



PENNAR INDUSTRIES LIMITED

Dear Stakeholder,

March 07, 2011

I am happy to inform you that your company has recorded strong growth in its operational and financial performance during the current year. We would like to record that Pennar has achieved continuous growth in sales and profits on a quarter on quarter basis for the last twenty four consecutive quarters.

The stand alone results for Pennar Industries for nine months ended 31st December 2010 and the percentage increase over the corresponding period for last year are given below:

- Sales – Rs. 872 crores, an increase of 45%.
- Net Profit –Rs. 51.8 crores, an increase of 42%.
- Basic EPS Rs. 4.25 (not annualized) per share of Rs.5 – an increase of 44%.

For the current year ending March 2011 we plan to achieve, on a consolidated basis, Gross Sales of Rs. 1350 Cr with EBITDA of Rs. 150 Cr and Net Profit of Rs. 75 Cr. The EPS (Basic) is expected to be Rs. 6.15 per share of Rs. 5/- each. These results for the current year reflect substantial improvement over last year's performance.

The rating agency CARE, has upgraded the rating for Pennar Industries for its long term bank facilities to 'CARE A' and for its short-term Bank Facilities to 'PR 1' (PR One).

Pennar's subsidiary, Pennar Engineered Building Systems (PEBS), set up in collaboration with NCI Building Systems, Inc of USA, a global leader in this field, has completed expansion and doubled its capacity to 60,000MT. At full utilization of increased capacity, the sales turnover is expected to be around Rs. 500 crores. The PEBS plant is the first factory in India to be awarded a 'Gold Rating' by the IGBC for a Green Factory under the LEED®2.0 rating system.

PEBS has procured orders amounting to over Rs. 350 crore during the calendar year 2010, from prestigious customers like L&T, Ultratech, Dr Reddy's Laboratories, Asian Colour Coated Steel, My Home Cement, Schneider Electric, P&G, Safe Express, Core Green Sugars, HBL, HB Esmech and Thermax. PEBS is executing a 96 metre clear span building for Ultratech Cement, which will be the single largest clear span building ever executed by a PEB manufacturer in India. The Company has also received an order for the first plant building in India to incorporate a mammoth total overhead crane capacity of 250 metric tons for LNV, Chennai.

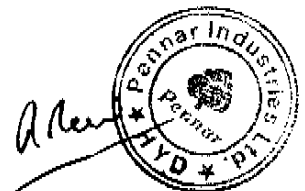
Pennar Industries has completed the first phase of expansion of its plant at Isnapur, near Hyderabad, to cater to the growing demand from Building, Railways and Pollution Control segments. Work has also commenced at Isnapur and Tarapur plants for putting up additional capacities for doing heavy engineering fabrication work, electro static precipitator electrodes and precision tubes for automobiles.

Your company is very confident of maintaining its growth and achieving consolidated sales of over Rs. 2000 crores in three years time. I look forward to your continued support as the company moves towards achieving these ambitious goals.

With best wishes,

Yours sincerely

Nrupender Rao
Chairman



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