



Pennar Industries Limited

Annual Report 2012-13



PEBS Pennar Factory

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Board of Directors

Mr. Nrupender Rao, Chairman
Mr. C Parthasarathy
Mr. Ravi Chachra
Mr. B Kamalaker Rao
Dr. G Vivekanand
Mr. C Rangamani
Mr. Manish Sabharwal
Mr. J Ramu Rao
Mr. Vishal Sood
Mr. Varun Chawla, Additional Director
Mr. Ch Anantha Reddy
Mr. Aditya Rao, Vice Chairman

Management Team

Mr. Suhas Baxi, President & CEO, PIL
Mr. P V Rao, MD, PEBSL
Mr. Shreepad Purkar, President & CEO, PEL

Vice President & Company Secretary

Mr. 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 :

Floor No. : 3, 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

PEBS Pennar

Chandapur village,
Sadasivpet Mandal, Medak,(Dist)

Pennar Enviro Limited

186/A & 188/A, IDA Mallapur,
RR (Dist) 500076

Mr. P V Rao
MD, PEBSL

Mr. Suhas Baxi
President & CEO, PIL

Mr. Nrupender Rao
Chairman

Mr. Aditya Rao
Vice Chairman

Mr. Shreepad Purkar
President & CEO, PEL





FROM THE CHAIRMAN

Dear Shareholders,

Twenty five years ago, the Pennar Group took birth with the establishment of Pennar Steel. My dream in establishing Pennar Steels was modest and I believed that as an entrepreneur I could build an institution that could in a small manner cater to the needs of a growing India. My ambition was to create a company that would provide employment and livelihood to hundreds of families.

In the first year of operation, Pennar generated ₹ 8 Crores in sales. Twenty five years later, Pennar has evolved into a diversified engineering company with ₹ 1500 Crores in sales, representing a 25% compounded annual growth rate. Over 2000 employees and over 400 engineers are employed by the company. Pennar Industries and its subsidiaries have seven manufacturing facilities and 35 sales offices across India.

Pennar is now present in a diverse range of verticals providing solutions in custom designed green building systems, environmental technology, auto components, solar power, railway coach and wagon components and engineering design. It is with great pride that I look back at the past two and a half decades and on the journey we have traversed together.

I am very happy that Mr Suhas Baxi has joined your company as the President & CEO in December 2012. Mr Baxi has rich experience in managing companies and is very well suited to lead the company in its transformation. Mr Baxi has worked out a well-defined strategy with focused medium term objectives and a clear long term direction.

As you are aware, the last year was a very challenging year for the Indian Industry and your company had to operate in a macro-economic environment that was experiencing a slowdown, rising inflation that resulted in higher material and energy costs, a high interest rate regime and an environment that was not conducive to new investment in manufacturing.

In this difficult environment, Pennar has delivered, creditable consolidated results in FY 13, with Gross Revenue of ₹ 1274 Crores, EBITDA of ₹ 116.5 Crores and PAT of ₹ 42 Crores. The company has generated positive cash flow of ₹ 54 Crores, during the year. While the slowdown in the manufacturing and infrastructure sectors is expected to continue for one more year, we believe that due to our efforts in the past financial year, we are well placed to put the company on a robust growth path.

We have sown the seeds for a new Pennar and have set ourselves an ambitious goal to transform your

company into an eminent engineering company in the next five years. Ten years ago, in response to difficult market conditions, we had to change and evolve by putting our faith in the idea that only a company that embraced continual value addition could remain relevant in a world with breakneck technological advancement. The logical synthesis of that idea has now developed into our growth plan which will transform us into an engineering institution with over a Billion USD in sales, a three fold increase in our revenues over the next five years.

Pennar's transformation started a few years back when Aditya Rao joined the board with a vision to create Pennar's leadership in Pre-engineered buildings. In a very short span of time, Pennar's building subsidiary (PEBS) has emerged as a technically proficient and financially strong company enabling it to become a leading player in the country with sales of ₹ 325 Crores in FY13. PEBS has many firsts to its credit by building the first Gold Rated Green Factory in India, by constructing the largest clear span building (99 meters) in India, and by setting up the largest warehouse in India (10 million sq ft).

Mr. P V Rao, the Managing Director of PEBSL has built a highly capable, motivated and empowered management team. PEBS is confident that in the next five years, the explosive growth it has experienced will continue. Our efforts have been supported by NCI, Inc-our technical collaborator in the US and access to their technology and product line has allowed us to establish the company as a leading PEB player in India. A private equity firm Zephyr Peacock, a leading private equity company has recently taken a significant stake at a premium in the company.

The second subsidiary of Pennar Industries, Pennar Enviro (PEL) manufactures and markets fuel additives and water treatment chemicals. It has diversified by providing cohesive solutions in the design and construction of clear water and waste water treatment plants. The company has a technical collaboration with Tech Universal of UK, who have vast experience in designing and executing water projects. The CEO of Pennar Enviro Limited has rich experience in the field of water and has acquired a talented and motivated team with capabilities in estimation, design, detailing, supply chain and project management. The company has received orders from Amtech Auto, L&T, My Home Construction, Ranbaxy and AGI Glaspac.

The vast market opportunity and the strong capabilities of the PEL team make me very optimistic of the subsidiary's future.

I have always believed in the potential for the growth of Pennar with its engineering skills and manufacturing capabilities. We need to create a new organization structure which has operational flexibility that will enable different manufacturing verticals to flourish and develop into vibrant independent businesses. The company has now been divided into four Strategic Business Units (SBU): Systems and Projects, Industrial Components, Precision Tubes and Steel Products as each of these businesses have their own distinct markets, capital assets, and customers. We have added prestigious customers like Thermax, BGR Energy, VE Commercial, Gabriel, ABB, Larsen & Toubro, Tata Power Solar, Schneider Electric and Lanco.

Mr. Suhas Baxi has been instrumental in laying the groundwork for the transformation of your company and substantial progress has been made in acquiring the best talent for various levels of management. Mr. Baxi has put in place the architecture for the SBUs, revamped our IT and ERP infrastructure, is planning to invest in high margin engineering verticals and is building a senior management team that is capable of making our vision a reality.

We are planning to build new products in the segments that we are already present, and will set up manufacturing facilities to address new geographies and expand the footprint to cover international markets. Our strategic initiatives are aimed at growing the top line to US\$ 1 Billion by 2018, while graduating to be in the top three companies by market share in all segments of our business in India. We aim to be one of the most profitable companies in our industry, while we create a greener and safer work environment, and become one of the best workplaces in India.

I am confident that the creation of the strategic business units, the growing strength of our subsidiaries, our sound financial health, the capabilities of our management and technical team, and the support of all of you shareholders, will ensure that Pennar Industries growth story continues unhindered.

Thanking you,

Nrupender Rao
Chairman
Pennar Industries



FROM THE VICE CHAIRMAN

Dear Stakeholders,

Ten years ago Pennar Industries started down a path by which it would transition from being a manufacturer of commodity steel to a provider of engineered products and services. While we chose this path for many reasons the primary rationale was our belief that our business model could no longer serve to deliver our growth, profitability and liquidity targets. We started this process in 2002 and the transition was painful and arduous. The management of the company had to make difficult decisions over the next several quarters. In our attempts to reinvent the company, however, we discovered the vastness of the opportunities available to companies such as ourselves that were willing to invest in core-engineering capabilities and high end manufacturing technology.

Pennar Industries has grown by 2000% over the past ten years and has positioned itself as a key provider of value added engineering services for our customers in the automotive, railways, infrastructure and engineering sectors. We realised the potential for growth in several of our divisions such as building components, automotive components and railway products among

others. However, we were uncertain as to how we would go about creating an organization structure that would be flexible enough to chase down and capitalize on market opportunities as well as retain the essential strengths and character that define Pennar Industries as a company.

In 2008, we solved this conundrum by incorporating Pennar Engineered Building Systems (PEBSL) the first subsidiary and independent profit centre for Pennar Industries. Created during the height of the Global Economic Recession, PEBSL commenced commercial operations in 2010 and over a short span of a little over three years, the subsidiary has grown to over ₹ 3.25 Billion in Revenue. Lead by Mr. P V Rao, the structuring of this business into a cohesive business unit with independent management and operational teams gave it the potential to build scale rapidly. The company has also raised funds through a private equity investment firm Zephyr Peacock. With our strong capabilities in structural engineering and design, our best-in-class project management, our cutting edge manufacturing capabilities and with Zephyr as our partner, we believe we have created a strong foundation to unleash explosive growth in PEBSL

In the financial year ended 2013, Pennar has created another subsidiary – Pennar Enviro (PEL). This subsidiary will look to capitalize on the massive opportunities in the water and waste water treatment and energy sectors. The company has a technical collaboration with Tech Universal of UK, which is one of the leading global players in the water treatment industry. Pennar Enviro's CEO Mr. Shreepad Purkar is committed to delivering quick growth and intends to evolve the company into one of the major providers of solutions in the water treatment, environment and energy sectors.

The organization structure, engineering capabilities and human capital that has allowed us to transform ourselves and achieve ₹ 14 Billion in sales over 10 years will no longer serve us for what lies ahead. The transformation that we will have to go through over the next few years has precedent, in Pennar's own transition ten years ago in far more difficult conditions from a commodity steel company to a value added engineered products manufacturer. There is also historical precedent in the work of Ludwig Wilhelm Erhard and the 'Wirtschaftswunder'. Wirtschaftswunder literally translates to 'Economic Wonder' in English, which illustrates the impact of Erhard's policies.

For almost a decade after World War II, the German economy was struggling on account of its indebtedness to the newly formed United Nations. As the Minister of Economics, Erhard was the key to the reforms that followed, championing tough decisions such as the institution of the Deutschmark, removal of restrictive economic trade practices and bringing balance to the German currency. Later elected as the Chancellor, he led the country's coal and steel revolution that changed the economy forever and transforming Germany into the eminent industrial and technological powerhouse it is today.

Under our new CEO - Mr. Suhas Baxi, Pennar Industries has made strong beginnings over the past two quarters in remaking itself anew. We have made several strong additions to our senior management and engineering talent. The company has segregated itself into four operational SBUs viz. Steel Products, Tubes, Engineered Components and Project & Systems. We have also started evaluating opportunities in solar power, high rise steel buildings, standardized water treatment plants, hydraulic systems and warehousing solutions among others.

It is our hope that this restructuring - combined with a cohesive enhancement of our capabilities in design, engineering, manufacturing and project execution - will allow us to unleash another decade of rapid growth for Pennar Industries and its subsidiaries.

The financial year that ended in March 2013 has been one of the most challenging one we have faced in the recent past. We ended the year with de-growth in revenues, EBIDTA and net income as compared to the financial year ended March 2012. Our core segment in value added steel products have been under relentless margin pressure due to the emergence of leaner competitors with the advantages of a lower capital base and lower overhead costs. Our fixed costs have had to increase significantly in order to retain the talent we needed to service our customers. The slowdown in the infrastructure, automotive and railways sectors has had a disproportionate impact on operations at Pennar Industries with increases in operating costs, inflating working capital costs and operating cycles and delays in order book execution. The cumulative impact of these factors has been the reduction of our net profit to a level last seen in the financial year 2009.

In spite of these concerns, in a very challenging macro-economic environment, Pennar Industries along with its subsidiaries, is well poised to deliver growth, liquidity and profitability. The tremendous growth seen in the Solar (Systems & Projects), Tubes and PEBS divisions illustrates the potential for our business divisions to rapidly become self-sustaining profit centres.

We face the financial year 2014 with enthusiasm and we are confident that the aggressive targets we have set for ourselves are achievable. Together with the senior management team of Pennar Industries we will strive to ensure that the next few years herald the greatest chapter in the history of this company. I look forward to your support as we implement our plans.

Best,

Aditya Rao
Vice Chairman
Pennar Industries



Dear Shareholders

It is indeed a privilege and honour to be a part of Pennar family.

This is my first communication with you; and I will take this opportunity to talk about the broad framework of strategic initiatives that our company is taking.

Before I dwell in to our medium term strategy, let me share with you the status of '100 Day Plan' that I initiated within a few weeks of joining Pennar. The 100 day plan was titled "Power@Pennar" and was aimed at unleashing the latent energy and potential that our company possesses.

We undertook a total of 21 change initiatives with an idea of scoring some quick wins while charting out a few medium and long term projects aimed at transforming the way we conduct our business. I am pleased to inform you that 10 out of the 21 projects have already been completed and the work on other 11 has reached an advanced stage of completion.

Reorganizing the business of our parent company- Pennar Industries was one of the major change projects. We now have four business units within Pennar Industries with clearly identified product areas, markets, teams and strategies. This structure will help us create a higher level of market and customer focus to drive the business growth.

Transformation of the type that we are making needs people with experience in areas that are key to our strategic initiatives. We have inducted new leaders with rich experience capable of shaping our dream of becoming a technology-driven engineering firm with a global presence. The new leadership team at Pennar Industries is at the core of this transformation process.

Manufacturing business is as much about processes, as it is about product and technology. Some of the key initiatives taken by us as a part of "Power@Pennar" were about Process Improvement. We initiated three major projects to transform our operating processes. Total Productive Maintenance (TPM), Continuous Process Improvement (CPI) and LEAN are being implemented

in various parts of our business to ensure cost effective and customer focused processes. We have seen some early successes here; however all these initiatives are essentially a part of transforming Pennar in to a modern manufacturing company that can set standards for quality management and customer centricity.

Our medium term strategy for the company is thus based on the work initiated through "Power@Pennar" transformation initiative and the goals related to Growth, Market Share, ROCE; along with an aim to create an organization that is valued by the customers and employees alike. I would like to elaborate the four pillars of our mid-term strategy:

Global: Pennar Industries would like to generate 10% of its revenue through International operations within 3 year period. To give wings to this dream we have set up an International Business Cell that will focus on Asia and Africa as markets. Our International plan will be centred on exports as well as creating operations outside India. Simultaneously, the process improvement initiative that we have undertaken is also having clear milestones that will allow us to satisfy the needs of global customers in the area of quality and reliability.

Acquire: Pennar's roadmap for becoming an engineering company will involve acquisition of technology, talent and businesses to supplement our current business. We will add businesses to our current portfolio so that we move up the value chain by adding technology driven products, services and solutions; provide a larger bouquet of related offerings to our existing customers and grow as a multi-product engineering company.

Triple: Pennar Industries is working on tripling the turnover of all our existing businesses over the next

five year span. This organic growth will be driven by New Product Development and Geographical Expansion. Application Engineering and Product Development teams have been strengthened and the four business units are targeting opportunities to expand in to Northern India where our presence is limited. We are also expanding our product portfolio in all the businesses and targeting 10% revenue growth through new products every year.

Excel: Business and Operational processes aimed at Customer Centricity Superior Quality and Optimum Cost are at the core of our strategic initiative titled "Excel @ the House of Pennar". This house is being built with pillars signifying process excellence we aim to achieve. Along with TPM, CPI and LEAN; we have now added initiatives in the area of Learning & Development, Energy Efficiency and Environment/ Health & Safety. We are confident that these initiatives will help us create a globally competitive organization that is able to deliver and grow in some of the most competitive businesses.

Global, Acquire, Triple, Excel (GATE); at Pennar we are opening the GATE to move towards a potentially rewarding future. A GATE which will lead us to a higher level of stakeholder satisfaction.

Team Pennar is excited to begin this journey of transformation and growth.

Best,

Suhas Baxi
CEO
Pennar Industries



The TIE that Binds: Transforming, Innovating, Empowering

As Pennar celebrates its Silver Jubilee in 2013, it is infused with energy and ready to transform itself. Transform, like the chrysalis into the butterfly, to take on the new challenges of the Indian and the global business environment and to keep growing. Innovate, from the building blocks of steel processing to the more sophisticated spaces of engineering and technology. Empower ourselves to move into new businesses and take on new projects. Use this TIE to bind our organisation with a new culture that is able to achieve this dream, like a butterfly, to take wing.

Our initiatives are being recognised. In February 2013, the Council of State Industrial Development and Investment Corporations of India conferred the prestigious "Outstanding Entrepreneur Award" on your Chairman. Earlier, the Hyderabad Management Association awarded him as "Entrepreneur of the Year". He was also the recipient of IIT Kharagpur Alumnus award for the year 2011, which was

presented by the Hon'ble Prime Minister of India. He also received the "Nayudamma Gold Medal" for his contribution to Industrial Development in Andhra Pradesh. Pennar's story is one of continuous innovation and consistent growth, evolving from a cold rolled steel products manufacturer into a multi-location, multi-product engineering group.

In our continuing endeavours to keep up with and outpace, market trends, we are now looking at adding new businesses, transforming our business processes and breaking our traditional geographical boundaries in the South of India to become a pan-India and a global entity. To lead this transformation, Pennar also has a new leadership team in place, led by the CEO Suhas Baxi and the SBU heads with the skills and experience we need.

And this is only the beginning.

How will the new TIE work?

Your Company has set itself six goals:

- To be in the top three companies in India by market share in all our businesses
- To become the most profitable company in our industry based on ROCE
- To create a greener and safer work environment
- To be one of the best places to work in India
- To be the benchmark for delivery and quality
- To become a \$1 billion group by 2018

We also have a strategy to make it all work, which is aptly called 'GATE'

- Global: achieve 10% of our revenue outside India within the next three years
- Acquire: obtain/procure new technology, relationships and enterprises so as to add ₹ 1,000 Crores in revenue by 2018
- Triple: Add new products and markets to triple the revenue from existing businesses by 2018

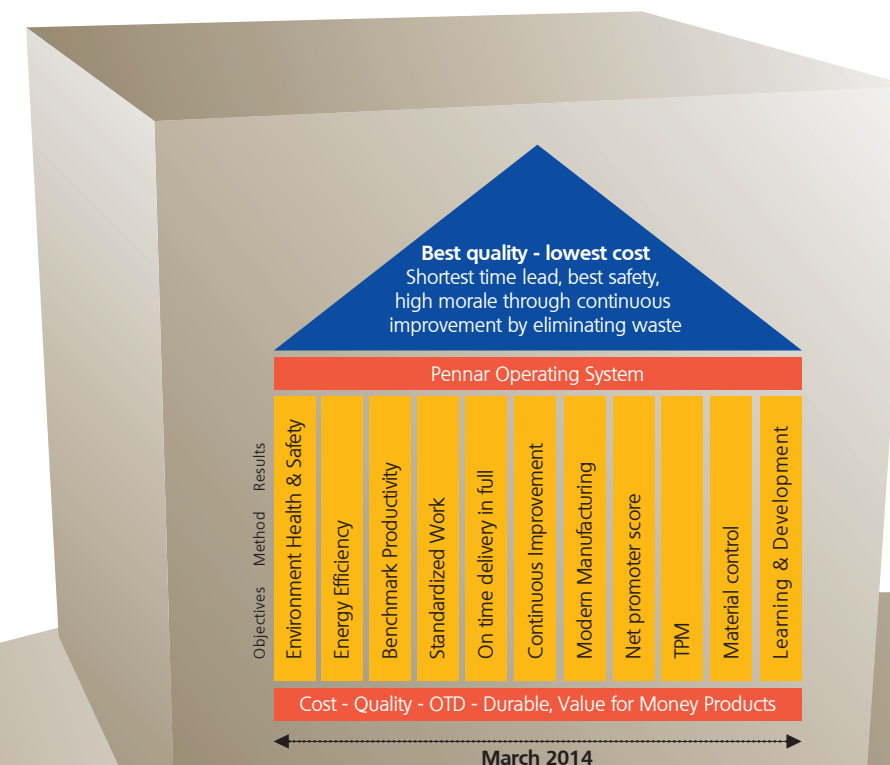
- Ten: save 10% in cost of operations year on year
- Excel: implement the Pennar operating system for performance, productivity, quality & safety improvement

And how do we implement this strategy? How do we convert some of the lofty and ambitious goals in to action on the ground; in to measurable results?

We have found a unique way to get all team members motivated about the strategic action plan.

Hyderabad is famous for Badminton. We have thus created a set of 21 projects for 2013-14. These 21 projects in a way represent the game of 21 points (badminton). And to win this game of 21 points, i.e. to successfully implement all 21 projects, we are playing the game in five phases. Each one of the phases has a unique strategic intent like a Saina Nehwal or Pulela Gopichand will have during different stages of the game. Together these five phases represent our Strategy 2014.

1. High 5 of 2014: This is the aggressive, high energy go to market plan with five separate initiatives aimed at adding ₹ 150 Crores revenue in 2014
2. House of Pennar as an operating system: Pennar is putting in place a good foundation of business processes and practices aimed at enhancing value that we deliver to the customers and keeping our customers at the centre of our business processes



3. Continental Plan: Pennar Industries will start operations in Asia and Africa.
4. Doubles Play: During the year 2014, Pennar Industries will add two new businesses, both aimed at moving up the value chain towards our stated goal of becoming a technology company.
5. 10% Bachat: Pennar has initiated across the board efficiency enhancement measures aimed at reducing the cost of operations by 10%.



The Pennar Operating System (POS) will ensure top quality at the lowest cost, in the shortest lead time, with energy efficiency, benchmark productivity, standardised work; on-time delivery in full, and continuous improvement through modern manufacturing, material control and elimination of waste.

Total Plant Maintenance (TPM) involves eight activities eliminate waste; safety, hygiene, environment; office

TPM; quality maintenance; development management; education and training; planned maintenance; Jishu Hozen and Kobetsu Kaizen.

At Pennar we have adapted continuous process improvement methodology called APRS which is based on Dr Deming's principles. Our processes starting with customer interface to final product delivery and customer support are being aligned to ensure fulfillment of customer expectations. Customer Centricity is the clear aim of all our business processes and APRS will help us transform Pennar in to a process driven organization.

In the industry which is changing rapidly, the skill and competency of Pennar's employees will always be a key differentiator. We are now in the process of setting up Pennar Skill Development Centre (PSDC). This will ensure that all employees have excellent skills across functions, with upgraded knowledge in technical, operational, managerial and other areas. This will empower them for sustainable growth for themselves and the Company, and create a competent and talented pool through continued enhancement of their skillsets across the organization.

We have engaged in Mercuri Goldmann, the world's largest customer interaction, management training and consulting organisation, to supplement PSDC's efforts. This will teach each employee to become a customer first.

Pennar had also implemented an online performance management system.

And a company where so much is happening cannot be without its own internal communications platform. Pennar has recently launched its internal house magazine, SPHOORTI, for its employees - forging bonds among them.

Say Hello to the vibrant new Pennar!

Vision

Our vision is to be a globally reputed engineered metal products company. We strive to maintain 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 a quarter century of experience to provide high-quality and cost effective metal products to our customers. We are committed to ensure a rewarding experience for our customers. We work closely with all our stakeholders - shareholders, suppliers, customers and employees - to ensure that everyone gets a good economic return.

While the parent company PIL is undertaking growth and process improvement strategy, new bright stars like Pennar Engineered Building Systems (PEBS Pennar) have emerged in the Pennar Group.

PEBS Pennar was set up as a subsidiary of Pennar Industries in 2009 with a state-of-the-art manufacturing facility at Sadashivpet near Hyderabad. It is into design, manufacture, supply and installation of pre-engineered steel buildings. The three-year-old company has already started taking giant strides which will take the Group to even greater heights as it gets into diversified segments.

PEL, even younger, marks the renaissance of the old Pennar Chemical. It has an all-new mandate of providing EPC solutions and O&M services for Water and Waste Water Treatment Plants. These are growing

markets and the Company is in a great position to gain from them.

Environment

At Pennar, we are passionate about our responsibility towards our environment and community.

Being a responsible corporate citizen, we put safety, health and environment at the forefront of our activities.

Your Company conforms to all the norms with regard to water and air pollution. We have also put up a waste-water recycling plant to conserve water.

As a responsible corporate citizen, we have taken a number of social and environmental initiatives for the betterment of our community and the world at large.



Mr. Nrupender Rao
receiving FAPCI award
for Best Allround Performance -
Pennar Industries



Mr. P V Rao, MD, PEBSL, wins
Manager of the Year award from
Hyderabad Management Association

Our core principles of 'reuse', 'recycle' and 'replenish' are aimed at:

- Pollution control
- Minimising waste
- Reduced effluent discharge

We are the best in maintaining employee and industrial relations. We have also given a helping hand to the neighbouring villages near our manufacturing locations.

Core Competencies

1. Professional Management Team: The Company has continued its focus on professional management and has created a very strong leadership team at the senior and mid management level to execute an ambitious plan.
2. Technology-driven: The Company is investing in technologies that will allow a natural progression from metal processing to other value added engineering streams.
3. Value-added products: The Company has increased the proportion of value-added products in its revenue mix from 50.8% in 2006-07 to 78% in 2012-13, 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. The Tubes manufacturing plant has received TS 16949:2009 certification.
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 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 ₹ 360 Crores, which is an adequate hedge against greenfield competition.



Six Business Segments

Growth strategy for all businesses need a clear identification of growth areas and a focus on efforts needed to drive growth. Pennar Group has structured its business in to three separate companies. While the parent company- Pennar Industries focuses on the core business, the diversification efforts are managed by subsidiary companies Pennar Engineered Building Systems and Pennar Enviro Ltd.

Your company felt the need to set up growth units within Pennar Industries to drive top line growth. For a focused approach to this, we created four verticals to drive the businesses as separate Strategic Business

Units (SBUs). Thus, the company now focuses on six business segments; four through the parent company and 2 through subsidiary companies.

- PEBS Pennar
- Pennar Enviro Ltd
- Pennar Industries Ltd
 - Steel Products
 - Systems & Projects
 - Tube Products
 - Industrial Components

PEBS Pennar

(Pennar Engineered Building Systems Ltd.)

Pennar Engineered Building Systems Limited, a subsidiary of Pennar Industries Limied, provides design, manufacture, supply and installation of custom designed metal buildings, building components and structural steel. PEBSL also provides structural EPC solutions for Solar power plants. The services provided by the company find diversified applications such as Factory buildings Warehouses, Power plants, Commercial centres, High-rise buildings, Aircraft hangars, Defence installations, Sports stadia, Industrial racking systems, Cold-form structures for school building low cost housing etc.

The company has a 29,000 sq. m, world-class manufacturing facility on a 33 acres plot near Hyderabad with a total production capacity after expansion to 90,000 MT per annum. This is one of the best plants in India, with modern technology and high-precision equipment sourced from leading suppliers across the world. The factory received the prestigious "GOLD RATING" from the INDIAN GREEN BUILDING COUNCIL (IGBC) by incorporating several sustainable features like Solar PV system, Sewage Treatment Plant, energy efficient designs for the building, drought tolerant species for landscaping among many others, thus becoming the first manufacturing facility in the country to receive this honour. The success so achieved helps the company propagate the Green Building paradigm by suggesting several parameters on which certification can be availed and thus becoming a pioneer in the Green Building movement.

The company has technical association with NCI Group of USA for 100% leak proof Double Lok® roofing system.

The company provides solutions under two product segments PRIME BUILD and VALUE BUILD. PRIME BUILD offers Double Lok® roofing system with a 10 year warranty and VALUE BUILD focuses on standard and economical options.

Business highlights

	Revenue (₹ Crores)	EBITDA (₹ Crores)	Margins (%)
FY13	287	35.5	12.4%

The company has registered profits from the very first year of its operations. Today the company can claim to be in the top four in India in the pre-engineered buildings segment. This year it has achieved annual sales of ₹ 325.8 Crores, with a 16.7% growth.

Achievements

PEBS Pennar started commercial production in January 2010 and since then the company has grown in strength. PEBS Pennar has worked with several major Fortune 500 companies. These customers are geographically and sectorally diverse. Several customers are the leaders in the fields of Pharmaceuticals, Cement, Engineering, Power, Textile, Automotive, Electrical & Electronics, Logistics and Retail. Some of the prominent clientele that the Company have worked with include UltraTech Cement Ltd. L&T, HCC, P&G, Godrej, Dr. Reddy's Laboratories, ABB, JSW, Schneider Electric, Reliance Retail, ACC, IOT Infrastructure & Energy Services Ltd, Schindler, Volvo and several others.

Landmark Projects

PEBS Pennar has a strong engineering team which has designed some landmark projects. PEBS Pennar has the distinction of being the first company in India to execute a 99m clear span building for UltraTech Cement Ltd.

The Company has is currently executing ONGC OPAL's warehouse building for IOT Infrastructure & Energy Services Ltd. It is approximately 1 km long, the longest building by a PEB company in India, within area of 1,32,000 sq. m.

A seven-storied building for Bharat Biotech near Hyderabad is also another land mark achievement.