quarter. 3rd Quarter ended on 31st December, 2017: within 45 days from the close of quarter. Annual results for financial year ended 31st March, 2018 (audited): Within 60 days of the close of financial year. Annual general meeting for the year 2017-18 : In accordance with Companies Act, 2013 and amendment if any.
3	Date of book Closure	22.09.2017 to 23.09.2017 (both days inclusive)
4	Dividend payment due	-
5	Listing on stock Exchanges	The Bombay Stock Exchange Limited P. J. Towers, Dalal Street, Mumbai – 400001 The National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051
6	Stock Code	BSE: Equity- 513228; NSE EQUITY: PENIND;
7	Electronic connectivity	1. The National Securities Depository Ltd Trade World, Kamala Mills Compound, SenapatiBapatMarg, Lower Parel Mumbai - 400013 2. Central Depository Services (India) Ltd PhirozeJeejeebhoy Towers, 28th Floor Dalal Street, Mumbai – 400023
8	Registered Office (address for correspondence)	Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad – 500084 Telangana. India, Tel.No: +91 40 40061623 E-mail Id: corporatecommunications@pennarindia.com
9	Registrar and Transfer Agents Communication regarding share transfers and other related correspondence	M/s. Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District Nanakramguda, Seriligampalli Hyderabad - 500032, Phone: 040 67161524 E-mail: mailmanager@karvy.com/ksreddy@karvy.com
10	Share transfer System	Shares lodged for physical transfer at the Registrar's address arenormally processed within a period of 15 days from the date oflodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned shareholders within a week from the date of approval of transfers by the Registrar.

The Company has paid Listing fees for the year 2017-18 to all the aforesaid Stock Exchanges.

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

SI. No.	Category	Share Holders	% of Holders	No of Shares	% of Shares
1	upto 1 - 5000	38,699	87.70	92,39,949	7.68
2	5001 - 10000	2,435	5.52	38,49,974	3.20
3	10001 - 20000	1,352	3.06	39,50,549	3.28
4	20001 - 30000	587	1.33	29,46,967	2.45
5	30001 - 40000	224	0.51	15,75,422	1.31
6	40001 - 50000	217	0.49	20,76,198	1.73
7	50001 - 100000	299	0.68	43,12,196	3.58
8	100001 & ABOVE	312	0.71	9,23,98,259	76.77
	Total:	44,125	100.00	12,03,49,514	100.00



Shareholding Pattern as on 31st March, 2017 was as under:

Sl. No.	Description	No of Holders	% of Holders	Shares	% Equity
1	Banks	11	0.02	51,869	0.04
2	Clearing Members	65	0.15	1,60,118	0.13
3	Foreign Bodies	1	0.00	70,90,157	5.89
4	Foreign Institutional Investor	1	0.00	4,000	0.00
5	Foreign Portfolio Investors	5	0.01	1,31,94,693	10.96
6	H U F	886	2.01	18,21,663	1.51
7	ICICI	1	0.00	100	0.00
8	Indian Financial Institutions	1	0.00	82,975	0.07
9	Bodies Corporates	572	1.30	49,57,099	4.12
10	Mutual Funds	5	0.01	78,90,304	6.56
11	NBFC	5	0.01	12,266	0.01
12	Nationalised Bank	4	0.01	660	0.00
13	Non Resident Indians	726	1.65	22,84,739	1.90
14	NRI Non-Repatriation	145	0.33	6,66,550	0.55
15	Promoter Companies	2	0.00	2,09,53,811	17.41
16	Company Promoters	12	0.03	2,23,22,529	18.55
17	Promoters & Directors Relative	4	0.01	4,80,600	0.40
18	Resident Individuals	41,674	94.45	3,83,65,540	31.88
19	Trusts	5	0.01	9,841	0.01
	Total:	44,125	100.00	12,03,49,514	100.00

11. Dematerialisation of shares and liquidity:

(a) Equity shares: The Company's equity shares are in compulsory demat list. The International Securities Identification Number (ISIN) allotted to the Company's scrip is INE932A01024. 98.56% of equity shares are held in dematerialised form as on 31st March, 2017.

(b) 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 GDRs/ADRs and there are no outstanding warrants or any convertible instruments.

12. Plant locations:

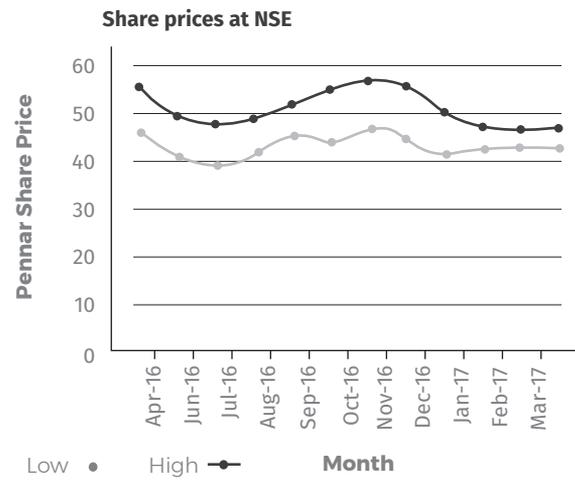
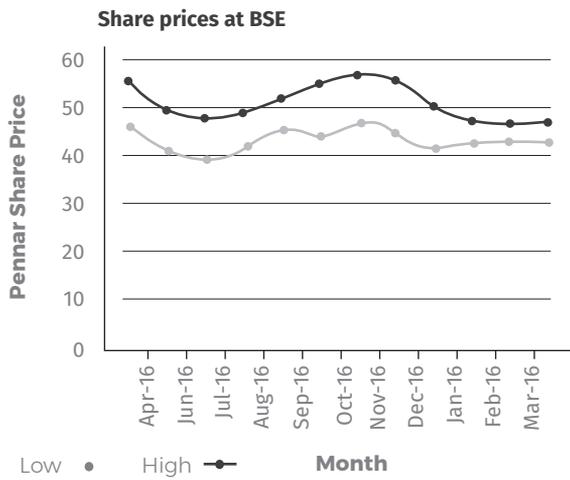
- a. Patancheru unit : IDA, Patancheru, Medak (Dist.), T.S.
- b. Isnapur unit : Isnapur Village, Medak (Dist.), T.S.
- c. Tarapur unit : MIDC, Tarapur, Maharashtra
- d. Chennai unit : Kannigaipair Village, ThiruvelloreDist, T.N.
- e. Hosur unit : SIDCO Industrial Estate, Hosur, T.N.

13. Market price data:

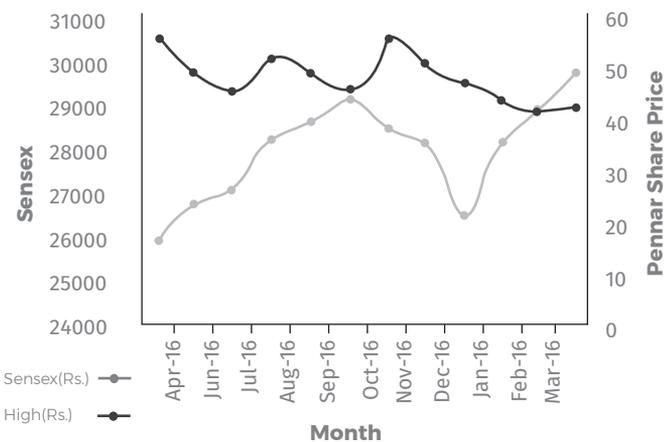
The Company's shares are traded on The Bombay Stock Exchange and The National Stock Exchange of India Limited. Monthly high and low quotations and volume of equity shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for 2016-17 were as follows:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April, 2016	54.40	46.50	10,67,493	54.40	46.25	42,74,593
May, 2016	49.25	42.60	7,89,883	49.15	42.45	35,23,873
June, 2016	46.60	41.00	9,38,200	46.80	41.00	44,38,117
July, 2016	50.00	43.75	13,89,511	50.15	43.70	50,09,692
August, 2016	48.75	43.35	9,94,071	48.85	43.40	61,69,261
September, 2016	47.15	42.20	14,28,586	47.20	42.20	52,72,679
October, 2016	54.80	44.35	27,10,831	54.70	42.90	94,71,598
November, 2016	52.00	39.50	10,58,513	51.75	39.40	39,95,628
December, 2016	47.95	39.90	7,58,040	41.45	40.20	35,50,031
January, 2017	45.85	40.40	10,30,947	46.00	40.40	51,40,332
February, 2017	44.20	40.00	8,58,111	44.45	39.75	41,10,873
March, 2017	44.00	40.00	15,05,200	44.00	40.50	42,91,738

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

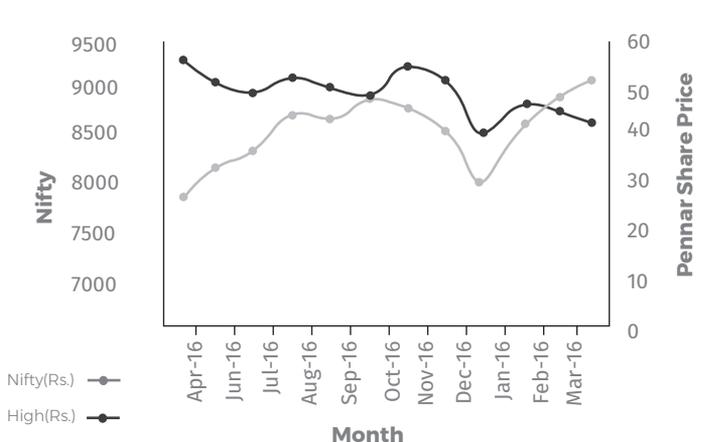


Performance in comparison to broad based indices such as BSE Sensex:



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

Performance in comparison to broad based indices such as Nifty:



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

14. Unclaimed Dividend Amounts:

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

Members who have not so far encashed their dividend warrant(s) are requested to seek revalidation of dividend warrants in writing to the Company's Registrar and Transfer Agents, M/s. Karvy Computershare Private Limited, immediately. Members are requested to note that no claims shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.

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

Financial Year	Date of Dividend	Amount outstanding as on 31.03.2017	To be paid within 30 days	Transferred to unpaid dividend account in 7 days	Due for transfer to IEPF
2009-2010	04.08.2010	8,75,873.55	03.09.2010	10.09.2010	10.09.2017
2010-2011 Interim	09.11.2010	5,61,227.00	08.12.2010	15.12.2010	15.12.2017
2010-2011	16.09.2011	8,38,386.04	15.10.2011	22.10.2011	22.10.2018
2011-2012	25.07.2012	10,98,790.45	23.08.2012	30.08.2012	30.08.2019
2012-2013	08.08.2013	11,49,501.38	07.09.2013	14.09.2013	14.09.2020

15. Share Transfer System:

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

Particulars	2016-2017	2015-2016
Shares Transferred	2,663	6,941
Total No. of shares as on 31st March, 2017	12,03,49,514	12,03,49,514
% on Share Capital	0.002	0.005

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

17. Disclosures:

- Related Party Transactions: No transaction of material nature that may have potential conflict with the interests of company at large was entered in to by the Company with the related parties. The transactions with the related parties are disclosed in notes to accounts in the Annual Report.
- Disclosure of Accounting Treatment: The Company has followed the applicable accounting standards in the preparation of its financial statements.
- Details of non-compliance etc.: There has been no instance of non-compliance with any legal requirements nor have there been any strictures imposed by any stock exchange, SEBI on any matters relating to the capital market over the last three years.

- d. Whistle Blower Policy: The Company has a Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination will be meted out to any person for a genuinely raised concern. Employees may also report to the Chairman of the Audit Committee. During the year under review, no employee was denied access to the Audit Committee. The Policy on vigil mechanism and whistle blower policy may be accessed on the Company's website at the link: <http://www.pennarindia.com/vigil-mechanism.html>
- e. Risk Management: The Board regularly discusses the significant business risks identified by the Management and the mitigation process being taken. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities. At present the company has not identified any element of risk which may threaten the existence of the company.
- f. Code of Conduct: The Company has adopted the Code of Conduct which is applicable to the members of the Board and senior management of the Company. The Code of Conduct is available on the Company's website at the link: <http://www.pennarindia.com/code-of-conduct.html>
- g. Policy on Prevention of Insider Trading: The Company has also adopted a policy for prevention of Insider Trading which is made applicable to all the Directors and other designated employees who may have access to unpublished price-sensitive information, in accordance with SEBI (Prohibition of Insider Trading) Regulations. Accordingly such officials are prohibited from trading in the securities of the Company during the notified "Trading Window" period.
- h. Proceeds from public issues, rights issues, preferential issues etc.:- During the financial year ended 31st March, 2017, there were no proceeds from public issues, rights issues, preferential issues, among others.
- i. Management Discussion & Analysis is annexed to the Directors' Report and forms part of the Annual Report.
- j. 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 Clauses of the Listing Regulations.
- k. Policy for determining 'material' subsidiaries is disclosed

at www.pennarindia.com In terms of the Listing Agreement, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Board of Directors has formulated a policy for determining material subsidiaries and the Policy is available on the website of the Company at <http://www.pennarindia.com/policy-determining-material.html>.

- l. Web link where policy on dealing with related party transactions: The Board has approved a policy for related party transactions which has been uploaded on the Company's website at <http://www.pennarindia.com/policy-related-party-transactions.html>.
- m. Disclosure of Commodity price risks and commodity hedging Activities: Not Applicable

18. The requirements of Corporate Governance Report of sub-para (2)-(10) of Part C to Schedule V of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 are complied with.

19. The details of compliance of all discretionary requirements as specified in Part E of Schedule II of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 are as under:

a. The Board: The Company has appointed Mr. Nrupender Rao, Executive Director as the Chairman. We also ensure that the persons who are being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and contribute effectively to the Company.

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

c. Modified opinion(s) in audit report: During the period under review, there is no audit qualification in Company's financial statements. The Company continues to adopt best practices to ensure unmodified audit opinion in its audit report.

d. Separate posts of Chairman and CEO: The Company has appointed Mr. Nrupender Rao, Executive Director as the Chairman and Mr. Aditya Rao as Vice-Chairman and Managing Director.

e. Reporting of Internal Auditor: The Internal auditors are invited to

the meetings of the Audit Committee wherein they report to the Audit Committee.

20. Disclosures:

The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations. The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the Listing Regulations.

Website Disclosures: The information regarding Details of business of the Company, Terms and conditions of appointment of Independent Directors, Composition of various Committees of Board of Directors, Code of Conduct for Board of Directors and Senior Management Personnel, Details of establishment of vigil mechanism/ Whistle Blower policy, Criteria of making payments to Non-Executive Directors, Policy on dealing with Related Party Transactions, Details of familiarization programmes imparted to Independent Directors, Policy for determination of materiality of events, Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances, Email address for grievance redressal and other relevant details, Financial results, Shareholding pattern has been disseminated on the website of the Company at www.pennarindia.com

21. Disclosures with respect to demat suspense account/ unclaimed suspense account-Not Applicable:

22. Corporate Identity Number (CIN):

Corporate Identity Number (CIN) of the company, allotted by the Ministry of Corporate Affairs, Government of India is L27109AP-1975PLC001919.

23. Managing Director Certification:

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director Certification is provided in the Annual Report.

24. Green Initiative in the Corporate Governance:

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

the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

25. Declaration of Code of Conduct:

The Board of Directors of M/s. Pennar Industries Limited, at their meeting held on 11th February, 2015, adopted the Code of Conduct for the Directors and also for the Company's senior management personnel, which was posted on the Company's website. We here by confirm that, all the Directors and the senior management personnel of the Company have affirmed compliance with the aforesaid Code of Conduct as applicable to them for the financial year ended 31st March, 2017.

ANNEXURE - D

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
M/s. PENNAR INDUSTRIES LIMITED

I have examined the compliance of conditions of Corporate Governance by Pennar Industries Limited (the 'Company') for the year ended 31 March 2017, as per regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

The Compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedure and implementation thereof, adopted by the Company for ensuring to compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the company has complied with the conditions of the Corporate Governance as specified in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

I further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company

Place: Hyderabad

Date: 14.08.2017

CS. Subhash Kishan Kandrapu

ACS: 32743, CP: 17545

ANNEXURE - E

ANNUAL REPORT ON CSR ACTIVITIES**1. CSR Policy:**

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

Accordingly, henceforth, it is a continuing commitment for a company to contribute to economic development of the society at large. CSR,

therefore, is not a mere philanthropic activity but also comprises of activities that require a company to integrate social, environmental and ethical concerns into the company's vision and mission through such activities.

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

A Foundation to undertake the CSR activities have been formed namely Pennar Foundation. The brief details of the activities identi-



ried by the company directly are enlisted below:

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

2. Composition:

The composition of the CSR committee is as hereunder:

- Mr. B Kamalaker Rao - Chairman (Non-Executive Independent Director)
 Mr. Varun Chawla - Member (Non-Executive Independent Director)
 Mr. Nrupender Rao - Member (Executive Chairman)
 Mr. Aditya Rao - Member (Vice-Chairman and Managing Director)

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

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

₹ Lakhs

Financial Years	2015-16	2014-15	2013-14	Average Net Profit for the last three years
Net Profits	4530	3662	2204	3465.33

4. Prescribed CSR Expenditure:

2% of Average net profits i.e. Rs. 69.31 lakhs.

5. Details of CSR during the financial year:

- a) Total Amount spent during the Financial Year: Rs. 43.95 Lakhs.
- b) Amount unspent, if any. : Rs. 25.36 Lakhs.
- c) Manner in which the amount spent during the financial year: Attached as Annexure to the report.

6. During the year under review, Company has spent an amount of Rs. 43.95 lakhs instead of Rs.69.31 lakhs (i.e 2% of the average net profits). The Company could not spend the balance amount as it could not identify the right project.

7. Responsibility Statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with the CSR objective and Policy of the Company.

for Pennar Industries Limited

Aditya Rao

Vice-Chairman & Managing Director

DIN No. 01307343

B Kamalaker Rao

Chairman CSR Committee

DIN No. 00038686

Annexure to the Annual Report on CSR

SI No.	CSR Projector Activity Identified	Sector in which project is covered	Projects / Program - Local Area or Other, Specify the state and district where projects or programs was undertaken	Amount Outlay (Budget) project or Program wise (inRs.Lakhs)	Amount spent on the projects or programs Sub Heads (1) Direct Expenditure on projects or programs (2) Overheads (inRs. Lakhs)	Cumulative Expenditure upto the reporting period i.e. FY 2016- 2017 (Rs. in Lakhs)	Amount Spent Direct or through Implementing Agency
1	Vidya Volunteers , Fee Reimbursements and Children's Parks	Promotion of Education	Throughout Telangana State	-	-	9.22	Direct
2	Shelter for People (FY 14-15) Tree Guards Plantation (FY 15-16) Construction of Community Hall (FY 16-17)	Rural Development Project	Isnapur Village, Telangana (FY 14-15), Throughout the Telangana (FY 15-16) Hyderabad, Telangana (FY 16-17)	29.35	29.35	48.98	Direct (FY 14-15) District Collector Medak (FY 15-16) Direct (FY 16-17)
3	Help for disable persons	Promotion of Health	Patancheru, Telangana	-	-	0.10	Direct
4	Midday Meals and Other rural development activities	Rural Development Project	Throughout Telangana	10.60	10.60	40.28	Direct
5	Donations to Orphanages	Eradicating Poverty	Hyderabad Telangana	-	-	0.20	Direct
6	Donations to Charitable Trusts	Eradicating Poverty	Hyderabad Telangana	-	-	2.67	Direct
7	Welfare Activities through Pennar Foundation	Eradicating Poverty	Hyderabad Telangana	4.00	4.00	24.25	Pennar Foundation
Total				43.95	43.95	125.70	

for Pennar Industries Limited

Aditya Rao

Vice-Chairman & Managing Director

DIN No. 01307343

B Kamalaker Rao

Chairman CSR Committee

DIN No. 00038686



ANNEXURE - F

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

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

To
The Members
M/s. PENNAR INDUSTRIES LIMITED
CIN: L27109AP1975PLC001919
Floor No. 3, DHFLVC Silicon Towers,
Kondapur, Hyderabad-500084
Telangana India

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

Based on my verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year commencing from 1st April, 2016 and ended 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 and made available to me, according to the provisions of:

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

(i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(iii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(iv) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(v) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

vi. Other laws applicable specifically to the Company namely:

I. Environmental Laws:

- (a) The Environment (Protection) Act, 1986;
- (b) The Water (Prevention and Control of Pollution) Act, 1974
- (c) The Water (Prevention and Control of Pollution) Cess Act, 1977
- (d) The Air (Prevention and Control of Pollution) Act, 1981
- (e) The Petroleum Act, 1934 & Explosion Act, 1884
- (f) The Civil Supplies Act
- (g) Indian Boilers Act, 1923

II. Labour Related Regulations

- (a) The Factories Act, 1948
- (b) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- (c) The Contract Labour (Regulation and Abolition) Act, 1970
- (d) The Employees' State Insurance Act, 1948
- (e) The Industrial Employment (Standing Orders) Act, 1946
- (f) The Payment of Bonus Act, 1965
- (g) The Payment of Gratuity Act, 1972
- (h) The Minimum Wages Act, 1948
- (i) The Payment of Wages Act, 1936
- (j) The Trade Unions Act, 1926
- (k) The Employment Exchange CNV Act, 1959 & Rules
- (l) The Industrial Disputes Act, 1947
- (m) Labour welfare fund Act 1987 & Rules
- (n) Maternity Benefits Act, 1961
- (o) Child Labour (Prohibition and Abolition) Act, 1986
- (p) Apprentices Act, 1961

III. Miscellaneous Regulations

- (a) Shops and Establishments Act
- (b) Approvals from Local Authorities

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

I report that, during the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations and Guidelines mentioned above herein.

I further report that, there were no events/actions in pursuance of:

- (i) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- (ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- (iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998
- (iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 requiring compliance thereof by the Company during the audit period.

I further report that, the compliance by the Company of applicable finance laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this audit since the same have been subjected to review by statutory financial audit and other designated professionals.



I further report that:

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Companies Act, 2013.
- (b) 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 of the meeting.
- (c) As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded

I further report that, based on the review of the compliance reports and the certificates of Company Secretary/ Managing Director taken on record by the Board of Directors of the Company, in my opinion there are adequate systems and processes in the Company with the size and operation of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

I report further that, during the audit period there were 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

CS. Subhash Kishan Kandrapu

Date : 14.08.2017

ACS: 32743, CP: 17545

This report is to be read with our letter of even date, which is annexed as "Annexure - A" and forms an integral part of this report.

ANNEXURE - A

To

The Members

M/s. PENNAR INDUSTRIES LIMITED

CIN: L27109AP1975PLC001919

Floor No. 3, DHFLVC Silicon Towers,

Kondapur, Hyderabad-500084

Telangana India

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of M/s. PENNAR INDUSTRIES LIMITED ("the Company"). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. 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

CS. Subhash Kishan Kandrapu

Date : 14.08.2017

ACS: 32743, CP: 17545

ANNEXURE - G

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNING AND OUTGO ETC:

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

<p>(A) Conservation of Energy: I. The steps taken or impact on conservation of energy</p>	<p>The Company continued to give major emphasis for conservation of energy, and the measures taken in the previous year were continued. The efficiency of Energy Utilization at each plant is monitored at the corporate level every quarter, in order to achieve effective conservation of energy.</p> <p>The significant Energy conservation measures during the year were as follows:</p> <p>a. Auto switching off machines/equipments , auxiliaries immediately after use to avoid running of machine in idle condition.</p> <p>b. Equipment installed to achieve unity power factor and achieved 1.5 % reduction in energy consumption .</p> <p>c. Creating awareness among employees about the necessity of energy conservation by conducting workshops & displaying notices on the Notice Board.</p> <p>d. Replaced HSPV , Metal halide and fluorescent lamps with LED lights .</p>
<p>II. The steps taken by the company for utilizing alternate sources of energy</p>	<p>The company has been generated power through solar power plant having a capacity of 2.5 MW since the year 2014.</p> <p>Drivers provided for various blowers and pumps in place of DOL starters.</p>
<p>III. The capital investment on energy conservation equipment;</p>	<p>NIL</p>
<p>(B) Technology absorption: I. The efforts made towards technology absorption</p>	<p>Introduced forming lines with online punching to increase the productivity and quality.</p>
<p>II. The benefits derived like product improvement, cost reduction, product development or import substitution.</p>	<p>The benefits derived are:</p> <ul style="list-style-type: none"> • Improved quality and productivity • Conservation of energy & reduced power cost
<p>III. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)</p> <p>a. The details of technology imported</p> <p>b. The year of import:</p> <p>c. Whether the technology been fully absorbed</p> <p>d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof</p>	<p>NIL</p>
<p>IV. The expenditure incurred on research and development</p>	<p>NIL</p>
<p>(C) Foreign exchange earnings and outgo</p>	<p>Total Foreign Exchange earnings: Rs.510 Lakhs Total Foreign Exchange Outgo: Rs. 764 Lakhs</p>



ANNEXURE - H

FORM NO. MGT-9**Extract of Annual Return**

As on the financial year ended on 31st March, 2017

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

I. Registration and other details:

1	Corporate Identification Number (CIN)	L27109AP1975PLC001919
2	Registration Date	08.08.1975
3	Name of the Company	M/s. Pennar Industries Limited
4	Category/Sub Category of the Company	Public Company/Limited by Shares
5	Address of the Registered office and contact details	Floor No.: 3, DHFLVC Silicon Towers, Kondapur, Hyderabad, Telangana - 500084
6	Whether Listed Company	Yes listed on NSE and BSE Stock Exchanges.
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, Tel: +91 40 67161524 Fax: +91 40 23114087

II. Principal business activities of the Company:

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

Sl. No.	Name & Description of main product/service	NIC code of Product/service	% to total turnover of the company
1	Manufacture of hot-rolled and cold-rolled products of steel	24105	84.3%
2	Manufacture of Tubes	24106	15.7%

III. Particulars of Holding, Subsidiary and Associate Companies:

Sl. No.	Name & Registered Address of the Company	CIN/GLN	Holding Subsidiary/ Associate	% of Shares held	Applicable Section
1	M/s. Pennar Engineered Building Systems Limited 9th Floor, DHFLVC Silicon Towers, Kondapur Hyderabad - 500 084	U45400AP2008PLC057182	Subsidiary	53.98	2(87)
2	M/s. Pennar Enviro Limited 186/A, IDA, Mallapur, Hyderabad - 500 076	U74900TG2008PLC058171	Subsidiary	51.03	2(87)
3	M/s. Pennar Renewables Private Limited [formerly M/s. New Era Enviro Ventures (Karimnagar) Private Limited] 9th Floor, DHFLVC Silicon Towers, Kondapur Hyderabad - 500 084	U40108TG2013PTC089133	Subsidiary	80.69	2(87)

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

The Shareholding pattern is attached hereunder as Attachment - A.

V. Indebtedness:

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

₹ Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	16,855	2304	NIL	19,159
ii. Interest due but not paid			NA	
iii. Interest accrued but not due			NA	
Total (i+ii+iii)	16,855	2304	-	19,159
Change in Indebtedness during the financial year				
* Additions	5,780		NIL	5,780
* Reductions	10,409		NIL	10,409
Net Change	-4629		-	-4629
Indebtedness at the end of the financial year				
i. Principal amount	12,226	2304	NIL	14,530
ii. Interest due but not paid			NIL	
iii. Interest accrued but not due			NIL	
Total (i+ii+iii)	12,226	2304	-	14,530

VI. Remuneration of Directors and Key Managerial Personnel:

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

₹ Lakhs

Sl. No.	Particulars of Remuneration	Nrupender Rao	Aditya Rao	K Lavanya Kumar	Total Amount
		Chairman	Managing Director	Whole-Time Director	
1	Gross salary	138	98	43	279
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission	78	52	-	130
	- as % of profit				
	- others, specify				
5	Others	-	-	-	-
	Total	216	150	43	409

B) Remuneration to other directors

₹ Lakhs

SI No.	Particulars of Remuneration	Name of the Directors					Total Amount
		B Kamalaker Rao	Varun Chawla	Sita Vanka	Ravi Chachra	C Parthasarathy	
1	Independent Directors	1.32	0.55	0.20		0.20	2.27
	* Fee for attending board committee meetings	-	-	-		-	
	* Commission	-	-	-		-	
	* Others, please specify	-	-	-		-	
	Total (1)	1.32	0.55	0.20		0.20	2.27
2	Others Non-Executive Directors	-	-	-	0.20	-	0.20
	* Fee for attending board committee meetings	-	-	-	-	-	-
	* Commission	-	-	-	-	-	-
	* Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	0.20	-	0.20
	Total (1+2)	1.32	0.55	0.20	0.20	0.20	2.47

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

₹ Lakhs

SI No.	Particulars of Remuneration	J S Krishna Prasad	Mirza Moham-med Ali Baig	Total Amount
		Chief Finan-cial Officer	Company Secretary	
1	Gross salary	26	7	33
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit - others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	26	7	33

VII. Penalties / Punishment/ Compounding of Offences:

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

Attachment-A for point No. IV of Annexure-H

Shareholding Pattern (Equity Share Capital Breakup as % to Equity):

CATE- GORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% CHANGE DURING THE YEAR
		DEMAT	PHYSI- CAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSI- CAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual / HUF	22,803,129	-	22,803,129	18.95	22,803,129	-	22,803,129	18.95	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	20,953,811	-	20,953,811	17.41	20,953,811	-	20,953,811	17.41	-
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	43,756,940	-	43,756,940	36.36	43,756,940	-	43,756,940	36.36	-
(2)	FOREIGN									
(a)	Individuals (NRIs/For- eign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	-	-	-	-	-	-	-	-	-
	Total A=A(1)+A(2)	43,756,940	-	43,756,940	36.36	43,756,940	-	43,756,940	36.36	-
(B)	PUBLIC SHAREHOLD- ING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	5,611,841	-	5,611,841	4.66	7,890,304	-	7,890,304	6.56	-1.89
(b)	Financial Institutions / Banks	7,229,116	2,450	7,231,566	6.01	133,154	2,450	135,604	0.11	5.90
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	13,165,928	-	13,165,928	10.94	13,198,693	-	13,198,693	10.97	-0.03
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	26,006,885	2,450	26,009,335	21.61	21,222,151	2,450	21,224,601	17.64	3.98
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	6,446,097	24,147	6,470,244	5.38	4,945,393	23,972	4,969,365	4.13	1.25
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	22,387,014	1,584,284	23,971,298	19.92	23,469,449	1,562,939	25,032,388	20.80	-0.88
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	17,771,346	44,000	17,815,346	14.80	15,110,815	44,000	15,154,815	12.59	2.21

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2016				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2017				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(c)	Others									
	CLEARING MEMBERS	161,502	-	161,502	0.13	160,118	-	160,118	0.13	0.00
	FOREIGN BODIES	-	-	-	-	7,090,157	-	7,090,157	5.89	-5.89
	NON RESIDENT INDIANS	1,860,977	101,965	1,962,942	1.63	2,184,746	99,993	2,284,739	1.90	-0.27
	NRI NON-REPATRIATION	-	-	-	-	666,550	-	666,550	0.55	-0.55
	TRUSTS	201,907	-	201,907	0.17	9,841	-	9,841	0.01	0.16
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	48,828,843	1,754,396	50,583,239	42.03	53,637,069	1,730,904	55,367,973	46.01	-3.98
	Total B=B(1)+B(2) :	74,835,728	1,756,846	76,592,574	63.64	74,859,220	1,733,354	76,592,574	63.64	-
	Total (A+B) :	118,592,668	1,756,846	120,349,514	100.00	118,616,160	1,733,354	120,349,514	100.00	-
(c)	Shares held by custodians, against which									
	Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	118,592,668	1,756,846	120,349,514	100.00	118,616,160	1,733,354	120,349,514	100.00	

(ii) Shareholding of Promoters :

Sl. No	Type	Name of the Share Holder	Shareholding at the beginning of the Year			Cumulative Shareholding during the Year		
			No of Shares	% of total shares of the company	% shares pledge encumbered to total shares	No of Shares	% of total shares of the company	% shares pledge encumbered to total shares
1	Opening Balance - 31/03/2016	PENNAR HOLDINGS PRIVATE LIMITED	20,953,811	17.41	1.71	20,953,811	17.41	
	Closing Balance - 31/03/2017					20,953,811	17.41	1.71
2	Opening Balance - 31/03/2016	ADITYA NARSING RAO	4,962,508	4.12		4,962,508	4.12	
	Closing Balance - 31/03/2017					4,962,508	4.12	
3	Opening Balance - 31/03/2016	J RAJYALAKSHMI	4,291,000	3.57		4,291,000	3.57	
	Gift - 22/07/2016		600,000	0.50		4,891,000	4.06	
	Closing Balance - 31/03/2017					4,891,000	4.06	
4	Opening Balance - 31/03/2016	CH. ARATHI	3,196,179	2.66		3,196,179	2.66	
	Gift - 22/07/2016		3,196,179	2.66		-	0.00	
	Closing Balance - 31/03/2017					-	0.00	
5	Opening Balance - 31/03/2016	NRUPENDER RAO	2,501,684	2.08	5.71	2,501,684	2.08	
	Gift - 22/07/2017		2,596,179	2.16		5,097,863	4.24	
	Closing Balance - 31/03/2017					5,097,863	4.24	5.71
6	Opening Balance - 31/03/2016	JAYANTHI PULJAL	2,077,500	1.73		2,077,500	1.73	
	Closing Balance - 31/03/2017					2,077,500	1.73	
7	Opening Balance - 31/03/2016	KALPANA PULJAL	1,750,081	1.45		1,750,081	1.45	
	Closing Balance - 31/03/2017					1,750,081	1.45	
8	Opening Balance - 31/03/2016	BHAVANA PULJAL	1,694,017	1.41		1,694,017	1.41	
	Closing Balance - 31/03/2017					1,694,017	1.41	
9	Opening Balance - 31/03/2016	J. AVANTI RAO	1,537,060	1.28		1,537,060	1.28	
	Closing Balance - 31/03/2017					1,537,060	1.28	
10	Opening Balance - 31/03/2016	Y REKHA RAO	192,800	0.16		192,800	0.16	
	Closing Balance - 31/03/2017					192,800	0.16	
11	Opening Balance - 31/03/2016	KONDAPALLI SUMATHA DEVI	122,900	0.10		122,900	0.10	
	Transmission - 31/03/2017		120,000	0.10		242,900	0.20	
	Closing Balance - 31/03/2017					242,900	0.20	
12	Opening Balance - 31/03/2016	KONDAPALLI LAKSHMAN RAO	120,000	0.10		120,000	0.10	
	Transmission - 31/03/2017		120,000	0.10		-	0.00	
	Closing Balance - 31/03/2017					-	0.00	
13	Opening Balance - 31/03/2016	Y MURALIDHAR RAO	110,400	0.09		110,400	0.09	
	Closing Balance - 31/03/2017					110,400	0.09	
14	Opening Balance - 31/03/2016	KONDAPALLI LAKSHMAN RAO	95,200	0.08		95,200	0.08	
	Closing Balance - 31/03/2017					95,200	0.08	
15	Opening Balance - 31/03/2016	KONDAPALLY LAVANYA KUMAR RAO	82,200	0.07		82,200	0.07	
	Closing Balance - 31/03/2017					82,200	0.07	
16	Opening Balance - 31/03/2016	KONDAPALLY SANDHYA	69,600	0.06		69,600	0.06	
	Closing Balance - 31/03/2017					69,600	0.06	
	Total		43,756,940	36.36	7.43	43,756,940	36.36	7.43

(iii) CHANGE IN PROMOTERS'S SHAREHOLDING (SPECIFY IF THERE IS NO CHANGES)

Sl. No.	Type	Particulars	Shareholders at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Opening Balance - 31/03/2016	J RAJYALAKSHMI	4,291,000	3.57	4,291,000	3.57
	Gift - 22/07/2016		600,000	0.50	4,891,000	4.06
	Closing Balance - 31/03/2017				4,891,000	4.06
2	Opening Balance - 31/03/2016	CH. ARATHI	3,196,179	2.66	3,196,179	2.66
	Gift - 22/07/2016		3,196,179	2.66	-	0.00
	Closing Balance - 31/03/2017				-	0.00
3	Opening Balance - 31/03/2016	NRUPENDER RAO	2,501,684	2.08	2,501,684	2.08
	Gift - 22/07/2017		2,596,179	2.16	5,097,863	4.24
	Closing Balance - 31/03/2017				5,097,863	4.24
4	Opening Balance - 31/03/2016	J RAJYALAKSHMI	4,291,000	3.57	4,291,000	3.57
	Gift - 22/07/2016		600,000	0.50	4,891,000	4.06
	Closing Balance - 31/03/2017				4,891,000	4.06
5	Opening Balance - 31/03/2016	KONDAPALLI SUMATHA DEVI	122,900	0.10	122,900	0.10
	Transmission - 31/03/2017		120,000	0.10	242,900	0.20
	Closing Balance - 31/03/2017				242,900	0.20
6	Opening Balance - 31/03/2016	KONDAPALLI LAKSHMAN RAO	120,000	0.10	120,000	0.10
	Transmission - 31/03/2017		120,000	0.10	-	0.00
	Closing Balance - 31/03/2017				-	0.00

(iv) Shareholding Pattern of Top Ten Shareholders Other Than Directors, Promoters and Holders of ADR & GDR

Sl. No.	Type	Name of the Share Holder	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
1	Opening Balance - 31/03/2016	SAIF ADVISORS MAURITIUS LIMITED A/C SAIF INDIA IV	12,138,080	10.09	12,138,080	10.09
	Closing Balance - 31/03/2017				12,138,080	10.09
2	Opening Balance - 31/03/2016	EIGHT CAPITAL MASTER FUND LIMITED	7,090,157	5.89	7,090,157	5.89
	Purchase - 16/09/2016		7,090,157	5.89	14,180,314	11.78
	Sale - 16/09/2016		7,090,157	5.89	7,090,157	5.89
	Closing Balance - 31/03/2017				7,090,157	5.89
3	Opening Balance - 31/03/2016	FRANKLIN INDIA SMALLER COMPANIES FUND	5,319,060	4.42	5,319,060	4.42
	Purchase - 20/05/2016		5,768	0.00	5,324,828	4.42
	Purchase - 27/05/2016		64,526	0.05	5,389,354	4.48
	Purchase - 19/08/2016		1,750,000	1.45	7,139,354	5.93
	Purchase - 02/09/2016		100,000	0.08	7,239,354	6.02
	Purchase - 09/09/2016		150,000	0.12	7,389,354	6.14
	Purchase - 16/09/2016		500,000	0.42	7,889,354	6.56
	Closing Balance - 31/03/2017				7,889,354	6.56
4	Opening Balance - 31/03/2016	PELLURU ANASUYA	2,342,499	1.95	2,342,499	1.95
	Sale - 08/04/2016		23,405	0.02	2,319,094	1.93
	Sale - 15/04/2016		10,000	0.01	2,309,094	1.92
	Sale - 22/04/2016		20,000	0.02	2,289,094	1.90
	Purchase - 29/04/2016		10,000	0.01	2,299,094	1.91
	Purchase - 06/05/2016		17,651	0.01	2,316,745	1.93

Sl. No.	Type	Name of the Share Holder	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
	Purchase - 13/05/2016		1,327	0.00	2,318,072	1.93
	Sale - 20/05/2016		3,311	0.00	2,314,761	1.92
	Sale - 30/06/2016		15,000	0.01	2,299,761	1.91
	Sale - 08/07/2016		5,000	0.00	2,294,761	1.91
	Sale - 15/07/2016		5,000	0.00	2,289,761	1.90
	Sale - 22/07/2016		14,520	0.01	2,275,241	1.89
	Sale - 29/07/2016		5,000	0.00	2,270,241	1.89
	Purchase - 07/10/2016		65,932	0.05	2,336,173	1.94
	Sale - 07/10/2016		200,000	0.17	2,136,173	1.77
	Sale - 14/10/2016		10,000	0.01	2,126,173	1.77
	Sale - 28/10/2016		10,000	0.01	2,116,173	1.76
	Purchase - 23/12/2016		214,542	0.18	2,330,715	1.94
	Sale - 23/12/2016		300,000	0.25	2,030,715	1.69
	Sale - 30/12/2016		93,842	0.08	1,936,873	1.61
	Sale - 06/01/2017		126,992	0.11	1,809,881	1.50
	Sale - 13/01/2017		61,105	0.05	1,748,776	1.45
	Sale - 20/01/2017		10,500	0.01	1,738,276	1.44
	Purchase - 27/01/2017		186,510	0.15	1,924,786	1.60
	Sale - 27/01/2017		200,000	0.17	1,724,786	1.43
	Sale - 03/02/2017		13,347	0.01	1,711,439	1.42
	Sale - 10/02/2017		98,840	0.08	1,612,599	1.34
	Sale - 17/02/2017		19,112	0.02	1,593,487	1.32
	Sale - 24/02/2017		4,956	0.00	1,588,531	1.32
	Sale - 03/03/2017		2,737	0.00	1,585,794	1.32
	Sale - 17/03/2017		73,250	0.06	1,512,544	1.26
	Closing Balance - 31/03/2017				1,512,544	1.26
5	Opening Balance - 31/03/2016	ASHISH KACHOLIA	1,497,108	1.24	1,497,108	1.24
	Sale - 08/04/2016		96,000	0.08	1,401,108	1.16
	Sale - 15/04/2016		1,108	0.00	1,400,000	1.16
	Sale - 29/04/2016		64,163	0.05	1,335,837	1.11
	Sale - 06/05/2016		564	0.00	1,335,273	1.11
	Sale - 20/05/2016		151,157	0.13	1,184,116	0.98
	Sale - 10/06/2016		59,530	0.05	1,124,586	0.93
	Sale - 17/06/2016		394,142	0.33	730,444	0.61
	Sale - 24/06/2016		558,870	0.46	171,574	0.14
	Sale - 30/06/2016		171,574	0.14	-	0.00
	Closing Balance - 31/03/2017				-	0.00
6	Opening Balance - 31/03/2016	ASHA MUKUL AGRAWAL	900,000	0.75	900,000	0.75
	Sale - 20/01/2017		88,095	0.07	811,905	0.67
	Sale - 27/01/2017		36,201	0.03	775,704	0.64
	Sale - 03/02/2017		2,000	0.00	773,704	0.64
	Sale - 10/02/2017		9,193	0.01	764,511	0.64
	Sale - 17/02/2017		221,415	0.18	543,096	0.45
	Sale - 24/02/2017		43,096	0.04	500,000	0.42
	Closing Balance - 31/03/2017				500,000	0.42
7	Opening Balance - 31/03/2016	ROHINTON SOLI SCREWVALA	863,826	0.72	863,826	0.72
	Closing Balance - 31/03/2017				863,826	0.72
8	Opening Balance - 31/03/2016	CHINTHIREDDY ANANTHA REDDY	787,025	0.65	787,025	0.65



Sl. No.	Type	Name of the Share Holder	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
	Sale - 17/03/2017		23,224	0.02	763,801	0.63
	Closing Balance - 31/03/2017				763,801	0.63
9	Opening Balance - 31/03/2016	MOHUR INVESTMENT & CONSULTANCY P LTD	570,000	0.47	570,000	0.47
	Sale - 15/04/2016		40,000	0.03	530,000	0.44
	Sale - 22/04/2016		30,000	0.02	500,000	0.42
	Sale - 27/05/2016		100,000	0.08	400,000	0.33
	Purchase - 19/08/2016		200,000	0.17	600,000	0.50
	Purchase - 28/10/2016		65,000	0.05	665,000	0.55
	Sale - 04/11/2016		65,000	0.05	600,000	0.50
	Closing Balance - 31/03/2017				600,000	0.50
10	Opening Balance - 31/03/2016	EIGHT CAPITAL INDIA (M) LIMITED	538,347	0.45	538,347	0.45
	Closing Balance - 31/03/2017				538,347	0.45

(v) Shareholding of Directors and Key Management Personnel:

Sl No.	Name of the Promoter Shareholders Key Management Personnel	Share holding at the beginning of the year		Cumulative Share holding at the end of the year	
		No. of Shares held	% of total shares of the company	No. of Shares held	% of total shares of the company
1	ADITYA NARSING RAO				
	a) At the Beginning of the year	4,962,508	4.12	4,962,508	4.12
	b) Change during the year	-		-	
	c) At the end of the year	4,962,508	4.12	4,962,508	4.12
2	NRUPENDER RAO				
	a) At the Beginning of the year	2,501,684	2.08	5,097,863	4.24
	b) Change during the year - Gift - 22/07/2016	2,596,179		-	
	b) At the end of the year	5,097,863	4.24	5,097,863	4.24
3	KONDAPALLY LAVANYA KUMAR RAO				
	a) At the Beginning of the year	82,200	0.07	82,200	0.07
	b) Change during the year				
	Date and Reason				
	c) At the end of the year	82,200	0.07	82,200	0.07
4	JAMMULAMADAKA SRINIVASA KRISHNA PRASAD				
	a) At the Beginning of the year	789	0.00	789	0.00
	b) Change during the year				
	c) At the end of the year	789	0.00	789	0.00
5	MIRZA MOHAMMED ALI BAIG				
	a) At the Beginning of the year	0	0.00	0	0.00
	b) Change during the year	0	0.00	0	0.00
	c) At the end of the year			0	0

ANNEXURE - I

PARTICULARS OF EMPLOYEES

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

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;
(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

₹ in Lakhs

SI No.	Name of the Director	Designation	Remuneration paid in 2016-17	Remuneration paid in 2015-16	Increase in remuneration from previous year	Ratio/median of employee remuneration (2016-17)
1.	Mr. Nrupender Rao	Chairman	216	187	29	93.00
2.	Mr. Aditya Rao	Vice-Chairman & Managing Director	150	140	10	64.94
3.	Mr K Lavanya Kumar	Whole-Time Director	43	36	7	18.59
4.	Mr. J S Krishna Prasad	Chief Financial Officer	26	24	2	11.38
5.	Mr. Mirza Mohammed Ali Baig (*)	Company Secretary & Compliance Officer	7	6	1	3.00

(iii) The percentage increase in the median remuneration of employees in the financial year: 4.29%

(iv) The number of permanent employees on the rolls of company: 1515

(v) The explanation on the relationship between average increase in remuneration and company performance:

The increase in employee remuneration is based on the performance of the individuals and Business units coupled with the company performance. During the current financial year (2016-17) the company has recorded a growth of 11.23% in Profit after tax, compared to last financial year (2015-16). However, the employee remuneration and the performance of the company cannot be directly co-related as it is not practical considering the factors involved.

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

Aggregate remuneration of Key Managerial Personnel (KMP) in FY 2016-17 (Rs. in lakhs)	443
Revenue (Rs. in lakhs)	99,119
Remuneration of KMPs (as a % of revenue)	0.45%
Profit Before Tax (Rs. in lakhs)	4,786
Remuneration of KMPs (as a % of Profit before Tax)	9%

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

Particulars	31.03.2017	31.03.2016
Market Capitalization of the Company (in Rs. Lakhs)	49,283	57,768
Closing Price at the National Stock Exchange Ltd. (in Rs.)	40.95	48.00
Price Earnings Ratio as at the closing date (MPS/EPS)	16.39	21.33

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

Particulars	31.03.2017	31.05.1988	Change
Market Price (BSE)	44	10 (*)	440%

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



(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

(a) The average annual increase for the Financial Year 2016-17 in salaries of employees was 7.45%

(b) The increase in managerial remuneration for the Financial Year 2016-17 was 12.78%

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

Particulars	Name & Designation				
	Nrupender Rao	Aditya Rao	K Lavanya Kumar	J S Krishna Prasad	Mirza Mohammed Ali Baig
	Chairman	Managing Director	Whole-Time Director	Chief Financial Officer	Company Secretary
Remuneration in FY 2016-17 (Rs. in lakhs)	216	150	43	26	7
Revenue (Rs. in lakhs)	99,119				
Remuneration as % of revenue	0.22%	0.15%	0.04%	0.03%	0.01%
Profit before Tax (PBT) (Rs. in lakhs)	4,786				
Remuneration (as % of PBT)	4.51%	3.15%	0.90%	0.55%	0.15%

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

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

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

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

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

SI No.	Name	Designation	Age	Qualification	Remuneration in Rs. Lacs
1	Mr. Nrupender Rao	Executive Chairman	73	B. Tech (IIT, Kharagpur), M.S, Operations Research & Industrial Engineering, Purdue University, USA	216
2	Mr. Aditya Rao	Vice-Chairman & Managing Director	36	Industrial Engineering, Purdue University, USA B.S., M. Eng. From Cornell University, USA	150

ANNEXURE - J

**MANAGING DIRECTOR CERTIFICATION UNDER
SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)
REGULATIONS, 2015**

To,
The Board of Directors
M/s. Pennar Industries Limited

1. We have reviewed financial statements and the cash flow statement of M/s. Pennar Industries Limited for the year ended 31st March, 2017 and to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.

4. We have indicated to the Auditors and the Audit Committee:
(i) that there are no significant changes in internal control over financial reporting during the year;
(ii) that there are no significant changes in accounting policies during the year; and
(iii) that there are no instances of significant fraud of which we have become aware.

for Pennar Industries Limited

Date: 14.08.2017

Place: Hyderabad

Aditya Rao
Vice-Chairman & Managing Director
DIN No. 01307343



INDEPENDENT AUDITOR'S REPORT

To the Members of
PENNAR INDUSTRIES LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and per-

form the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

INDEPENDENT AUDITOR'S REPORT

- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31st March 2017 on its financial position in its financial statements as referred to in note 16.1, 29.3 to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer to Note 36 to the financial statements.

FOR RAMBABU & Co.,
Chartered Accountants
FRN: 002976S

Ravi Rambabu
Partner
M.No.018541

Place : Hyderabad

Date : 18.05.2017



“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT

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

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

b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

ii) In respect of Inventories:

a) As explained to us the inventories, except the goods in transit and stock lying with the third parties have been physically verified during the year by the management at reasonable intervals.

b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.

c) In our opinion and according to the information and explanations given to us the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

iii) a) The Company has granted unsecured loans for an amount of Rs.1750 lacs to Companies covered in the register maintained under section 189 of the Companies Act, 2013.

b) In our opinion, the terms and conditions on which loans were granted are not prima facie prejudicial to the interest of the Company the repayment of principal and payment of interest is as stipulated

and the repayments are regular

iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

vi) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government of India under Section 148(1) of the Companies Act 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2017 for a period of more than six months from the date on when they become payable.

b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute except

Name of the Statute	Nature of the dues	Forum where dispute is pending	Amount Involved (Rs. In Lakhs)	Deposit Amount (Rs.in Lakhs)	Unpaid Deposit Amount (Rs.in Lakhs)
Customs Act,1962	Interest on Customs Duty Paid	High Court	45	-	45

“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT

c) In our opinion there are no amounts required to be transferred to Investor Education and Protection Fund by the company.

viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institution or banks. The Company has not issued any debentures.

ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.

xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

xv) Based upon the audit procedures performed and the informa-

tion and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

FOR RAMBABU & Co.,
Chartered Accountants
FRN: 002976S

Ravi Rambabu
Partner
M.No.018541

Place : Hyderabad

Date : 18.05.2017



“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and ap-

propriate to provide a basis for our audit opinion on the Company’s internal financial controls over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

FOR RAMBABU & Co.,
Chartered Accountants
FRN: 002976S

Ravi Rambabu
Partner
M.No.018541

Place : Hyderabad
Date : 18.05.2017

BALANCE SHEET AS AT 31ST MARCH 2017

₹ in lakhs

S.No	Particulars	Note	As at 31.03.2017	As at 31.03.2016
I	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
a	Share Capital	3	6,017	6,017
b	Reserves & Surplus	4	32,329	29,572
			38,346	35,589
2	NON CURRENT LIABILITIES			
a	Long Term Borrowings			
	- Secured	5	5,505	6,253
	- UnSecured		2,304	2,304
b	Deferred Tax Liability (Net)	6	2,639	2,445
c	Long Term Provisions	7	149	121
			10,597	11,123
3	CURRENT LIABILITIES			
a	Short Term Borrowings			
	- Secured	8	6,500	9,651
b	Trade Payables	9	25,725	19,940
c	Other Current Liabilities	10	2,723	3,421
d	Short Term Provisions	11	834	469
			35,782	33,481
	Total (1+2+3)		84,725	80,193
II	ASSETS			
1	NON CURRENT ASSETS			
a	Fixed Assets			
	- Tangible Assets	12	20,305	20,482
	- InTangible Assets		1,114	1,177
	- Capital Work In Progress		818	20
b	Non Current Investments	13	6,290	7,231
c	Other Non Current Assets	14	506	499
			29,033	29,409
2	CURRENT ASSETS			
a	Inventories	15	18,878	16,475
b	Trade Receivables	16	24,371	23,125
c	Cash and Bank Balances	17	4,804	5,639
d	Short Term Loans & Advances	18	7,160	5,147
e	Other Current Assets	19	479	398
			55,692	50,784
	Total (1+2)		84,725	80,193
	Significant Accounting Policies			
	Notes on Financial Statements	1 to 37		

As per our report of even date attached

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD
DIN: 01307343

Lavanya Kumar Rao K
Whole Time Director
DIN: 01710629

Place : Hyderabad
Date : May 18, 2017

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

₹ in lakhs

S.No	Particulars	Note	Year ended 31.03.2017	Year ended 31.03.2016
	Gross Revenue		110,490	98,564
	Less : Excise Duty/Service Tax		8,180	8,289
	Sales Tax		3,540	3,132
I	Revenue from operations (Net Sales)	20	98,770	87,143
II	Other Income	21	349	231
III	Total Revenue (I + II + III)		99,119	87,374
IV	Expenditure :			
	Raw Material Consumed	22	71,511	62,311
	Change in Inventories	23	(3,617)	(1,427)
	Manufacturing Expenses	24	11,536	9,502
	Employee Benefits Expense	25	6,168	5,310
	Other Expenses	26	4,186	3,586
			89,784	79,282
	Profit before Interest, Depreciation & Tax		9,335	8,092
	Finance Cost	27	3,374	2,784
	Depreciation and amortisation expense		1,175	1,149
			4,549	3,933
	Profit before Tax		4,786	4,159
V	Tax Expenses			
	Current Tax		1,586	1,310
	Deferred Tax		194	147
			1,780	1,457
	Net Profit after Tax		3,006	2,702
	Earning Per Share (having a face value of Rs 5 each)			
	- Basic and Diluted	28	2.50	2.25
	Significant Accounting Policies Notes on Financial Statements	1 to 37		

As per our report of even date attached

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD
DIN: 01307343

Lavanya Kumar Rao K
Whole Time Director
DIN: 01710629

Place : Hyderabad
Date : May 18, 2017

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

₹ in lakhs

Sl No	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
A	Cash Flows from operating activities :		
	Net Profit Before Tax	4,786	4,159
	Add: Loss from sale of assets	3	8
	Add : Depreciation	1,175	1,149
	Add : Finance Cost	3,374	2,784
	Less: Rent Received	(3)	(4)
	Operating Profit before working capital changes	9,335	8,096
	Adjustment for:		
	Trade receivables	(1,246)	(463)
	Inventories	(2,403)	(3,307)
	Loans and Advances & other assets	(1,403)	(3,291)
	Trade payables and Other Payables	5,586	9,813
		534	2,752
	Cash Generated From Operation	9,869	10,848
	Less : Income Tax Paid	(1,309)	(791)
	Net cash from operating activities " A "	8,560	10,057
B	Cash Flows from Investing activities :		
	Purchase of fixed assets	(2,383)	(1,665)
	Proceedings from sale of fixed assets	9	291
	Investment in Subsidiary	941	(4,954)
	Rent Received	3	4
	Net cash used in investing activities " B "	(1,430)	(6,324)
c	Cash Flows from Financing activities :		
	Repayment of preference share capital	-	(278)
	Proceeds from Long Term Borrowings	5708	5000
	Repayment of Long Term Borrowings	(7186)	(1125)
	Net increase/(decrease) of working capital borrowings	(3,151)	260
	Finance Cost	(3,374)	(2,784)
	Net Cash used in financing activities " C "	(8,003)	1,073
	Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	(873)	4,806
	Cash and Cash Equivalents at the begining	5,,199	393
	Cash and Cash Equivalents at the end	4,326	5,199

As per our report of even date attached

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD
DIN: 01307343

Lavanya Kumar Rao K
Whole Time Director
DIN: 01710629

Place : Hyderabad
Date : 18.05. 2017

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer



Notes forming Part of Financial Statements

NOTE - 1. CORPORATE INFORMATION

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

NOTE - 2. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

2.1 Accounting Conventions :

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of Estimates:

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

2.3 Inventories:

Inventories have been valued as under:

- i) Raw materials, stores and spares and traded goods have been valued at cost. Cost includes freight, taxes and duties and is net of credit under VAT and CENVAT scheme, where applicable.
- ii) Due allowance is made for slow / non moving items, based on Management estimates
- iii) Finished goods and work-in-progress have been valued at cost or net realizable value whichever is lower. Cost includes all direct costs and applicable production overheads to bring the goods to the present location and condition.
- iv) Excise duty on closing stock of finished goods has been provided in the accounts and considered for valuation of closing stock. A corresponding liability is created for the same amount.

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

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

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

2.5 Depreciation and Amortization:

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

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

2.6 Revenue Recognition:

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

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

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

Notes forming Part of Financial Statements

2.7 Expenditure:

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

2.8 Tangible Fixed Assets:

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

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

2.9 Intangible assets:

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

2.10 Foreign Exchange Transactions:

Initial Recognition

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

Measurement of foreign currency monetary items at the Balance Sheet date

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

Treatment of exchange differences

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

2.11 Government Grants and Subsidies

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

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

2.12 Investments

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

2.13 Employee Benefits:

a) Short Term Employee Benefits

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

b) Long Term Employee Benefits

Defined Contribution Plan

The Company makes contribution in respect of selected employees to a Superannuation Fund administered by trustees and managed by Life

Notes forming Part of Financial Statements

Insurance Corporation of India. The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred.

Defined Benefit Plans

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

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

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

2.14 Earnings Per Share

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

2.15 Taxes on Income

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

2.16 Impairment of Assets

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

2.17 Provisions, Contingent Liabilities and Contingent Assets

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

Notes forming Part of Financial Statements

NOTE-3: SHARE CAPITAL

₹ in lakhs

	Particulars	As at 31.03.2017	As at 31.03.2016
3.1	AUTHORISED SHARE CAPITAL		
	Equity Shares		
	15,00,00,000 Equity Shares of Rs 5/- each		
	(previous year 15,00,00,000 equity shares		
	of Rs 5/- each)	7,500	7,500
3.2	Preference Shares		
	Series - A : 5,00,000 Cumulative Redeemable		
	Preference Shares of Rs 100/- each (previous		
	year 5,00,000 Cumulative Redeemable		
	Preference Shares of Rs 100/- each)	500	500
	Series - B : 4,00,00,000 Cumulative		
	Redeemable Preference Shares of Rs 5/-		
	each (previous year 4,00,00,000 Cumulative		
	Redeemable Preference Shares of Rs 5/- each	2,000	2,000
		10,000	10,000
3.3	ISSUED, SUBSCRIBED & PAID UP Equity Shares		
	12,03,49,514 Equity Shares of Rs 5/- each		
	(Previous Year 12,03,49,514 Equity Shares of Rs 5/-	6,017	6,017
	each) (Note 3.3.1, 3.3.2 and 3.3.3)		
	Total	6,017	6,017

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

NOTE-3.3.2: The details of share holders holding more than 5% shares :

Name of the share holder	As at 31.03.2017		As at 31.03.2016	
	No of Shares	% held	No of Shares	% held
Pennar Holdings Private Limited	2,09,53,811	17.41%	2,09,53,811	17.41%
Saif Advisors Mauritius Limited A/C Saif India IV FII Holdings	1,21,38,080	10.09%	1,21,38,080	10.09%
Eight Capital Master Fund Limited	70,90,157	5.89%	70,90,157	5.89%
Franklin India Smaller Companies Fund	78,89,354	6.56%	-	-

NOTE-3.3.3: The reconciliation of the equity shares outstanding is set out below :

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2016 No. of shares
Equity Shares at the beginning of the year	12,03,49,514	12,03,49,514
Add/(Less) : Movement during the year	-	-
Equity Shares at the end of the year	12,03,49,514	12,03,49,514

Notes forming Part of Financial Statements

NOTE-4: RESERVES AND SURPLUS

₹ in lakhs

Particulars	As at 31.03.2017		As at 31.03.2016	
Revaluation Reserve				
Opening Balance	2,008		2,257	
Less : Transferred to statement of Profit and Loss on account of depreciation on revalued assets. (Note 4.1)	249		249	
Closing Balance		1,759		2,008
Capital Redemption Reserve (CRR)				
Opening Balance	1,185		907	
Add : Transferred from General reserve (Note 4.2)	-	1,185	278	1,185
Profit on forfeiture of shares				
Opening Balance	6	6	6	6
Securities Premium				
Opening Balance	5,011		5,011	
Less: Utilized for extinguishment of Equity shares	-	5,011	-	5,011
General Reserve				
Opening Balance	1,254		1,532	
Add : Transferred from Statement of Profit and Loss	-		-	
Less : Transferred to CRR (Note 4.2)	-		278	
Closing Balance		1,254		1,254
Balance in Profit and Loss				
Opening Balance	20,108		17,406	
Add : Profit for the year	3,006		2,702	
	23,114		20,108	
Less : Appropriations				
Proposed dividend on Equity Shares	-		-	
Proposed dividend on Preference Shares	-		-	
Dividend Distribution Tax	-		-	
General Reserve	-		-	
Closing Balance		23,114		20,108
Total		32,329		29,572

NOTE-4.1: Cumulative amount withdrawn from the Revaluation reserve on account of depreciation on revaluation of Fixed Assets is Rs. 4537 Lakhs as on 31.03.2017 out of the total Revaluation reserve of Rs 6,296 lakhs.

NOTE-4.2: During the previous Financial year 2015-16 an amount of Rs.278 Lakhs is transferred from General reserve to Capital Redemption reserve on account of third and final installment of redemption of 1,66,49,119 Cumulative redeemable Preference shares at Rs.1.67/- each.

Notes forming Part of Financial Statements

NOTE-5: LONG TERM BORROWINGS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
From Banks - Secured		
Axis Bank Limited (Note 5.1,5.3)	5,000	1,243
State Bank of India (Note 5.2)	484	-
IFCI Limited (Note 5.1)	-	5,000
HDFC Bank Limited (Vehicle Loan) (Note 5.4)	14	-
From NBFC - Secured		
Kotak Mahindra Prime Ltd (Vehicle loans) (Note 5.5)	7	10
	5,505	6,253
Unsecured		
Sales Tax Deferment Loan (Note 5.6)	2,304	2,304
Total	7,809	8,557

NOTE-5.1: During the Current Financial year 2016-17, Axis Bank Limited has taken over the Rs.5000 Lakhs Term loan of IFCI Limited sanctioned during Financial year 2015-16. The said loan from Axis Bank carries an interest rate of 9.75% p.a. The Term loan is repayable in 16 equal quarterly installments of Rs.312.50 lakhs each starting from June 2018.

The above Term Loan obtained from Axis Bank Limited is secured by pari-passu first charge on all immovable properties of the Company located at Patancheru Plant; by deposit of title deeds both present and future and further guaranteed by Mr. Aditya N Rao, Vice Chairman & Managing Director of the company in his personal capacity.

NOTE-5.2: During the Current Financial year 2016-17, State Bank of India has sanctioned Term Loan for an amount of Rs.3300 Lakhs at an interest rate of 10.75% p.a. Out of the sanctioned limit, company has utilised an amount of Rs.690 Lakhs during the Current Financial year 2016-17. The Term loan is repayable in 16 equal quarterly installments of Rs.206.25 lakhs each starting from January 2018.

The above Term Loan obtained from State Bank of India is secured by pari-passu first charge on all immovable properties of the Company located at Velchal Plant; by deposit of title deeds both present and future and further guaranteed by Mr. Aditya N Rao, Vice Chairman & Managing Director of the company in his personal capacity.

NOTE-5.3: During the Current Financial year 2016-17, the company has foreclosed the Term loan availed during the Financial year 2013-14 from Axis Bank Limited for an amount of Rs.3000 Lakhs.

NOTE-5.4: During the Current Financial Year 2016-17 the company has obtained vehicle loans for an amount of Rs 21 lakhs from HDFC Bank Ltd at interest rate of 9.66 % p.a. The said loans are repayable in 60 equal monthly installments. The said loans are secured by way of hypothecation of same vehicles.

NOTE-5.5: During the Financial Year 2013-14 the company has obtained vehicle loans for an amount of Rs.48 lakhs from Kotak Mahindra Prime Ltd at interest rate of 10.07 % p.a. The said loans are repayable in 60 equal monthly installments. The said loans are secured by way of hypothecation of same vehicles on which the loans are taken.



Notes forming Part of Financial Statements

NOTE-5.6: Sales Tax deferment availed till the current account period is due for repayment as under :

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

NOTE-6: DEFERRED TAX LIABILITY

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Opening Deferred Tax Liability	2,445	2,298
Deferred Tax Liability recognised during the year		
On a/c of depreciation	194	147
Closing Deferred Tax Liability	2,639	2,445

NOTE-7: LONG TERM PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for leave encashment	149	121

NOTE-8: SHORT TERM BORROWINGS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Secured Cash Credit from Banks (Note 8.1)		
State Bank of India	4,774	7,355
Axis Bank Limited	714	1,258
State Bank of Patiala	1,012	1,038
Total	6,500	9,651

NOTE-8.1: Working capital facilities sanctioned by Consortium of Bankers comprising of State Bank of India, Axis Bank and State Bank of Patiala are secured by first charge on all current assets both present and future. These are further secured by way of second charge on the immovable properties of the company and also guaranteed by Mr. Aditya N Rao, Vice Chairmana & Managing Director of the company in his personal capacity.

NOTE-9: TRADE PAYABLES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Creditors for Raw Material	20,278	16,250
Creditors for Expenses	5,368	3,578
Due to Micro, Small and Medium Enterprises	79	112
Total	25,725	19,940

Notes forming Part of Financial Statements

NOTE-10: OTHER CURRENT LIABILITIES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Current Maturities of Long Term Debt :		
From Banks - Secured		
Axis Bank Limited	-	938
State Bank of India (Note 10.1)	206	-
HDFC Bank Limited (Vehicle Loan)	4	-
From NBFC - Secured		
Kotak Mahindra Prime Ltd (Vehicle loans)	11	13
Creditors for capital goods	68	51
Unclaimed Dividend	52	64
Preference share capital payable	75	327
Advances from customers	240	435
VAT Payable	135	237
Statutory Liabilities	413	289
Other Liabilities	1,519	1,067
Total	2,723	3,421

NOTE-10.1: The Current maturities of Rs.206 Lakhs pertains to the Term loan of Rs.3300 lakhs availed during the Financial Year 2016-17 from State Bank of India. Out of the sanctioned limit of Rs.3300 Lakhs the company has utilised an amount of Rs.690 Lakhs during the Current Financial year 2016-17.

NOTE-11: SHORT TERM PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for Gratuity	50	45
Provision for Leave Encashment	20	17
Provision for IncomeTax (Net of prepaid taxes)	764	407
Total	834	469

NOTE-12: FIXED ASSETS SCHEDULE

₹ in lakhs

S.NO	ASSET GROUP	Gross Block (At Cost)			Depreciation & Amortisation				Net Book Value		
		Op Block	Additions	Disposals	As on	Op Block	For the year	Disposals	As on	As on	As on
		As on 14.2016			31.03.2017				As on 14.2016		
	TANGIBLE ASSETS										
1	LAND	1,235			1,235	-			-	1,235	1,235
2	ROADS	501			501	220	62		282	219	281
3	BUILDINGS	8,472	631		9,103	2,810	223		3,033	6,070	5,662
4	PLANT & MACHINERY	27,706	469	73	28,102	16,071	900	72	16,899	11,203	11,635
5	ELECTRICALS	2,941	48	2	2,987	1,588	90	2	1,676	1,311	1,353
6	COMPUTERS	467	13	157	323	427	21	156	292	31	40
7	OFFICE EQUIPMENTS	386	6	37	355	309	30	36	303	52	77
8	FURNITURE	221	2	51	172	105	18	50	73	99	116
9	VEHICLES	160	24	16	168	77	18	12	83	85	83
	SUB TOTAL-1	42,089	1,193	336	42,946	21,607	1,362	328	22,641	20,305	20,482
	<i>(Previous Year)</i>	<i>40,612</i>	<i>1,874</i>	<i>398</i>	<i>42,089</i>	<i>20,373</i>	<i>1,334</i>	<i>100</i>	<i>21,607</i>	<i>20,482</i>	<i>20,239</i>
	INTANGIBLE ASSETS										
10	LICENCE FEE	1,425	-		1,425	248	63	-	311	1,114	1,177
	SUB TOTAL-2	1,425	-	-	1,425	248	63	-	311	1,114	1,177
	<i>(Previous Year)</i>	<i>1,425</i>	<i>-</i>	<i>-</i>	<i>1,425</i>	<i>185</i>	<i>63</i>	<i>-</i>	<i>248</i>	<i>1,177</i>	<i>1,240</i>
	TOTAL (1 + 2)	43,514	1,193	336	44,371	21,855	1,425	328	22,952	21,419	21,659
	<i>(Previous Year)</i>	<i>42,037</i>	<i>1,874</i>	<i>398</i>	<i>43,514</i>	<i>20,558</i>	<i>1,397</i>	<i>100</i>	<i>21,855</i>	<i>21,659</i>	<i>21,479</i>

Notes forming Part of Financial Statements

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

NOTE-13:NON CURRENT INVESTMENTS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Investment in Subsidiaries		
Quoted (At cost)		
Pennar Engineered Building Systems Limited		
1,85,00,000 Equity Shares of Rs. 10/- each fully paid up in Pennar Engineered Building Systems Limited	1,850	1,850
Aggregate market value of quoted investment is Rs. 23,477 Lakhs		
Unquoted		
Pennar Enviro Limited		
42,70,000 Equity Shares of Rs 10/- each fully paid up in Pennar Enviro Limited	427	427
Pennar Renewables Private Limited		
40,34,546 Equity Shares of Rs 10/- each fully paid up with a premium of Rs.89.47/- per share (Note 13.1)	4,013	4,954
(Previous Year 49,80,392 Equity Shares of Rs 10/- each fully paid up with a premium of Rs.90/- per share for 49,50,981 shares (Note 13.1)		
Total	6,290	7,231

NOTE-13.1: During the Previous Financial year 2015-16 company invested an amount of Rs.4,954 Lakhs in Pennar Renewables Private Limited (formerly M/s New Era Enviro ventures (Karimnagar)Private Limited), after the said investment it has become subsidiary of the company with effect from 14th October 2015. On 16th May 2016, M/s New Era Enviro ventures (Karimnagar) Private Limited has been renamed as Pennar Renewables private Limited .

During current financial year 2016-17 Company has disinvested an amount of Rs.941 Lakhs through sale of 9,45,846 Shares of Rs.10 each for Rs.99.47.

NOTE-14: OTHER NON CURRENT ASSETS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
VAT receivable	127	182
Electricity Deposit	241	188
Rent Deposit	116	107
Water Deposit	22	22
Total	506	499

NOTE-15: INVENTORIES(AS VALUED AND CERTIFIED BY MANAGEMENT)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Raw Material	3,129	4,058
Stores & Spares	3,613	3,898
Work in Progress	8,114	5,923
Finished Goods	3,876	2,437
Scrap	146	159
Total	18,878	16,475

Notes forming Part of Financial Statements

NOTE-16: TRADE RECEIVABLES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good (Note 16.1)	2,095	1,979
Other Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	22,276	21,146
Total	24,371	23,125

NOTE-16.1: Trade receivables outstanding for a period exceeding 6 months includes an amount of Rs 941 lakhs (Previous Financial Year Rs. 944 Lakhs) which is doubtful for recovery, Company has filed legal cases against customers for recovery of such dues and the management is confident of recovering the same. Hence no provision made.

NOTE-17: CASH AND BANK BALANCES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Cash and Cash Equivalents		
Balances with banks		
- in current accounts	18	17
- in Collection accounts	304	167
- in Fixed Deposits (Note 17.1)	4,000	5,010
Cash on hand	4	5
Other Bank Balances		
- in Preference Shares redemption accounts	75	50
- in unclaimed dividend accounts	52	64
- in margin money accounts	351	326
Total	4,804	5,639
Cash and Cash Equivalents for Cash Flow Statement	4,326	5,199

NOTE-17.1: Fixed Deposits having maturity period of less than 12 months are Rs.4,000 Lakhs

NOTE-18: SHORT TERM LOANS & ADVANCES

₹ in lakhs

Particulars (Unsecured, considered good, recoverable in cash or in kind for value to be received)	As at 31.03.2017	As at 31.03.2016
Loans & Advances to Staff	68	63
Advances for Raw Material	1,051	70
Advances for Capital Goods (18.1)	1,214	478
Advances to others	977	435
Loans and Advances to Subsidiaries (Note 18.2)	1,750	3,310
Cenvat Credit	2,083	771
Other Deposits	17	20
Total	7,160	5,147

NOTE-18.1: Advances to Capital Goods include Rs. 182 Lakhs given to subsidiary company M/s Pennar Enviro Limited

NOTE-18.2: Loans and Advances to Subsidiaries during the current financial year 2016-17 represents interest free advance to subsidiary company M/s Pennar Enviro Limited .

Loans and Advances to subsidiaries during the previous financial year 2015-16 represents advance to subsidiary company M/s Pennar Renewables private Limited (Formerly M/s New Era Enviro ventures (Karimnagar) Private Limited) carrying an interest @ 11% Per Annum.



Notes forming Part of Financial Statements

NOTE-19: OTHER CURRENT ASSETS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Prepaid Expenses	336	169
Sales tax incentive receivable	-	133
Interest Receivable	143	96
Total	479	398

NOTE-20: REVENUE FROM OPERATIONS

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Revenue From Operations		
Sale of Products	110,364	98,481
Sale of Services	126	83
	110,490	98,564
Less : Excise Duty/Service Tax	8,180	8,289
Sales Tax	3,540	3,132
	11,720	11,421
Net Revenue	98,770	87,143

NOTE-21: OTHER INCOME

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Interest Income	294	205
Miscellaneous Income	48	20
Rent received	3	4
Profit on sale of fixed assets	4	2
Total	349	231

NOTE-22: RAW MATERIALS CONSUMED

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Opening Stocks	4,058	2,523
Add : Purchases	70,582	63,846
	74,640	66,369
Less : Closing Stocks	3,129	4,058
Net Material Cost	71,511	62,311

NOTE-23: CHANGES IN INVENTORIES (OTHER THAN RM)

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Opening Stocks		
Work in Progress	5,923	5,108
Finished Goods	2,437	1,811
Scrap	159	173
	8,519	7,092
Closing Stocks		
Work in Progress	8,114	5,923
Finished Goods	3,876	2,437
Scrap	146	159
	12,136	8,519
Changes in Stock	(3,617)	(1,427)

Notes forming Part of Financial Statements

NOTE-24: MANUFACTURING EXPENSES

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Job work charges	2,748	2,329
Stores & Spares (Note 24.1)	6,265	4,880
Power	1,575	1,438
Repairs & Maintenance - Buildings	82	69
Repairs & Maintenance - Plant & Machinery	158	168
Repairs & Maintenance - Others	60	43
Miscellaneous manufacturing expenses (Note 24.2)	648	575
Total	11,536	9,502

NOTE-24.1: STORES AND SPARES CONSUMPTION

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Opening Stocks	3,898	3,553
Add : Purchases	5,980	5,225
Less : Closing Stocks	3,613	3,898
Consumption	6,265	4,880

NOTE-24.2: Misc.Manufacturing expenses includes Rs.183 Lakhs towards interest on customs duty paid as per the order of the Supreme court vide their order dated 31st July 2015 for Civil appeal no. 4444 - 4445 of 2005

NOTE-25: EMPLOYEE BENEFITS EXPENSE

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Salaries & Wages	5,220	4,505
Contribution to Gratuity, PF & Super Annuation (Note 25.1)	496	446
Staff Welfare Expenses	452	359
Total	6,168	5,310

NOTE-25.1: Out of the contribution to Gratuity, PF & Super Annuation, Gratuity is a funded scheme with life insurance corporation of India

NOTE-26: OTHER EXPENSES

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Insurance	8	5
Travelling & Conveyance	561	469
Rent	153	144
Rates & Taxes	46	17
Advertisement & Sales Promotion	67	25
Sales Commission	279	288
Communication Expenses	44	54
Freight Outward	2,133	1,788
Technical, Legal & Professional	312	202
Managerial Remuneration	130	113
Directors' Fees & Expenses	3	2
Printing & Stationery	41	32
Repairs and Maintenance	31	56
Office Maintenance	119	101
Auditors' Remuneration (Note 26.1)	30	27
Loss on sale of asset	3	8
Corporate Social responsibility Expenses (Note 26.2)	44	62
Miscellaneous Expenses	182	193
Total	4,186	3,586



Notes forming Part of Financial Statements

NOTE-26.1: AUDITORS REMUNERATION (EXCLUDING SERVICE TAX)

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Audit Fees	25	23
Tax Audit Fees	4	3
Other Services	1	1
Total	30	27

NOTE-26.2: As per section 135 (1) of Companies Act, 2013 Corporate Social Responsibility provisions are applicable. As per the provisions the Corporate Social Responsibility the amount to be spent for the year is Rs.69 Lakhs (Previous year Rs.66 Lakhs). The company Constituted sub Committee of Board and approved CSR policy. As per the said policy company has incurred Rs.44 Lakhs (Previous year Rs.62 Lakhs) and balance amount of Rs.25 Lakhs (Previous year Rs.4 Lakhs) could not be incurred as the Company was unable to identify project as per its approved CSR policy. The unspent amount upto 31st March 2017 is Rs.110 Lakhs.

NOTE-27: FINANCE COST

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Interest on Term Loans	987	403
Interest on Working Capital	746	798
Interest on Vehicle Loans	3	6
Bank Charges (Note 27.1)	1,558	1,532
Interest on Income tax	80	45
Total	3,374	2,784

NOTE-27.1: Bank charges include an amount of Rs.291 Lakhs towards Bill discounting charges paid to Banks.

NOTE-28: EARNING PER SHARE

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Net profit for basic EPS (₹ in Lakhs)	3,006	2,702
Weighted Average No. of shares	120,349,514	120,349,514
Annualized Basic Earning per share - (₹)	2.50	2.25

NOTE-29: CONTINGENT LIABILITIES

₹ in lakhs

Sl No	Particulars	As at 31.03.2017	As at 31.03.2016
i)	Bank Guarantees	274	292
ii)	Corporate Guarantee given for loans taken by subsidiary (Note 29.1,29.2)	39,850	27,550
iii)	Claims by Customs (Note 29.3)	45	268
iv)	LC/Bills Discounted	540	1,502

NOTE-29.1: The company has given Corporate guarantees of Rs.11,550 Lakhs to State bank of India and Rs. 12,000 Lakhs to Axis Bank Limited and Rs.4,500 Lakhs to Yes bank Limited for Working capital loans taken by the subsidiary M/s Pennar Engineered Building Systems Ltd (PEBSL) further collateral security by way of pledge of shares of Pennar Engineered Building Systems Ltd to the extent of 61,50,000 shares of Rs.10/- each amounting to Rs. 615 Lacs is also provided to State Bank of India.

NOTE-29.2: Corporate guarantee to Axis Bank Limited to the tune of Rs 1,500 lakhs for Working capital loans, Letter of credit and Bank guarantee facilities taken by the subsidiary M/s Pennar Enviro Ltd.

The company has given Corporate guarantees of Rs.2500 Lakhs to IFCI Limited and Rs.7800 Lakhs to State Bank of India towards the Term Loan taken by the subsidiary M/s Pennar Renewables Private Limited.

Notes forming Part of Financial Statements

NOTE-29.3: DETAILS OF DISPUTED CUSTOMS DUES ARE GIVEN BELOW

As at 31.03.2017

₹ in lakhs

SI No	Nature of Statue	Nature of dues	Forum Where dispute is pending	Amount
1	Customs Act 1962	Interest on Customs Duty Paid	High Court	45

As at 31.03.2016

₹ in lakhs

SI No	Nature of Statue	Nature of dues	Forum Where dispute is pending	Amount
1	Customs Act 1962	Interest on Customs Duty Paid	High Court	45
2	Customs Act 1962	Interest on settled dues (Entry Tax on CIX)	Commissioner of Customs	223

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

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 (Refer note 9)	79	112
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	0.38
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. As there is no overdue creditors under MSME category hence no interest provided.

NOTE-31: MANAGERIAL REMUNERATION

₹ in lakhs

SI No	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
1	Directors Salaries & Allowances	224	209
2	Providend Fund, Superannuation & Other Perquisites	55	41
3	Commission	130	113
	Total	409	363

NOTE-32: RELATED PARTY DESCLOSURES

SI No	Name	Relationship
1	Pennar Engineered Building Systems Limited Pennar Enviro Limited Pennar Renewables Private Limited	Subsidiary Companies
2	Mr. Nrupender Rao Mr. Aditya N Rao Mr. Lavanya Kumar Kondapalli	Key Management Personnel
3	Saven Technologies Limited	Common Director

Notes forming Part of Financial Statements

NOTE-32.1: AGGREGATE RELATED PARTY TRANSACTIONS

₹ in lakhs

SI No	Particulars	Subsidiaries		Key Managerial Personnel		Common Director	
		For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2017	For the year ended 31.03.2016
1	Purchases Made during the year	70	12	-	-	-	-
2	Sales Made during the year	8,995	10,317	-	-	-	-
3	Other Services Rendered	17	29	-	-	-	-
4	Other Services Received	125	198	-	-	-	46
5	Remuneration	-	-	409	363	-	-
6	Advances Paid	1,932	3,591	-	-	-	-
7	Investments	-	4,954	-	-	-	-

NOTE-33: EMPLOYEE BENEFITS UNDER DEFINED BENEFITS PLAN

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Components of employer expense				
Current service cost	45	33	33	27
Interest cost	46	10	35	7
Actuarial losses/(gains)	105	5	96	17
Total expense recognised in the Statement of Profit and Loss	196	48	164	51
Actual contribution and benefit payments for year				
Actual benefit payments	(43)	(17)	(51)	(16)
Actual contributions	75	17	145	16
Net liability recognised in the Balance Sheet				
Present value of defined benefit obligation	593	137	480	102
Expenses as above	196	48	164	51
Benefit payments	(43)	(17)	(51)	(16)
	746	168	593	137
Classification of Net liability recognised in the Balance Sheet				
Long term provision	696	148	548	121
Short term provision	50	20	45	16
	746	168	593	137

NOTE-33.1: EMPLOYEE BENEFITS UNDER DEFINED BENEFITS PLAN (CONTD.)

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Change in defined benefit obligations (DBO) during the year				
Current service cost	45	33	33	27
Interest cost	46	10	35	7
Actuarial (gains) / losses	105	5	96	17
Benefits paid	(43)	(17)	(51)	(16)
Present value of DBO at the end of the year	746	168	593	137
Actuarial assumptions				
Discount rate	7.46%	7.46%	7.46%	7.46%
Salary escalation	1.00%	1.00%	1.00%	1.00%
Attrition	1.00%	1.00%	1.00%	1.00%

Notes forming Part of Financial Statements

NOTE-34: SEGMENT DETAILS

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

NOTE-35: FOREIGN CURRENCY TRANSACTIONS

₹ in lakhs

SI No	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
a)	Outflow in foreign currency		
i)	Foreign Travel Expense	44	27
ii)	Raw Material	-	-
iii)	Capital Equipment & Components	466	425
b)	Inflow in foreign currency		
i)	FOB value of exports	764	490

NOTE-36: DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD 8TH NOVEMBER, 2016 TO 30TH DECEMBER, 2016

Amount in ₹

SI No	Particulars	SBN	Other Denomi- nation	Total
	Closing cash in hand as on 08.11.2016	2,25,500	12,55,778	14,81,278
Add:	Permitted receipts - Cash	-	3,04,277	3,04,277
	Permitted receipts - Cash withdrawals	-	12,62,00	12,62,000
Less:	Permitted Payments	28,500	17,59,464	17,87,964
	Amount deposited in Banks	1,97,000	1,07,500	3,04,500
	Closing cash in hand as on 30.12.2016	-	9,55,091	9,55,091

NOTE-37: Figures for the previous year have been regrouped / reclassified / recast wherever necessary. Figures are rounded off to the nearest Lac of rupees.

As per our report of even date attached

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD
DIN: 01307343

Lavanya Kumar Rao K
Whole Time Director
DIN: 01710629

Place : Hyderabad
Date : May 18, 2017

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer



INDEPENDENT AUDITOR'S REPORT

To the Members of

PENNAR INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of PENNAR INDUSTRIES LIMITED ("the Holding Company") and its subsidiary companies (collectively referred to as "the Group") which comprise the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (here in referred as "the consolidated financial statements")

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

Auditor's Responsibility

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

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

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report that:

- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

INDEPENDENT AUDITOR'S REPORT

c. The consolidated Balance Sheet, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of 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 Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

g. With respect to the other matters to be included in the

Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31st March 2017 on its consolidated financial position in its financial statements as referred to in note 19.1 and 33.1 to the financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

FOR RAMBABU & Co.,
Chartered Accountants
FRN: 002976S

Ravi Rambabu
Partner
M.No.018541

Place : Hyderabad

Date : 18.05.2017

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for Internal Financial Controls

The Company's management responsible for establishing and maintaining internal financial controls base on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These re-

sponsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to

“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT

be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

FOR RAMBABU & Co.,
Chartered Accountants
FRN: 002976S

Ravi Rambabu
Partner
M.No.018541

Place : Hyderabad
Date : 18.05.2017

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

₹ in lakhs

S.No	Particulars	Note	As at 31.03.2017	As at 31.03.2016
I	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
a	Share Capital	3	6,017	6,017
b	Reserves & Surplus	4	48,981	45,408
c	Minority Interest		10,646	8,520
			65,644	59,945
2	NON CURRENT LIABILITIES			
a	Long Term Borrowings			
	- Secured		9,381	6,290
	- Unsecured	5	2,304	2,304
b	Deffered Tax Liability (Net)	6	3,252	2,963
c	Other Long Term Liabilities	7	647	354
d	Long Term Provisions	8	419	294
			16,002	12,205
3	CURRENT LIABILITIES			
a	Short Term Borrowings			
	- Secured	9	17,963	17,132
b	Trade Payables	10	43,806	43,235
c	Other Current Liabilities	11	11,359	7,818
d	Short Term Provisions	12	1,161	2,171
			74,288	70,356
	Total (1+2+3)		1,55,935	1,42,506
II	ASSETS			
1	NON CURRENT ASSETS			
a	Goodwill		3,499	4,345
b	Fixed Assets			
	- Tangible Assets		40,878	40,512
	- Intangible Assets	13	1,524	1,561
	- Capital Work In Progress		1,173	266
c	Non Current Investments	14	2	2
d	Long Term loans and advances	15	317	18
e	Other Non Current Assets	16	2,421	1,992
			49,814	48,696
2	CURRENT ASSETS			
a	Current Investments	17	3,529	3,315
b	Inventories	18	39,909	25,671
c	Trade Receivables	19	38,841	38,322
d	Cash and Bank balances	20	7,828	17,091
e	Short Term Loans & Advances	21	12,189	6,561
f	Other Current Assets	22	3,825	2,850
			1,06,121	93,810
	Total (1+2)		1,55,935	1,42,506
	Significant Accounting Policies/Notes on Financial Statements	1 to 41		

As per our report of even date attached

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD
DIN: 01307343

Lavanya Kumar Rao K
Whole Time Director
DIN: 01710629

Place : Hyderabad
Date : May 18, 2017

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2017

₹ in lakhs

S.No	Particulars	Note	For the year ended 31.03.2017	For the year ended 31.03.2016
I	Revenue from operations	23	1,54,216	1,30,636
II	Other Operating Revenue	24	-	31
III	Other Income	25	726	339
	Total Revenue (I + II+III)		1,54,942	1,31,006
IV	Expenses :			
	Raw Material Consumed	26	1,03,219	83,009
	Changes in Inventory	27	(10,783)	(2,410)
	Manufacturing Expenses	28	25,238	18,694
	Employee Benefits Expense	29	10,703	9,348
	Other Expenses	30	9,143	7,232
			1,37,520	1,15,873
	Profit before Interest, Depreciation & Tax		17,422	15,133
	Finance Cost	31	6,097	3,841
	Depreciation		2,539	1,888
			8,636	5,729
	Profit before Tax		8,786	9,404
V	Tax Expense			
	Current Tax		2,644	3,352
	Deferred Tax Liability/(Asset)		288	228
			2,932	3,580
	Net Profit after Tax		5,854	5,824
	Less : Minority Interest		1,189	1,439
	Net Profit after Tax after Minority Interest		4,665	4,385
	Earning Per Share (having a face value of Rs 5 each) - Basic and Diluted	32	3.88	3.64
	Significant Accounting Policies Notes on Financial Statements	1 to 41		

As per our report of even date attached

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD
DIN: 01307343

Lavanya Kumar Rao K
Whole Time Director
DIN: 01710629

Place : Hyderabad

Date : May 18, 2017

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

₹ in lakhs

SI No	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
A	Cash Flows from operating activities :		
	Net Profit Before Tax	8,786	9,404
	Loss from sale of assets	5	25
	Depreciation	2,539	1,888
	Finance Cost	6,309	3,977
	Bad Debts written off	383	105
	Misc Expenses written off	(4)	(5)
	Dividend received	(52)	(40)
	Interest Received	(444)	(96)
	Rent Received	(3)	(4)
	Net gain on sale of current investments	(8)	(3)
	Liabilities no longer required written back	(82)	(81)
	Operating Profit before working capital changes	17,429	15,170
	Adjustment for:		
	Trade receivables	2,088	(6,951)
	Inventories	(14,239)	(5,172)
	Loans and Advances & other assets	(4,697)	(8,451)
	Trade payables and Other Payables	10,855	27,465
		(5,993)	6,891
	Cash Generated From Operation	11,436	22,061
	Less : Income Tax Paid	(3,891)	(1,548)
	Net cash from operating activities " A "	7,545	20,513
B	Cash Flows from Investing activities :		
	Purchase of fixed assets	(4,335)	(16,079)
	Proceedings from Sale of Fixed Assets	7	306
	Purchase of Current Investments	-	(712)
	Investments	(214)	-
	In Margin Money Deposits	3,624	(10,359)
	Interest Received	207	96
	Dividend Received	52	40
	Net gain on sale of current investments	8	3
	Increase in other Non current assets	(347)	(138)
	Rent Received	3	4
	Net cash used in investing activities " B "	(995)	(26,839)
C	Cash Flows from Financing activities :		
	Repayment of preference share capital	-	(278)
	Proceeds from issue of Equity Share Capital	-	5,242
	Proceeds from long Term Borrowings	9,706	5,048
	Repayment of Long Term Borrowings	(7,186)	(1,144)
	Net increase/(decrease) of working capital borrowings	(6,580)	3,149
	Proceeds from other short-term borrowings	4,029	3,332
	Finance Cost	(6,408)	(3,891)
	Net Cash used in financing activities " C "	(6,439)	11,458
	Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	111	5,132
	Cash and Cash Equivalents at the beginning #	5,733	601
	Cash and Cash Equivalents at the end	5,844	5,733
	# Cash and Cash equivalents includes cash and cash equivalents of the company and subsidiaries Pennar Engineered Building Systems Limited, Pennar Enviro Limited and Pennar Renewables Private Limited		



As per our report of even date attached

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD
DIN: 01307343

Lavanya Kumar Rao K
Whole Time Director
DIN: 01710629

Place : Hyderabad

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer

Date : May 18, 2017

Notes forming Part of Consolidated Financial Statements

NOTE - 1. CORPORATE INFORMATION

Pennar Industries Limited is a multi-location, multi-product company manufacturing Cold Rolled Steel Strips, Precision Tubes, Cold Rolled Formed Sections, Electro Static Precipitators, Profiles, Railway Wagons and Coach Components, Press Steel Components and Road Safety Systems. Pennar Industries Limited has manufacturing facilities at Patancheru and Isnapur (Telangana), Chennai and Hosur (Tamil Nadu) Tarapur (Maharashtra). Further Pennar has set up subsidiaries namely Pennar Engineered Building Systems Limited, Pennar Enviro Limited and Pennar Renewables Private Limited (previously M/s New Era Enviro Ventures (Karimnagar) Private Limited).

NOTE - 2. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

2.1 Accounting Conventions :

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of Estimates:

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

2.3 Inventories:

Inventories have been valued as under:

- Raw materials, stores and spares and traded goods have been valued at cost. Cost includes freight, taxes and duties and is net of credit under VAT and CENVAT scheme, where applicable.
- Due allowance is made for slow / non moving items, based on Management estimates
- Finished goods and work-in-progress have been valued at cost or net realizable value whichever is lower. Cost includes all direct costs and applicable production overheads to bring the goods to the present location and condition
- Excise duty on closing stock of finished goods has been provided in the accounts and considered for valuation of closing stock. A corresponding liability is created for the same amount.

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

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

Notes forming Part of Consolidated Financial Statements

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

2.5 Depreciation and Amortization:

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

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

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

2.6 Revenue Recognition:

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

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

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

2.7 Expenditure:

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

2.8 Tangible Fixed Assets:

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

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

2.9 Intangible assets:

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

2.10 Foreign Exchange Transactions:

Initial Recognition

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



Notes forming Part of Consolidated Financial Statements

at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

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

Treatment of exchange differences

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

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.

2.11 Government Grants, Subsidies and Export Incentives

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

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

2.12 Investments

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

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

2.13 Employee Benefits:

a) Short Term Employee Benefits

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

b) Long Term Employee Benefits

Defined Contribution Plan

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

Defined Benefit Plans

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

Notes forming Part of Consolidated Financial Statements

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

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

2.14 Earnings Per Share

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

2.15 Taxes on Income

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

2.16 Impairment of Assets

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

2.17 Provisions, Contingent Liabilities and Contingent Assets

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

2.18 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.



Notes forming Part of Consolidated Financial Statements

NOTE-3: SHARE CAPITAL

₹ in lakhs

	Particulars	As at 31.03.2017	As at 31.03.2016
3.1	Authorised Share Capital		
	Equity Shares		
	15,00,00,000 Equity Shares of Rs. 5/- each (previous year 15,00,00,000 equity shares of Rs. 5/- each)	7,500	7,500
3.2	Preference Shares		
	Series - A : 5,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each (previous year 5,00,000 Cumulative Redeemable Preference Shares of Rs. 100/- each)	500	500
	Series - B : 4,00,00,000 Cumulative Redeemable Preference Shares of Rs. 5/- each (previous year 4,00,00,000 Cumulative Redeemable Preference Shares of Rs.5/- each	2,000	2,000
		10,000	10,000
3.3	ISSUED, SUBSCRIBED & PAID UP		
	Equity Shares		
	12,03,49,514 Equity Shares of Rs 5/- each (Previous Year 12,03,49,514 Equity Shares each) (Note 3.3.1, 3.3.2 and 3.3.3)	6,017	6,017
	Total	6,017	6,017

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

NOTE-3.3.2: THE DETAILS OF SHARE HOLDERS HOLDING MORE THAN 5% SHARES

Name of the share holder	As at 31.03.2017		As at 31.03.2016	
	No of Shares	% held	No of Shares	%held
Pennar Holdings Private Limited	2,09,53,811	17.41%	2,09,53,811	17.41%
Saif Advisors Mauritius Limited A/C Saif India IV FII Holdings	1,21,38,080	10.09%	1,21,38,080	10.09%
Eight Capital Master Fund Limited	70,90,157	5.89%	70,90,157	5.89%
Franklin India Smaller Companies Fund	78,89,354	6.56%	-	

NOTE-3.3.3: THE RECONCILIATION OF THE NO OF SHARES OUTSTANDING IS SET OUT BELOW

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2016 No. of shares
Equity Shares at the beginning of the year	12,03,49,514	12,03,49,514
Add/(Less) : Shares bought back and extinguished	-	-
Equity Shares at the end of the year	12,03,49,514	12,03,49,514

Notes forming Part of Consolidated Financial Statements

NOTE-4: RESERVES AND SURPLUS

₹ in lakhs

Particulars	As at 31.03.2017		As at 31.03.2016	
Revaluation Reserve				
Opening Balance	2,008		2,257	
Less : Transferred to Statement of Profit and Loss on account of depreciation on revalued assets. (Note 4.1)	249		249	
Closing Balance		1,759		2,008
Capital Redemption Reserve				
Opening Balance	1,185		907	
Add : Transferred from General reserve (Note 4.2)	-	1,185	278	1,185
Capital Reserve on account of consolidation of Pennar Enviro Limited	23	23	23	23
Profit on forfeiture of shares	6	6	6	6
Securities Premium				
Opening Balance	14,105		7,028	
Add : Premium on shares issued	-		7,394	
Less : Adjustment on disposal of Shares in Pennar Renewables Pvt Ltd	(843)			
Less: Conversion of convertible Preference shares into Equity	-		(16)	
Less: Writing off Share issue expenses	-	13,262	(301)	14,105
General Reserve				
Opening Balance	1,229		1,507	
Less : Transferred to Capital Redemption Reserve (Note 4.2)	-		(278)	
Closing Balance		1,229		1,229
Statement of Profit and Loss				
Opening Balance	26,852		22,466	
Add : Profit for the year	4,665		4,385	
	31,517		26,852	
Less : Appropriations	-		-	
Closing Balance		31,517		26,852
Total		48,981		45,408

NOTE-4.1: Cumulative amount withdrawn from the Revaluation reserve on account of depreciation on revaluation of Fixed Assets is Rs. 4537 Lakhs as on 31.03.2017 out of the total Revaluation reserve of Rs 6,296 lakhs.

NOTE-4.2: During the previous financial year 2015-16, An amount of Rs.278 Lakhs is transferred from General reserve to Capital Redemption reserve on account of third and final installment of redemption of 1,66,49,119 Cumulative redeemable Preference shares at Rs.1.67/- each.

NOTE-5: LONG TERM BORROWINGS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
From Banks - Secured		
Axis Bank Limited (Note 5.1,5.3)	5,000	1,243
State Bank of India (Note 5.2, 5.4)	1,832	-
IFCI Limited (Note 5.1,5.5)	2,500	5,000
HDFC Bank Limited (Vehicle Loan) (Note 5.6)	14	-
ICICI Bank (Vehicle Loan) (Note 5.6)	28	-
From NBFC - Secured		
Kotak Mahindra Prime Ltd (Vehicle loans) (Note 5.6)	7	47
	9,381	6,290
Unsecured		
Sales Tax Deferment Loan (Note 5.7)	2,304	2,304
Total	11,685	8,594



Notes forming Part of Consolidated Financial Statements

NOTE-5.1: During the Current Financial year 2016-17, Axis Bank Limited has taken over the Rs.5000 Lakhs Term loan of IFCI Limited sanctioned during Financial year 2015-16 Lakhs. The said loan from Axis Bank carries an interest rate of 9.75% p.a. The Term loan is repayable in 16 equal quarterly installments of Rs.312.50 lakhs each starting from June 2018.

The above Term Loan obtained from Axis Bank Limited is secured by pari-passu first charge on all immovable properties of the Company located at Patancheru Plant; by deposit of title deeds both present and future and further guaranteed by Mr. Aditya N Rao, Vice Chairman & Managing Director of the company in his personal capacity.

NOTE-5.2: During the Current Financial year 2016-17, State Bank of India has sanctioned Term Loan for an amount of Rs.3300 Lakhs at an interest rate of 10.75% p.a. Out of the sanctioned limit, company has utilised an amount of Rs.690 Lakhs during the Current Financial year 2016-17. The Term loan is repayable in 16 equal quarterly installments of Rs.206.25 lakhs each starting from January 2018.

The above Term Loan obtained from State Bank of India is secured by pari-passu first charge on all immovable properties of the Company located at Velchal Plant; by deposit of title deeds both present and future and further guaranteed by Mr. Aditya N Rao, Vice Chairman & Managing Director of the company in his personal capacity.

NOTE-5.3: During the Current Financial year 2016-17, the company has foreclosed the Term loan availed during the Financial year 2013-14 from Axis Bank Limited for an amount of Rs.3000 Lakhs.

NOTE-5.4: During the current financial year 2016-2017, State Bank of India has sanctioned Term Loan for an amount of Rs.7800 Lakhs to our Subsidiary M/s Pennar Renewables Private Limited, at an interest rate 11.00% p.a., The term loan is repayable in 110 equal monthly installments of Rs. 70.90 Lakhs each starting from September 2016. The loan is secured by exclusive charge (Exclusive Mortgage and Hypothecation) on entire fixed assets of the company including Exclusive Mortgage on Lease hold rights and further guaranteed by holding company.

NOTE-5.5: During the current financial year 2016-2017, IFCI has sanctioned Term Loan for an amount of Rs. 2500 Lakhs to our Subsidiary M/s Pennar Renewables Private Limited, at an interest rate 12.40% p.a., The term loan is repayable in 32 Structured Quarterly Installments starting from July 2018. - The loan is secured by exclusive charge on project assets and lease hold rights and further secured by corporate guarantee by holding company.

NOTE-5.6: Vehicle loans from Kotak Mahindra Prime Ltd, HDFC Bank Limited and ICICI Bank Limited are secured by way of hypothecation of same vehicles. The said loans are repayable in 60 equal monthly installments.

NOTE-5.7: Sales Tax deferment availed till the current account period is due for repayment as under :

Year of Repayment	₹ in lakhs
2018-19	258
2019-20	375
2020-21	393
2021-22	431
2022-23	297
2023-24	335
2024-25	215
Total	2,304

NOTE-6: DEFERRED TAX LIABILITY

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Opening Deferred Tax Liability	2,963	2,736
Deferred Tax Liability recognised during the year		
On a/c of depreciation	323	118
On a/c of Deferred Revenue Expenses	(34)	109
Net Deferred Tax Liability	3,252	2,963

Notes forming Part of Consolidated Financial Statements

NOTE-7: OTHER LONG TERM LIABILITIES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Trade Payables	567	274
Trade/Security Deposits Received	80	80
Total	647	354

NOTE-8: LONG TERM PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Compensated absences	243	204
Gratuity	38	90
Provision others	139	-
Total	419	294

NOTE-9: SHORT TERM BORROWINGS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Secured		
Cash Credit from Banks - Secured (Note 9.1 to 9.6)		
State Bank of India	15,634	12,983
Axis Bank Limited	1,317	1,852
State Bank of Patiala	1,012	1,038
Yes Bank	-	1,250
Unsecured		
From Others (Note 9.7)	-	9
Total	17,963	17,132

NOTE-9.1: Working capital facilities sanctioned by Consortium of Bankers comprising of State Bank of India, Axis Bank and State Bank of Patiala are secured by first charge on all current assets both present and future. These are further secured by way of second charge on the immovable properties of the company and also guaranteed by Mr. Aditya N Rao, Vice Chairman & Managing Director of the company in his personal capacity.

NOTE-9.2: Working Capital loan of Subsidiary M/s Pennar Engineered building Systems Limited of Rs.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 Rs.10 each) held by Pennar Industries Limited. Further secured by personal guarantee of Mr. 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-9.3: Working Capital loan of Subsidiary M/s Pennar Engineered building Systems Limited of Rs.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 Mr. Aditya N 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).



Notes forming Part of Consolidated Financial Statements

NOTE-9.4: Working Capital loan of Subsidiary M/s Pennar Engineered building Systems Limited of Rs.2,500 Lakhs from Yes Bank Limited is exclusively secured by receivables. Further secured by personal guarantee of director Mr.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-9.5: Working Capital loan of Subsidiary M/s Pennar Enviro Limited of Rs 600 lakhs from Axis Bank is secured by first charge on the entire current assets of the company both present and future and entire movable fixed assets (excluding vehicles) and factory land and buildings standing in the name of the company. The said working capital facilities are further secured by way of corporate guarantee given by Pennar Industries Limited, holding company and personal guarantee of Mr. Aditya Rao, Vice Chairman and Director of the company.

NOTE-9.6: State Bank of India has sanctioned Buyers Credit to subsidiary M/s Pennar Renewables Private Limited in Foreign Currency through State Bank of India, Sydney as detailed below:

1. USD 22,50,000 interest @ 2.26145% p.a. yearly rests period of 1080 days
2. USD 3,12,253.24 interest @ 2.352% p.a. yearly rests period of 1075 days.
3. USD 14,78,746.50 interest @ 2.25455% p.a. yearly rests period of 1080 days.
4. USD 34,05,294 interest @ 2.1851% p.a. yearly rests period of 358 days.

The Said Buyers Credit is Repayable at the end of the period and secured through Lien by way of Fixed Deposits.

NOTE-9.7: Unsecured loans from others during previous financial year 2015-16 are related to our Subsidiary M/s Pennar Renewables Private Limited which includes Rs. 2 Lakhs each from M/s New Era Enviro Ventures (Medak) Private Limited and M/s New Era Enviro Ventures (Adilabad) Private Limited

NOTE-10: TRADE PAYABLES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Creditors for Raw Materials	23,135	25,987
Creditors for expenses	20,410	16,855
Due to Micro, Small and Medium Enterprises	261	393
Total	43,806	43,235

NOTE-11: OTHER CURRENT LIABILITIES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Current Maturities of Long Term Debt		
a. From Banks - Secured (Note 11.1)		
Axis Bank Limited	-	938
State Bank of India	1,057	-
HDFC Bank Limited (Vehicle Loan)	4	-
ICICI Bank (Vehicle Loan)	9	-
b. From NBFC - Secured		
Kotak Mahindra Prime Ltd (Vehicle loans)	11	21
Interest accrued and due on borrowings	21	178
Creditors for capital goods	70	82
Unclaimed Dividend	52	64
Preference share Capital payable	75	327
Advances from customers	3,396	4,264
VAT Payable	200	348
Statutory Liabilities	1,589	767
Other Liabilities	4,874	829
Total	11,359	7,818

Notes forming Part of Consolidated Financial Statements

NOTE-11.1: Out of the total Current maturities of Rs.1,057 Lakhs with State Bank of India, an amount of Rs.206 Lakhs pertains to the Term loan of Rs.3300 lakhs availed during the Current Financial Year 2016-17 and the balance of Rs.851 Lakhs pertains to the Term loan of Rs. 7800 lakhs availed by subsidiary M/s Pennar Renewables Private Limited during the current Financial year 2016-17.

NOTE-12: SHORT TERM PROVISIONS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Provision for Gratuity	98	77
Provision for Leave Encashment	106	81
Provision for Tax (net of prepaid taxes)	957	2,010
Provision for estimated Loss on Derivatives	-	3
Total	1,161	2,171

NOTE-13: FIXED ASSETS SCHEDULE

₹ in lakhs

Sl. No.	ASSET GROUP	Gross Block (At Cost)				Accumulated Depreciation & Amortisation				Net Book Value	
		Op Block As on 1.4.2016	Additions FY- 2016-17	Disposals FY- 2016-17	As on 31.03.2017	Op Block As on 1.4.2016	For FY - 2016-17	Disposals Adj FY 16-17	As on 31.03.2017	As on 31.03.2017	As on 31.03.2016
	TANGIBLE ASSETS										
1	LAND	1,543	-	-	1,543	-	4	-	4	1,539	1,543
2	ROADS	501	-	-	501	220	62	-	282	219	281
3	BUILDINGS	12,749	842	161	13,430	3,378	372	-	3,750	9,680	9,371
4	PLANT & MACHINERY	44,504	1,940	73	46,339	17,326	1,837	(73)	18,840	27,499	27,178
5	ELECTRICALS	3,069	50	2	3,117	1,631	105	(2)	1,734	1,383	1,438
6	COMPUTERS	866	60	166	760	734	69	(165)	638	122	132
7	OFFICE EQUIPMENTS	582	12	37	557	461	42	(36)	467	90	121
8	FURNITURE	408	5	56	357	204	37	(54)	187	170	204
9	VEHICLES	256	24	16	264	111	27	(12)	126	138	145
10	LEASE HOLD IMPROVEMENTS	99	4	-	103	57	9	-	66	37	99
	SUB TOTAL-1	64,576	2,937	511	66,970	24,122	2,564	(342)	26,094	40,877	40,512
	<i>Previous year</i>	<i>48,858</i>	<i>16,211</i>	<i>463</i>	<i>64,576</i>	<i>22,275</i>	<i>1,917</i>	<i>(72)</i>	<i>24,065</i>	<i>40,512</i>	<i>26,583</i>
	INTANGIBLE ASSETS										
11	LICENCE FEE	1,989	87	-	2,076	428	123	-	552	1,524	1,561
	SUB TOTAL-2	1,989	87	-	2,076	428	123	-	552	1,524	1,561
	<i>Previous year</i>	<i>1,904</i>	<i>85</i>	<i>-</i>	<i>1,989</i>	<i>312</i>	<i>116</i>	<i>-</i>	<i>428</i>	<i>1,561</i>	<i>1,591</i>
	TOTAL (1 + 2)	66,565	3,024	511	69,046	24,550	2,687	(342)	26,646	42,401	42,073
	<i>Previous year</i>	<i>50,762</i>	<i>16,296</i>	<i>463</i>	<i>66,565</i>	<i>22,587</i>	<i>2,033</i>	<i>(72)</i>	<i>24,493</i>	<i>42,073</i>	<i>28,174</i>

NOTE-13.1: Depreciation for the year includes an amount of Rs.249 Lacs on revalued value of the Fixed assets and has been debited to Revaluation Reserve Account

Notes forming Part of Consolidated Financial Statements

NOTE-14: NON CURRENT INVESTMENTS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Unquoted at Cost		
200 Equity shares of Rs.1000/- each in	2	2
Mana Effluent Treatment Plant Limited		
Total	2	2

NOTE-15: LONG TERM LOANS AND ADVANCES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Unsecured and Considered Good		
Advance Tax (Net of Provision)	135	18
Other Advances	182	-
Total	317	18

NOTE-16: OTHER NON CURRENT ASSETS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
VAT receivable	265	302
Electricity Deposit	242	189
Rental and Other Deposit	367	318
Water Deposit	22	22
Capital advances (Unsecured and considered good)	31	-
Long Term trade advances (Unsecured and considered good)	1,268	831
Deferred Revenue Expenses (Note 16.1)		
- Water Treatment Chemical (Market Development)	-	3
- Water Projects Division	227	327
Total	2,421	1,992

NOTE-16.1

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Expenses Increasing Authorised Share Capital	-	1
A: Less Written off during the Year	-	1
	-	-
Market Development Expenses Chemical Division	3	6
B: Less Written off during the Year	3	3
	-	3
Water Projects Division	327	427
C: Less Written off during the Year	100	100
	227	327
Deferred Revenue Expenses Written off (A+B+C)	103	103

NOTE-17: CURRENT INVESTMENTS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Investment in mutual funds (Note 17.1)	3,529	3,315
Total	3,529	3,315
Aggregate value of quoted Investment	3,529	3,315
Aggregate market value of quoted Investment	3,529	3,318

Notes forming Part of Consolidated Financial Statements

NOTE-17.1: NOTE: Investment in mutual funds

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
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 Rs.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 Dividend 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	-
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	-
Total	3,529	3,315

Notes forming Part of Consolidated Financial Statements

NOTE-18: INVENTORIES (AS VALUED AND CERTIFIED BY MANAGEMENT)

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Raw Material	11,609	7,670
Raw Material - in transit	243	347
Work in Progress	11,666	7,764
Finished Goods	12,343	5,463
Stores & Spares	3,841	4,162
Stores & Spares - in transit	7	67
Scrap	200	198
Total	39,909	25,671

NOTE-19:TRADE RECEIVABLE

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Outstanding for more than Six months		
Secured, considered good	71	69
Unsecured, considered good (Note 19.1)	8,943	7,855
Unsecured, Doubtful (Note 19.2)	790	451
	9,804	8,375
Less : Provision for doubtful trade receivables	(785)	(446)
	9,019	7,929
Other Trade Receivables		
Secured, considered good	377	319
Unsecured, considered good	29,445	30,074
	29,822	30,393
Total	38,841	38,322

NOTE-19.1: Trade receivables outstanding for a period exceeding 6 months includes an amount of Rs 941 lakhs (Previous Financial Year Rs. 944 Lakhs) which is doubtful for recovery, Company has filed legal cases against customers for recovery of such dues and the management is confident of recovering the same. Hence no provision made.

NOTE-19.2: Trade receivables outstanding for a period exceeding 6 months includes an amount of Rs.5lakhs (Previous year Rs.5 Lakhs) of Subsidiary M/s Pennar Enviro Limited which is doubtful for recovery, however the company is confident of recovering the same. Hence no provision made.

NOTE-20:CASH AND BANK BALANCES

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
i) Cash and Cash Equivalents		
a. Cash on hand	205	9
b. Balances with banks		
- in Current accounts	1,335	547
- in Collection accounts	304	167
- in Fixed Deposit	4,000	5,010
ii) Other Bank Balances		
a. in Unclaimed dividend accounts	52	64
b. in Margin money accounts	1,827	5,313
c. Preference Shares redemption accounts	75	50
d. Other Fixed Deposits	30	5,931
Total	7,828	17,091
Cash and Cash Equivalents for Cash Flow Statement	5,844	5,733

Notes forming Part of Consolidated Financial Statements

NOTE-21: SHORT TERM LOANS AND ADVANCES

₹ in lakhs

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

Particulars	As at 31.03.2017	As at 31.03.2016
Security Deposits	473	441
Loans & Advances to Staff	72	72
Advances for Raw Material	1,214	371
Advances for Capital Goods	1,484	481
Advances to others	5,986	3,832
Balances with Government authorities	2,934	1,340
Other Deposits	26	24
Total	12,189	6,561

NOTE-22: OTHER CURRENT ASSETS

₹ in lakhs

Particulars	As at 31.03.2017	As at 31.03.2016
Prepaid Expenses	745	547
Sales tax incentive receivable	589	788
Interest Receivable	210	119
Unbilled Revenue	2,011	1,387
Interest Accrued on Deposits	246	9
Other Current Assets	24	-
Total	3,825	2,850

NOTE-23: REVENUE FROM OPERATIONS

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Revenue From Operations		
Sale of Products	1,53,825	1,34,376
Contract Sales	10,612	9,153
Sale of Services	7,388	4,525
	1,71,825	1,48,054
Less : Excise Duty	12,509	12,487
Sales Tax	5,100	4,931
	17,609	17,418
Total	1,54,216	1,30,636

NOTE-24: OTHER OPERATING REVENUE

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Incentives on Sales tax & Power (Note 24.1)	-	31
Total	-	31

NOTE-24.1: Our Subsidiary company M/s Pennar Engineered Building Systems Limited has claimed Sales Tax Incentive for only one month during the previous Financial year 2015-16 due to completion of eligible period.

Notes forming Part of Consolidated Financial Statements

NOTE-25: OTHER INCOME

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Interest Income	465	187
Dividend Income on mutual funds	52	40
Rent received	3	4
Profit on sale of Fixed assets and Investments	12	2
Miscellaneous Income	194	106
Total	726	339

NOTE-26: RAW MATERIAL CONSUMED

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Opening Stocks	7,670	5,105
Add : Purchases	1,07,158	85,590
	1,14,829	90,695
Less: Expenses incurred towards capital projects	-	16
Less : Closing Stocks	11,609	7,670
Consumption	1,03,219	83,009

NOTE-27: CHANGES IN INVENTORY (OTHER THAN RAW MATERIAL)

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Opening Stocks		
Work in Progress	7,765	7,591
Finished Goods	5,463	3,243
Scrap	198	182
	13,426	11,016
Closing Stocks		
Work in Progress	11,666	7,765
Finished Goods	12,343	5,463
Scrap	200	198
	24,209	13,426
Net (Increase)/Decrease	(10,783)	(2,410)

NOTE-28: MANUFACTURING EXPENSES

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Job Work Charges	7,200	4,872
Stores & Spares(Note 28.1)	8,981	7,129
Erection Expenses	6,062	3,906
Power	1,788	1,619
Repairs & Maintenance - Buildings	82	69
Repairs & Maintenance - Plant & Machinery	167	185
Repairs & Maintenance - Others	65	46
Miscellaneous manufacturing expenses (Note 28.2)	893	868
Total	25,238	18,694

Notes forming Part of Consolidated Financial Statements

NOTE-28.1: STORES AND SPARES CONSUMPTION

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Opening Stocks	4,229	3,894
Add : Purchases	8,600	7,464
	12,829	11,358
Less : Closing Stocks	3,848	4,229
Consumption	8,981	7,129

NOTE-28.2: Misc.Manufacturing expenses includes Rs.183 Lakhs towards interest on customs duty paid by Pennar Industries Limited as per the order of the Supreme court vide their order dated 31st July 2015 for Civil appeal no. 4444 - 4445 of 2005

NOTE-29: EMPLOYEE BENEFITS EXPENSE

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Salaries & Wages	9,351	8,147
Contribution to Gratuity,PF & Super Annuation	747	696
Staff Welfare Expenses	605	505
Total	10,703	9,348

NOTE-30: OTHER EXPENSES

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Insurance	98	59
Travelling & Conveyance	1,268	1,061
Rent	508	456
Rates & Taxes	70	37
Advertisement & Sales Promotion	75	36
Sales Commission	633	618
Communication Expenses	132	133
Freight Outward	4,088	3,316
Technical, Legal & Professional	621	459
Managerial Remuneration	130	113
Directors' Fees & Expenses	3	2
Printing & Stationery	93	74
Provision for Doubtful Trade and Other Receivables	383	105
Repairs and Maintenance	236	58
Office Maintenance	353	219
Loss on sale of Fixed Assets	5	25
Auditors' Remuneration (Note 30.1)	64	59
Corporate Social Responsibility expenses	53	81
Miscellaneous Expenses	330	337
Less: Capitalised towards capital projects	-	(16)
Total	9,143	7,232

NOTE-30.1: AUDITORS REMUNERATION (EXCLUDING SERVICE TAX)

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Audit Fees	56	53
Tax Audit Fees	6	4
Other Services	2	2
Total	64	59

Notes forming Part of Consolidated Financial Statements

NOTE-31: FINANCE COST

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Interest on Term Loans	1,416	403
Interest on Working Capital	1,276	1,244
Interest on delayed payment of Taxes	139	116
Interest others	67	23
Bank Charges	3,196	2,049
Interest on Vehicle Loan	3	6
Total	6,097	3,841

NOTE-32: EARNING PER SHARE (EPS)

₹ in lakhs

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Net profit after adjusting minority interest (Rs in Lakhs)	4,665	4,385
Weighted Average No. of shares	12,03,49,514	12,03,49,514
Annualized Basic Earning per share (Rs.)	3.88	3.64

NOTE-33: CONTINGENT LIABILITIES

₹ in lakhs

SI No	Particulars	As at 31.03.2017	As at 31.03.2016
i)	Bank Guarantees given by banks	1,064	717
ii)	Claims by Customs (Note 33.1)	45	268
iii)	Disputed excise duty liability	-	94
iv)	LC/Bills Discounted	540	1,648

NOTE-33.1: Details of disputed dues to Customs are given below: As at 31.03.2017

₹ in lakhs

SI No	Nature of Statue	Nature of dues	Forum Where dispute is pending	Amount
1	Customs Act 1962	Interest on Customs Duty Paid	High Court	45

Details of disputed dues to Customs are given below: As at 31.03.2016

₹ in lakhs

SI No	Nature of Statue	Nature of dues	Forum Where dispute is pending	Amount
1	Customs Act 1962	Interest on Customs Duty Paid	High Court	45
2	Customs Act 1962	Interest on Settled dues (Entry tax on CIX)	Commissioner of Customs	223

Notes forming Part of Consolidated Financial Statements

NOTE-34: DISCLOSURES REQUIRED UNDER SECTION 22 OF THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Rs in lakhs	Rs in lakhs
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	261	394
(ii) Interest due there on remaining unpaid to any supplier as at the end of the accounting year	-	2
(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	22	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		-

NOTE-35: MANAGERIAL REMUNERATION

₹ in lakhs

SI No	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
1	Directors Salaries & Allowances	224	209
2	Provident Fund & Superannuation	55	41
3	Commission	130	113
	Total	409	363

NOTE-36: RELATED PARTY DISCLOSURES

SI No	Name	Relationship
1	Saven Technologies Limited	Common Director
2	Mr. Nrupender Rao Mr. Aditya N Rao Mr. Lavanya Kumar Kondapalli	Key Management Personnel

NOTE-36.1: Aggregate Related Party Transactions :

₹ in lakhs

SI No	Particulars	Common Director		Key Managerial Personnel	
		For the year ended 31.03.2017	For the year ended 31.03.2016	For the year ended 31.03.2017	For the year ended 31.03.2016
1	Other Services Received	10	46	-	-
2	Remuneration	-	-	409	363

Notes forming Part of Consolidated Financial Statements

NOTE-37: EMPLOYEE BENEFITS UNDER DEFINED BENEFITS PLAN

₹ in lakhs

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Components of employer expense				
Current service cost	92	76	75	80
Interest cost	61	17	47	13
Actuarial losses/(gains)	97	(3)	92	1
Total expense recognised in the Statement of Profit and Loss	250	90	214	94
Actual contribution and benefit payments for year				
Actual benefit payments	(28)	(17)	(52)	(26)
Actual contributions	145	17	231	16
Net liability recognised in the Balance Sheet				
Present value of defined benefit obligation	715	279	640	211
Fair value of Plan assets	(85)	-	(87)	-
Expenses as above	250	90	214	94
Settlements made	(48)	(28)	(52)	(26)
	832	341	715	279
Classification of Net liability recognised in the Balance Sheet				
Long term provision	734	242	638	204
Short term provision	98	99	77	75
	832	341	715	279

NOTE-37.1: EMPLOYEE BENEFITS UNDER DEFINED BENEFITS PLAN (CONTD.)

₹ in lakhs

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Gratuity	Compensated Absences	Gratuity	Compensated Absences
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	715	279	640	211
Current service cost	92	76	75	80
Interest cost	61	17	47	13
Actuarial (gains) / losses	97	(3)	92	1
Fair value of Plan assets	(85)	-	(87)	-
Benefits paid	(48)	(28)	(52)	(26)
Present value of DBO at the end of the year	832	341	715	279

NOTE-38: SEGMENT DETAILS

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

Notes forming Part of Consolidated Financial Statements

NOTE-39: FOREIGN CURRENCY TRANSACTIONS

₹ in lakhs

Sl No	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
a)	Outflow in foreign currency		
i)	Foreign Travel Expense	52	32
ii)	Raw Material	72	2,189
iii)	Capital Equipment & Components	466	653
iv)	Royalty	35	8
v)	Professional charges	11	7
b)	Inflow in foreign currency		
i)	FOB value of exports	2237	1619

NOTE-40: DETAILS OF LEASING ARRANGEMENTS

₹ in lakhs

Note	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	Details of leasing arrangements		
a.	<u>As Lessee</u>		
	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.	<u>As Lessee</u>		
	Future minimum lease payments		
	not later than one year	73	222
	later than one year and not later than five years	-	736
	later than five years	-	262
		73	1,220

NOTE-40.1: Rent includes lease rental recognized in Statement of Profit and Loss for the year Rs.249 lakhs (Previous year Rs.84 lakhs)

NOTE-40.2: 'Aggregate operating lease income amounting to Rs.110 lakhs (Previous year Rs.69 lakhs) has been net off with rent expense.

NOTE-41: Figures for the previous year have been regrouped / reclassified / recast wherever necessary. Figures are rounded off to the nearest Lakh of rupees

As per our report of even date attached

For and on behalf of the Board of Directors

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

Aditya N Rao
Vice Chairman and MD
DIN: 01307343

Lavanya Kumar Rao K
Whole Time Director
DIN: 01710629

Place : Hyderabad
Date : May 18, 2017

Ravi Rambabu
Partner
Membership.No:018541

Mirza Mohammed Ali Baig
Company Secretary

JS Krishna Prasad
Chief Financial Officer



Pennar

Pennar Industries Limited

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

Tel No: 40 4006 1623, **e-Mail ID:** corporatecommunications@pennarindia.com

Website: www.pennarindia.com, **Corporate Identification No.** L27109AP1975PLC001919

ATTENDANCE SLIP

Please fill this attendance slip and hand it over at the entrance of the meeting. Only members or their proxies are entitled to be present at the meeting.

Regd. Folio No: _____	No. of Shares held : _____
*DP. Id.: _____	*Client Id : _____

I certify that I am a registered shareholder / Proxy for the Registered Shareholder of the Company. I hereby record my presence at the 41st Annual General Meeting held on Thursday, the 28th September, 2017 at 11.00 a. m. at Radisson Hyderabad, Hitech City, Gachibowli, Hyderabad - 500 032.

Name of the Member/Proxy (in BLOCK Letters)	
Signature of the Shareholder/Proxy:	

Note :

i. Please complete the Folio/DP ID-Client ID No. and name, sign the Attendance Slip and hand it over at the Attendance Verification counter at the entrance of the Meeting Hall

ii. Electronic copy of the Annual Report along with the Attendance Slip and Proxy Form is being sent to all the members whose e-mail address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip

iii. Physical copy of Annual Report along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy

* Applicable for investors holding shares in electronic form.



Pennar

Pennar Industries Limited

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

Tel No: 40 4006 1623, **e-Mail ID:** corporatecommunications@pennarindia.com

Website: www.pennarindia.com, **Corporate Identification No.** L27109AP1975PLC001919

PROXY FORM

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

Name of the Member(s):	
Registered address:	
e-Mail ID:	
Folio No. /Client ID:	
DP ID:	

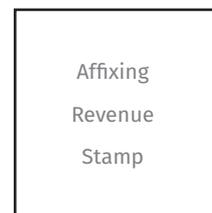
I/We, being the member (s) of _____, Shares of the above named Company, hereby appoint:

1	Name:	
	Address:	
	e-Mail ID:	
	Signature:	
Or failing him/her		
2	Name:	
	Address:	
	e-Mail ID:	
	Signature:	
Or failing him/her		
3	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

as my/our proxy to vote (on a poll) for me/us on my/our behalf, at the 41st Annual General Meeting of the Company to be held on Thursday, the 28th September, 2017 at 11.00 a. m. at Radisson Hyderabad, Hitech City, Gachibowli, Hyderabad - 500 032 or at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Agains
Ordinary Busyness:			
1	To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) of the company for the financial year ended 31st 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. Kondapally Lavanya Kumar Rao (DIN: 01710629) who retires by rotation and being eligible offers himself for re-appointment.		
3	To appoint a Director in the place of Mr. Potluri Venkateswara Rao (DIN: 03157581) who retires by rotation and being eligible offers himself for re-appointment.		
4	To appoint Deloitte Haskins & Sells LLP as Statutory Auditors and fix their remuneration.		
Special Busyness:			
5	To designate Mr. Ravi Chachra (DIN: 01298145) as an Independent Director.		
6	To re-appoint Mr. Nrupender Rao (DIN: 00089922) as Chairman.		
7	To re-appoint Mr. Aditya Rao (DIN: 01307343) as Vice-Chairman and Managing Director.		
8	To re-appoint Mr. K Lavanya Kumar (DIN: 01710629) as Whole-Time Director.		
9	To ratify the remuneration payable to M/s. Shaik & Associates., Cost Auditors for the financial year ending 31st March, 2018.		
10	To approve material related party transaction.		

Signed this _____ day of _____ 2017.



Signature of the Member

Signature of the Proxy Holder(s)

Note:

- i. The proxy form should be signed across the stamp as per the specimen signature registered with the Company.
- ii. The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
- iii. The proxy need not be a member of the Company.
- *iv. It is optional to put a 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' and 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he / she think appropriate.
- v. Please complete all details including detail of member(s) in above box before submission.

CORPORATE INFORMATION



Board of Directors

Mr. Nrupender Rao - Executive Chairman
Mr. Vishal Sood - Non-Executive Director
Mr. P V Rao - Non-Executive Director
Mr. Ravi Chachra - Independent Director
Mr. C Parthasarathy - Independent Director
Mr. B Kamalaker Rao - Independent Director
Mr. Manish Sabharwal - Independent Director
Mr. Varun Chawla - Independent Director
Ms. Sita Vanka - Independent Director
Mr. K Lavanya Kumar - Whole-Time Director
Mr. Aditya Rao - Vice Chairman and Managing Director



Plants

Patancheru Unit:

IDA Patancheru - 502 319
Medak (Dist), T.G.

Isnapur Unit:

Isnapur Village - 502 307
Medak (Dist), T.G.

Chennai Unit:

Kannigaipair Village,
Uthukottai Tq Thiruvellore Dist,
Tamil Nadu - 601 102

Tarapur Unit:

J-72, MIDC, Tarapur, Maharashtra - 401 506

Hosur Unit:

43, SIDCO Industrial Estate, II Phase,
Hosur, Tamil Nadu

Pennar Engineered Building Systems Limited

Chandapur Village, Sadasivpet Mandal,
Medak (Dist)

Pennar Enviro Limited

186/A & 188/A, IDA Mallapur,
RR (Dist) - 500 076

Pennar Renewables Private Limited

12 MW DC - Ellanthakunta Mandal,
Karimnagar District
10 MW DC - Kowdipally Mandal,
Medak District
6 MW DC - Manakondur Mandal,
Karimnagar District

Key Managerial Personnel

Chief Financial Officer

Mr. J S Krishna Prasad

Company Secretary & Compliance Officer

Mr. Mirza Mohammed Ali Baig

Bankers

State Bank of India
State Bank of Patiala
M/s. Axis Bank Limited
M/s. IFCI Limited

Secretarial Auditor

Mr. Subhash Kishan Kandrapu
Practicing Company Secretary
Flat No. 203, 2nd Floor, Nara Paradise Building,
Dinakar Nagar, Neredmet Secundrabad - 500056

Registrar and Transfer Agents

M/s. Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli,
Financial District, Nanakramguda, Seriligampalli,
Hyderabad - 500 032

Cost Auditors

M/s. Shaik & Associates
Cost Accountants
Flat No. 111, Block A, Gayathri Hills Apartments,
Prashanth Hills, Near Raidurgam Police Station Junc-
tion, Hyderabad - 500 032

Registered Office Address

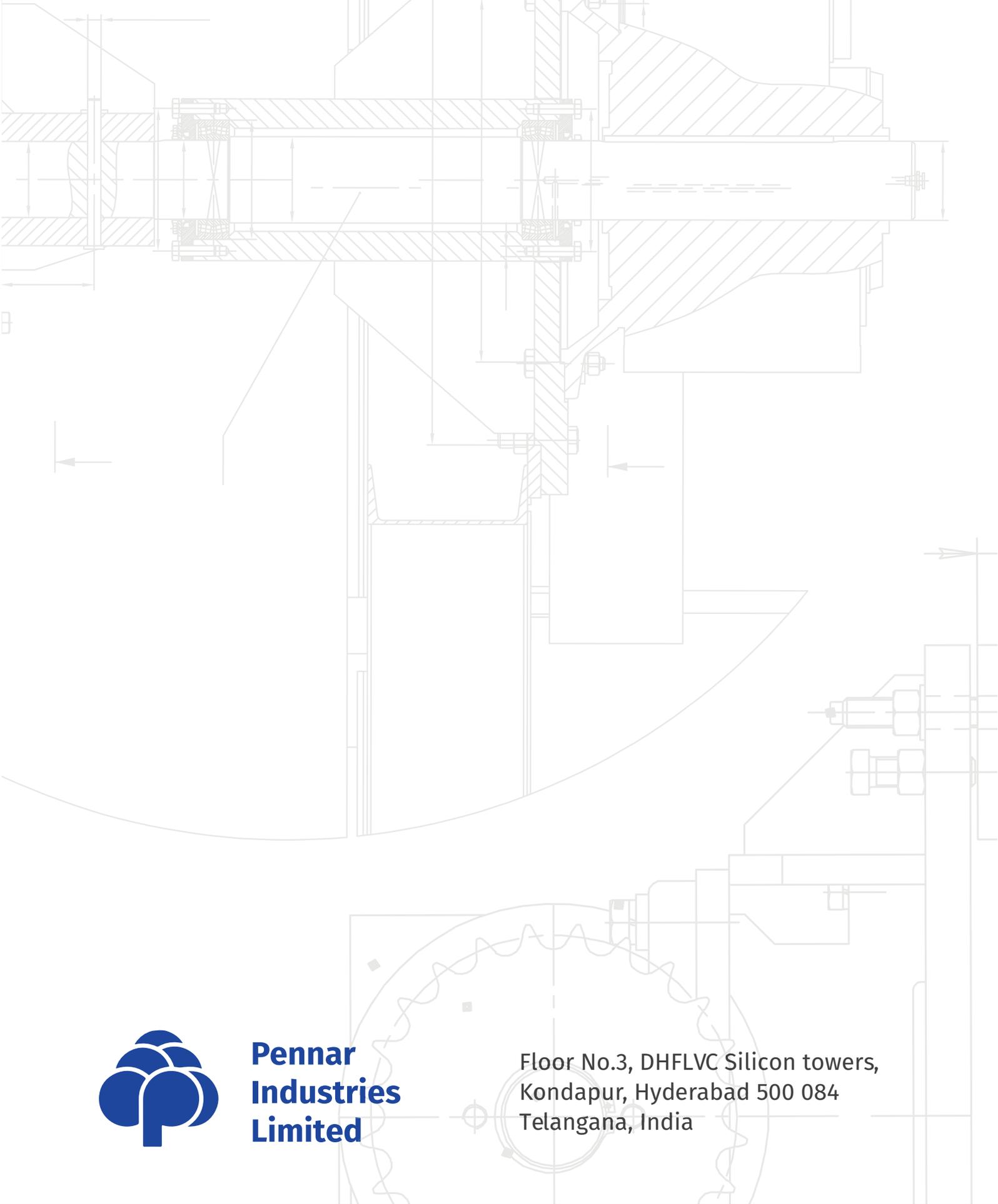
Floor No. 3, DHFLVC Silicon Towers,
Kondapur, Hyderabad - 500 084
CIN: L27109AP1975PLC001919
e-Mail ID: corporatecommunications@pennarindia.com

Internal Auditors

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

Statutory Auditors

M/s. Rambabu & Co.,
Chartered Accountants
31, Pancom Chambers, 6-3-1090/1/A, Rajbhavan Road,
Somajiguda, Hyderabad - 500 003



**Pennar
Industries
Limited**

Floor No.3, DHFLVC Silicon towers,
Kondapur, Hyderabad 500 084
Telangana, India