



- Commodity to niche
- Generic to specific
- Basic to engineered
- Market-driven to market-driving
- Transactions to relationships
- Standalone to integrated
- Cyclical to sustainability
- India to the world

Our
changing
profile!



Corporate information

Board of Directors

Shri Nrupender Rao (*Executive Chairman*)

Shri Ravi Chachra

Shri Dr. G. Vivekanand

Shri C. Parthasarathy

Shri B. Kamalaker Rao

Shri A. Krishna Rao

Shri C. Rangamani

Shri P. Bhaskara Rao

Shri Ch. Anantha Reddy (*Executive Director*)

Shri Aditya Rao (*Director - Projects*)

CFO and Company Secretary

Shri R. Ravi

Auditors

M/s Rambabu & Co.,

Chartered Accountants,

31, Pancom Chambers,

6-3-1090/1/A, Rajbhavan Road,

Somajiguda, Hyderabad - 500 082

Bankers

State Bank of India

Axis Bank Limited

State Bank of Patiala

Registered office

1-10-75/1/1-6, 3rd Floor, Saptagiri Towers

S. P. Road, Begumpet

Hyderabad - 500016, India

Registrars and Share Transfer Agents

Dakshin Consultants (P) Ltd

6 - 3 - 655/2/4

Civil Supplies Bhavan Lane

Somajiguda, Hyderabad - 500 082

Plants

Patancheru Unit

IDA, Patancheru -502319

Medak (Dist.), A.P.

Isnapur Unit

Isnapur Village -502307

Medak (Dist), A.P.

Chennai Unit

Kannigaipair Village, Uthukottai Tq

Thiruvellore Dist, Tamilnadu – 601 102

Tarapur Unit

J-72,MIDC, Tarapur,

Maharashtra-401506.

Hosur Unit

43, SIDCO Industrial Estate

II Phase, Hosur Tamil Nadu

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Over 30 years of experience.

Over 1,000 precisely engineered products.

Over 2,500 tools and dies.

Over 300 customers.

Over 1,200 employees.

Pennar Industries Limited is not just a cold-rolled steel manufacturer.

It has transformed itself into a leading engineering organisation.

The result: Pennar's best-ever performance achieved in the worst of markets in 2008-09.



Our vision

To emerge as a globally reputed engineering company with strong and enduring customer relationships based on quality and service.

Our customers

Market segments	Customers
Railway products	Integral Coach Factory (ICF), BEML, Texmaco and Titagarh Wagons
Automobile products	Tata Motors, Ashok Leyland and Eicher Motors
Building products	L&T, Shapoorji Pallonji and Nagarjuna Construction
Pollution control	ABB, Thermax and Bharat Heavy Electricals (BHEL)
Pressed steel components	Emerson Electric, Tecumseh, TVS Motors and IFB
Road safety systems	National Highways Authority of India (NHAI) and other road construction companies
Fabricated products	Thermax, ABB and Prasad Seeds
Precision tubes	Bus body builders
Cold-rolled steel strips	Automobile, white goods, electrical and engineering companies

Our assets

Plant location	Principal products	Installed capacity (MTPA)	Capacity utilisation, 2008-09
Patancheru, Andhra Pradesh (45 acres)	Products for railways, automobiles, building sectors, ESP electrodes, road safety systems, pressed components and precision tubes	108,000	75 percent
Chennai, Tamil Nadu (36 acres)	Formed products, pressed components, and fabricated items for railways and automobile sectors.	30,000	50 percent
Isnapur, Andhra Pradesh (27 acres)	Specialty cold-rolled products	50,000	71 percent
Tarapur, Maharashtra (5 acres)	Cold-rolled formed products, automotive bumpers and fenders	10,000	45 percent
Hosur, Tamil Nadu	Engineered components for auto sector.	2,000	50 percent

From the desk of the Chairman

Dear shareholders, 

My principal message to you is that Pennar Industries has transformed itself into a leading engineering company and has reported its best-ever performance in 2008-09 in the worst of markets.

Building a stronger organisation

Pennar Industries outperformed its sectoral average because of sweeping transformational initiatives that commenced a few years ago and which were reflected fully during the year under review.

- We evolved our focus from commodity cold-rolled products to value-added engineering components and products.

The result: Nearly 75 percent of our turnover is now derived from value-added products.

- We created divisions to supply comprehensively engineered products for the railways, road safety and pre-engineered building requirements.

The result: The proportion of revenues derived from the Railway segment increased from 11 percent in 2007-08 to 24 percent in 2008-09.

- We focused on value-added products and segments.

The result: Sales increased 14 percent to Rs. 7,305 million in 2008-09; average realisation per tonne increased from Rs. 53,400 to Rs. 71,600 during the year under review.

- We focused on exports through tie-ups with FLSmidth (Denmark) who are



Highest-ever turnover of Rs. 7,305 million compared with Rs. 6,412 million in 2007-08 (14 percent growth)

Highest-ever EBIDTA of Rs. 759 million compared with Rs. 663 million in 2007-08 (14 percent growth)

Highest-ever cash profit of Rs. 555 million compared with Rs. 451 million in 2007-08 (23 percent growth)

Highest-ever net profit of Rs. 381 million compared with Rs. 308 million in 2007-08 (24 percent growth)

Earnings per share (EPS, cash) of Rs. 4.39 per equity share of face value of Rs. 5 each

Proposed dividend of 20 percent (Re 1 per equity share of Rs. 5 each)

global cement plant manufacturers and Hammon Research & Cottrell (Belgium) for steel profiles consumed in electrostatic precipitators.

The result: Our exports presence will strengthen over the future.

- We commercialised a new facility (Chennai) in April 2008, equipped with state-of-the-art CNC machines, laser cutting machines, turret punching machines, rolling, forming and bending machines, among others.

The result: Rs. 92.50 cr in revenues from this plant in 2008-09 as it catered to the growing needs of the Indian Railways and reputed Indian automobile manufacturers.

- We strengthened our efficiency through better process management and continuous technological upgradation.

The result: Our yield improved from 87 percent in 2007-08 to 92 percent in 2008-09, aligned closely with global benchmarks.

- We strengthened our inventory management at a time when our principal raw material (steel) price declined nearly 40 percent from its peak

The result: We increased our inventory turns from 7.77 in 2007-08 to 9 in 2008-09; inventory days in terms of

turnover equivalent were at a healthy 40 days.

- We strengthened our credit management with CARE rating our medium-term loans at BBB+ and short-term ratings at PR2.

The result: We reduced our average debt cost by 50–100 basis points in 2008-09.

- We implemented SAP, it enhanced functional efficiencies of material procurement, finance, sales and distribution and production.

The result: Strengthening access to up-to-date information and enabling quick decision-making.

- We promoted Pennar Engineered Building Systems Limited (Pebs), a subsidiary company focused on the manufacture of pre-engineering building systems with a technical know-how agreement with NCI Building Systems (USA), one of the world's largest pre-engineered building solution providers.

The plant will be commissioned in September, 2009.

The result: The subsidiary is expected to generate a turnover of Rs. 200 cr in a full year's working.

Outlook

At Pennar Industries, we will seek acquisitions to plug product/market/ competency gaps, by making adequate investments at the right junctures.

We expect your Company to report Rs. 1,000 cr turnover and the subsidiary company PEBS (Pennar Engineered Building Systems) to report Rs. 200 cr turnover in 2010-11, at superior margins, leading to enhanced value to all our stakeholders.

I am happy to inform you that currently, your Company is financially stronger than ever before. I believe that your Company has a promising future as it continues to transform itself while focusing on the engineering, heavy engineering, infrastructure and construction sectors.

Sincerely,

Nrupender Rao
Chairman

Our transformation is most visible in our numbers.

Report  junction.com

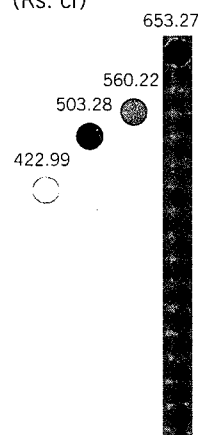
○ 2005-06

● 2006-07

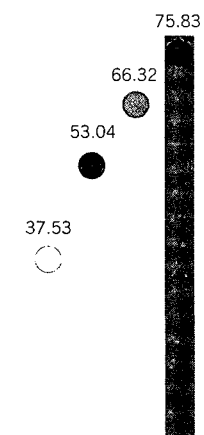
● 2007-08

● 2008-09

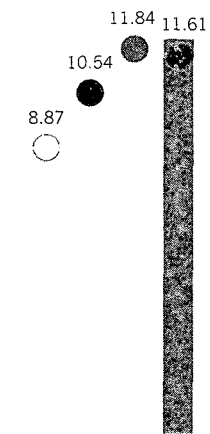
Growing income from operations (net of excise)
(Rs. cr)



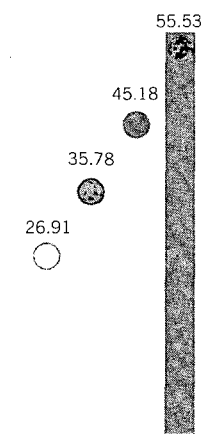
Strengthening EBIDTA
(Rs. cr)



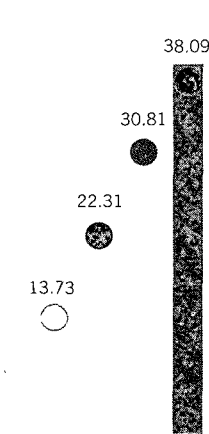
Robust EBIDTA margin
(percent)



Robust cash profit (Rs. cr)

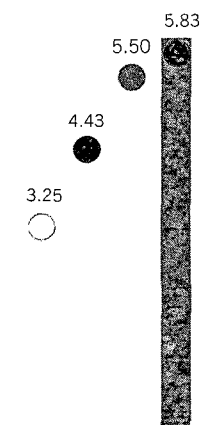


Increasing post-tax profit
(Rs. cr)

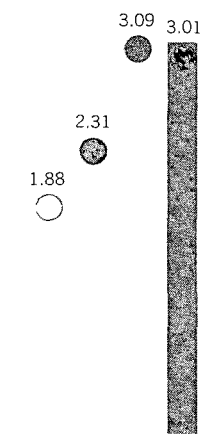


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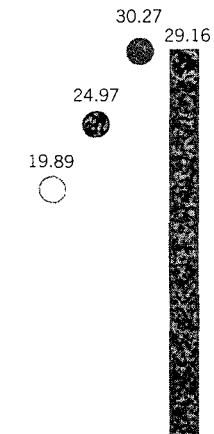
Augmenting post-tax profit margin (percent)



Attractive earnings per share (EPS), basic (Rs.)



Sound return on the employed capital (percent)



Notes:

- 1) Figures for 2005-06, being for 16 months, have been annualised. Also non-recurring income of Rs 23.36 crores has not been considered
- 2) Figures for 2006-07, being for 8 months have been annualised

Our changing profile!



Extensive value-addition

From an average realisation of Rs. 53,400 per tonne to Rs. 71,600 per tonne



At Pennar Industries, we transform hot- rolled and cold-rolled steel into specialised products for onward use in railway coaches/wagons, automobiles, industrial structures, heavy vehicles, road safety systems, electrostatic precipitators, air-conditioners, refrigerators as well as fabricated and general engineering products.

Competitive cost structure

From a capital cost per tonne of Rs. 13,260 to Rs. 13,078



At Pennar Industries, our competitiveness is derived from our attractively low capital cost of Rs. 13,078 per tonne vis-à-vis a replacement cost of Rs. 28,000 per tonne. This reinforces our industry position as among the lowest cost converters of specialised steel products, representing a strong entry barrier against emerging competition.