

# PARTNERS IN TECHNOLOGY



**Pennar Industries Limited**

ANNUAL REPORT 2011-12

# Corporate Information

## Board of Directors

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Mr. Nrupender Rao *Executive Chairman*

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Mr. Ravi Chachra

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Dr. G Vivekanand

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Mr. C Parthasarathy

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Mr. B Kamalaker Rao

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Mr. A Krishna Rao

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Mr. C Rangamani

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Mr. Manish Sabharwal

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Mr. J Ramu Rao

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Mr. Vishal Sood *Additional Director*

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Mr. Ch Anantha Reddy *Managing Director*

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Mr. Aditya Rao *Executive Director*

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Mr. R Ravi *CFO and Company Secretary*

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## 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

Floor No.: -1, DHFLVC Silicon Towers,  
Madhapur Road, Kondapur,  
Hyderabad - 500 084, India

## Registrars and Share Transfer Agents

Karvy Computershare Pvt. Ltd.,  
Plot No.: 17-24, Vithalrao Nagar,  
Madhapur, Hyderabad - 500 081

## Plants

### Patancheru Unit

IDA, Patancheru - 502 319,  
Medak (Dist.), A.P.

### Isnapur Unit

Isnapur Village - 502 307  
Medak (Dist), A.P.

### 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

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We at Pennar have been steadily moving up the value chain from a steel company to a technology company.

Today we pride ourselves in being a technology-driven, value-added, engineering company. We possess a wide range of state-of-the-art manufacturing capabilities, as well as design strengths and intellectual properties.

In addition, we are constantly evaluating new technologies to invest in.

Today we don't just offer products to our customers, we provide turnkey engineering solutions.

We are highly client-centric, and work alongside our clients as technology partners – understanding their challenges, anticipating their needs and opportunities, and innovating customized solutions in a proactive manner.

And that is why we are seen today as our customers'

## Partners in Technology



## Looking Forward

Pennar's strategy is geared to address the needs of three sectors of the Indian economy which, we believe, offer great growth opportunities in the future. They are the Infrastructure, Engineering and Automotive industries. As they grow, so shall we.

Our emphasis last year was on major expansion in two highly promising areas of the Infrastructure industry, where we see very attractive business opportunities. These two key areas were:

### 1. Solar Structures

### 2. Pre-engineered Buildings (PEBS)



In both these areas, our R&D program has resulted in products specially conceived for the Indian market, and building on these, we created significant capacities to address the market's needs.

In the area of Solar structures, we created a capacity of 32,400 MT in 2011-12. We were also one of India's biggest players in this field, supplying to all the major solar energy companies and accounting for nearly 45% of their needs.

Looking forward, our emphasis for the coming year will be an expansion drive to meet the needs of the Automotive industry, in the high-potential area of:

### 3. CDW Tubes



We also aim to intensify the production of CDW tubes, thereby helping our customers meet the challenges in the hydraulics space more effectively. To this end, we plan to ramp up our manufacturing capacity in the coming year.

In addition to the above, our thrust on expanding our capacities in Solar and PEBS will continue.

## Vision

Our vision is to be a globally reputed engineered metal products company. We endeavour to have a strong and enduring relationship with our customers, based on quality and service.

## Mission

Our mission is to leverage our modern infrastructure, technical expertise and decades of experience to provide high-quality and cost-effective metal products to our customers. We are committed to ensure a rewarding experience to our customers. We work closely with shareholders, suppliers, customers and employees to ensure attractive economic returns for every stakeholder.

## Core Competencies

**1 Leadership factor:** The Company has a strong management team with rich engineering experience. It is headed by Mr. Nrupender Rao, Executive Chairman, Mr. Ch. Anantha Reddy, Managing Director, and Mr Aditya Rao, Executive Director who have well-established professional and leadership capabilities.

**2 Technology-driven:** The Company has a strong technology focus. It has invested in state-of-the-art manufacturing facilities comprising laser cutting, plasma cutting, transfer presses and CNC machines, resulting in customised product manufacture. Besides, the Company created a repository of over 2,500 tools and dies, enabling it to manufacture a large product portfolio.

**3 Value-added products:** The Company increased the proportion of value-added products in its revenue mix from 50.8% in 2006-7 to 76.5% in 2011-12, resulting in a higher margin-accretive product mix and improved realisations.

**4 Quality focus:** The Company is committed to provide quality products to customers. All manufacturing units are ISO 9001:2008-certified, resulting in a high-quality discipline.

**5 High-growth markets:** The Company focuses on high-growth sectors of the Indian economy, such as infrastructure, railways, construction and automobiles, which the government has prioritised for increased investments.

**6 Blue-chip clients:** The Company has a blue-chip client roster, which includes TATA Motors, L&T, Ashok Leyland, ABB, Moser Baer, Schneider Electric, Tata BP Solar, among others. The five leading clients accounted for 25% of the Company's revenues. The building subsidiary developed prestigious customers like L&T, Ultratech Cement, Dr. Reddy's Labs, My Home Group, Reliance Retail and others.



**7 Diversified product mix:** The Company's portfolio comprises over 1,000 products, across diverse sectors like railways, automobiles, general engineering, building and construction among others, thus derisking the business.

**8 People strengths:** The Company has over 1,450 employees with a cumulative experience of over a million person-days, resulting in expertise in different fields.

**9 Strong financials:** The Company possesses a strong balance sheet with low gearing, providing it room for additional borrowing whenever needed.

**10 Replacement cost:** The Company's replacement cost is estimated at ₹ 700 crores, considerably higher than its gross block of ₹ 315 crores, an adequate hedge against greenfield competition.

### **Multiplying Shareholder Value**

Significantly, Businessworld magazine, in its special issue on 'Companies That Make you Rich', dated 28 May, 2012, mentioned us as No.2 in its list of companies with revenues of ₹ 500 – 1,000 crores, stating that our share price has increased 6,160% in the past 10 years, and that we have beaten the BSE 500 Index 7 times in 10 years.

# Corporate Snapshot, 2011-12

## Operational Snapshot

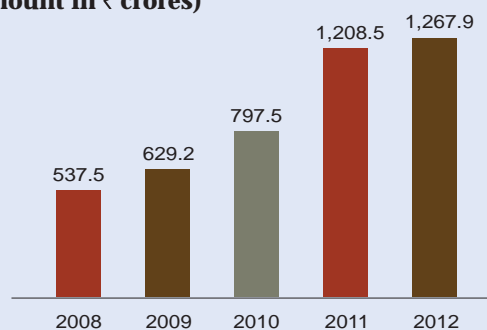
- Increased cumulative capacity from 2,45,000 TPA in 2010-11 to 3,14,200 TPA in 2011-12
- Increased sales 4% from 1,83,028 TPA in 2010-11 to 1,90,231 TPA in 2011-12
- Increased sales of value-added products- 14.0% from 1,18,112 MT in 2010-11 to 1,34,603 MT in 2011-12
- Introduced CDW Tubes, Sheet Piles, Solar Structures

## Financial Snapshot

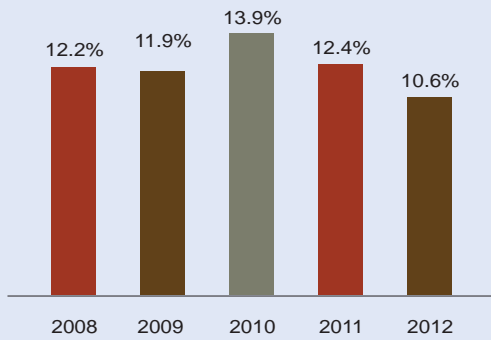
- PEBS gross revenue increased 68.3% from ₹ 165.9 crores in 2010-11 to ₹ 279.2 crores
- Consolidated net revenue increased 4.9% from ₹ 1,208.2 crores in 2010-11 to ₹ 1,267.9 crores
- PEBS EBIDTA increased 55.8% from ₹ 16.8 crores in 2010-2011 to ₹ 26.2 crores
- Consolidated EBIDTA in 2011-12 was ₹ 134.8 crores
- PEBS net profit increased 60.2% from ₹ 6.5 crores in 2010-11 to ₹ 10.4 crores in 2011-12
- Consolidated net profit in 2011-12 was ₹ 62 crores

## Consolidated Performance At A Glance

**Revenue(Net)**  
(Amount in ₹ crores)

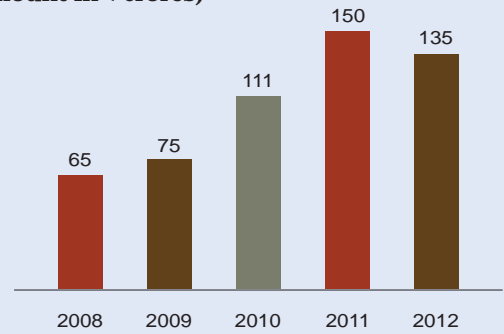


### EBIDTA Margin



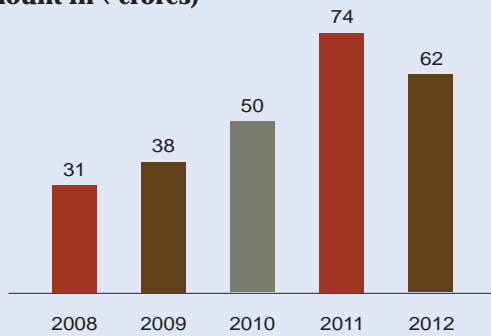
### EBIDTA

(Amount in ₹ crores)

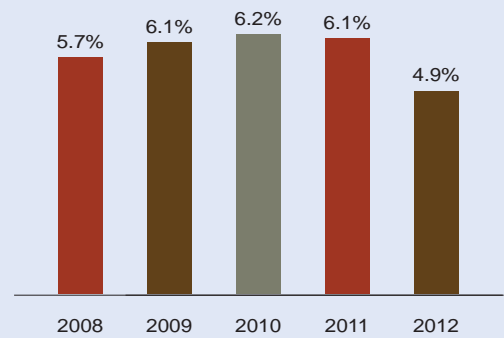


### Post Tax Profit

(Amount in ₹ crores)

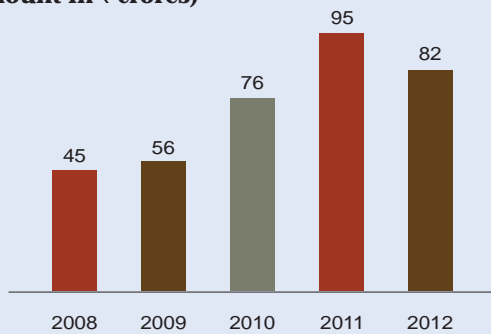


### PAT Margin %



### Cash Profit

(Amount in ₹ crores)



### ROCE

