

Letter No. PIL/AGM/outcome/2024/03

Date : 28.09.2024

Place: Hyderabad

<p>BSE Limited PhirozeJeejeebhoy Towers, Dalal Street, Fort Mumbai - 400 001 Scrip code: 513228</p>	<p>The National Stock Exchange of India Limited BandraKurla Complex, Bandra East Mumbai - 400 051 Scrip Symbol: PENIND</p>
---	--

Dear Sir/Madam,

Sub: Submission of Annual Report to Stock Exchanges pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - reg.

With reference to the subject cited above, we hereby submit the Annual report for the Financial Year 2023-24, which has been duly approved and adopted by the Members as per the provisions of the Companies Act, 2013 at the Annual General Meeting of the Company held on Saturday, the 28th September, 2024 through video conferencing/ other audio visual means.

Kindly take the aforesaid information on your record.

Thanking You,

Yours faithfully,

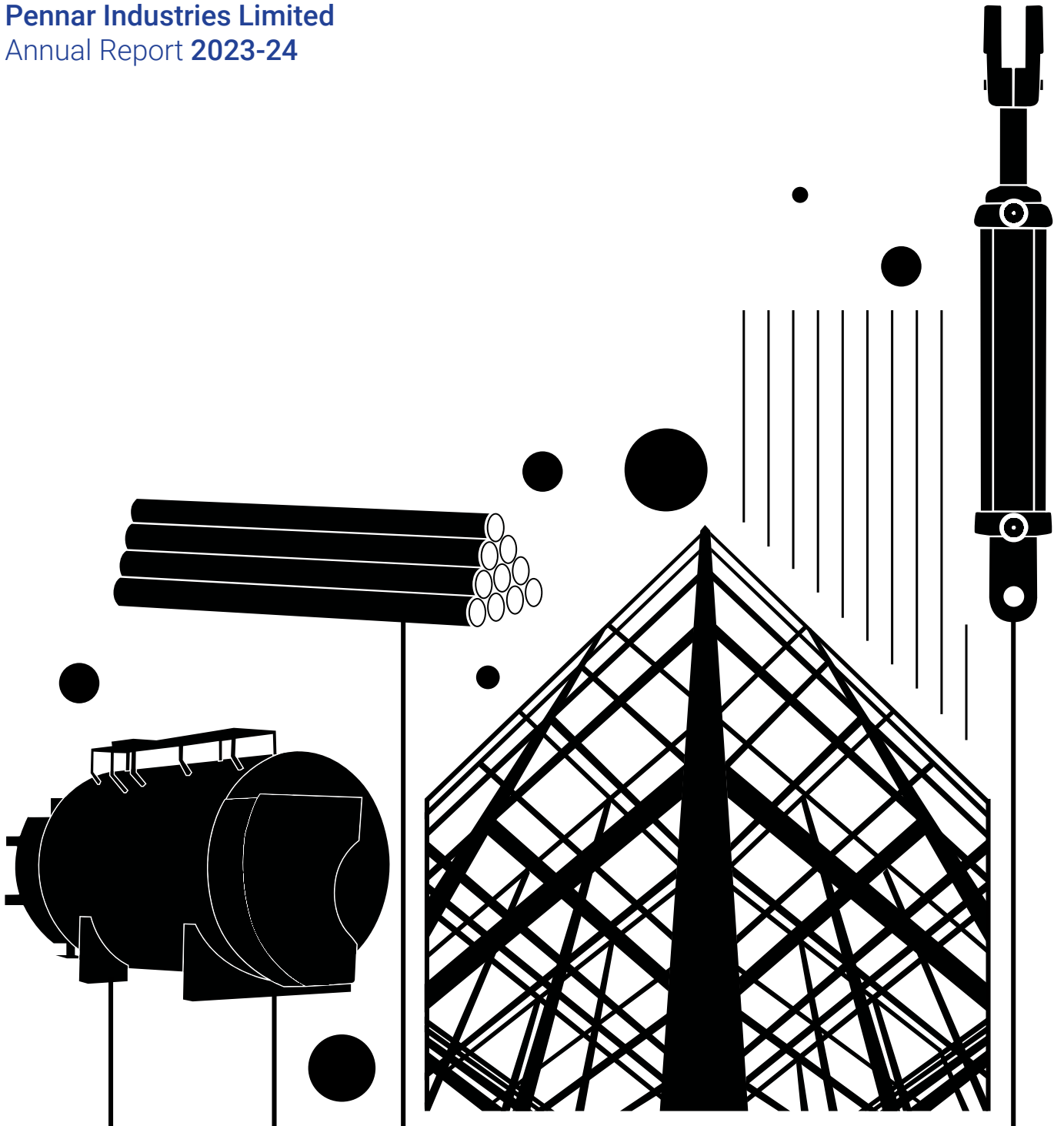
for Pennar Industries Limited

Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS29058



Expanding **Horizons**, Strengthening **Foundations**

Pennar Industries Limited
Annual Report **2023-24**



What's Inside

<p>Corporate Overview 02-34</p> <ul style="list-style-type: none"> 02 • Growing from Strength to Strength 04 • Expanding Our Reach Sustainably 06 • Message from the Chairman – Emeritus 08 • Message from the Chairman 10 • Message from the Vice Chairman and Managing Director 12 • Message from the Whole-time Director 14 • Financial Scorecard 16 • An Ahead-of-the-curve Portfolio 18 • Engineering Excellence in Action 20 • Tech Integration for Superior Value Creation 22 • Ascent Building Systems 23 • Body in White (BIW) Business 24 • Teams that Strengthen Our Foundation 30 • Environment 31 • Social 32 • Governance 33 • Board of Directors 34 • Corporate Information 	<p>Statutory Reports 35-124</p> <ul style="list-style-type: none"> 35 • Management Discussion and Analysis 48 • Directors' Report 56 • Report on Corporate Governance 97 • Business Responsibility and Sustainability Report
	<p>Financial Statements 125-237</p> <ul style="list-style-type: none"> 125 • Standalone Financial Statements 184 • Consolidated Financial Statements
	<p>Notice to the Annual General Meeting 238-246</p>

Forward-looking Statements

Some information in this report may contain forwardlooking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forwardlooking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.



To know more about us visit our website: <https://www.pennarindia.com/index.php>

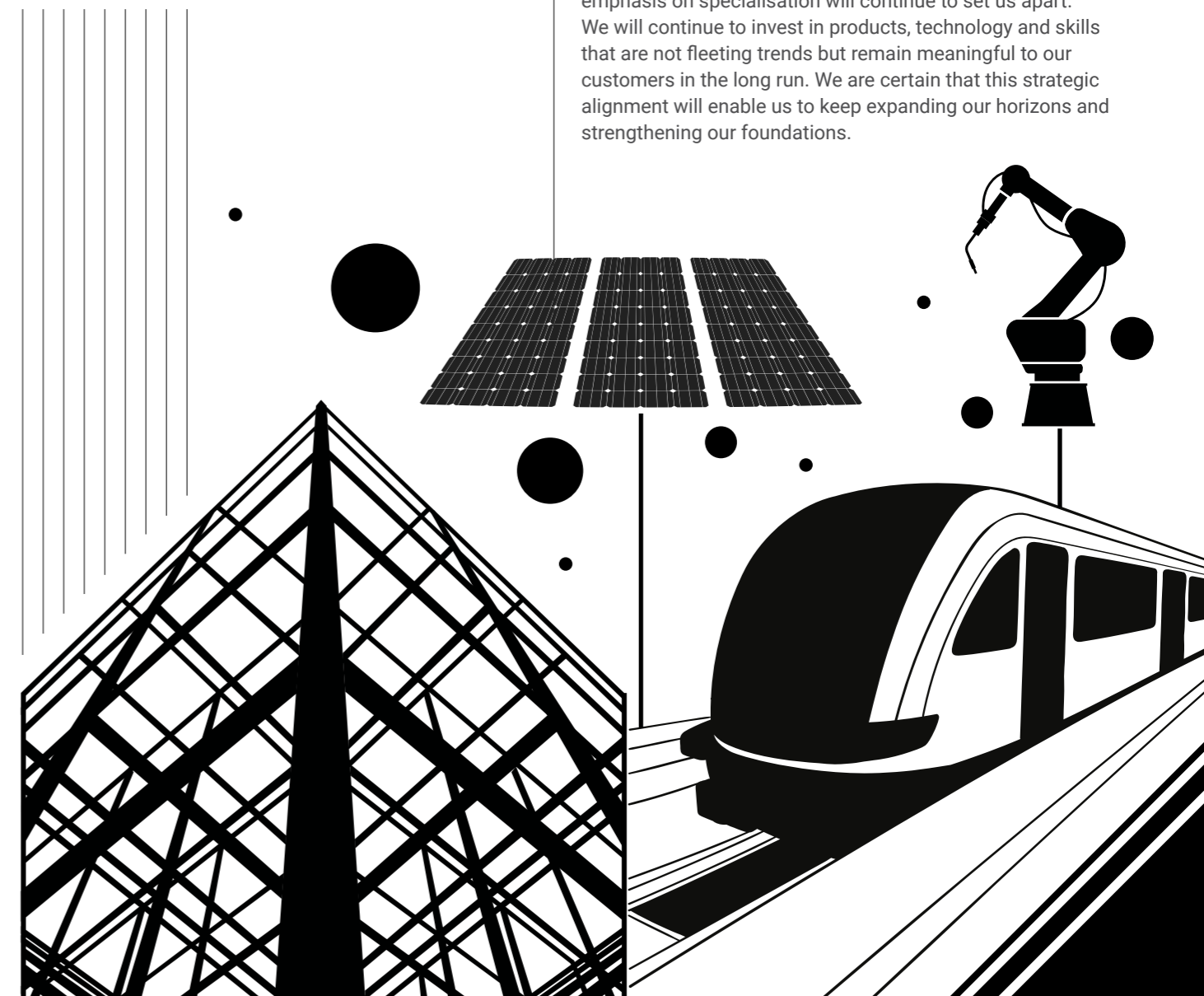
Expanding Horizons, Strengthening Foundations

At Pennar Industries Limited, we have prioritised growth and innovation right from the outset, building a strong foundation over the past four decades. We have made our mark as a prominent player in the engineering and infrastructure sectors and are now seeking to expand our horizons.

A deep understanding of the markets we serve has enabled us to explore new horizons. By continuously innovating our products and processes, we have catered to diverse industries—from automotive and railways to solar energy and construction.

During the year under review, we focused on building a robust operational backbone to support our bold ambitions. This involved investing in cutting-edge manufacturing facilities, enhancing our workforce's skill sets and fostering a culture of continuous improvement—all aimed at ensuring that our progress is sustainable in the long term.

Going forward, we remain dedicated to leading with integrity, innovation and a deep sense of responsibility towards our stakeholders. While expansion remains an important aspect of our future strategy, we believe that our emphasis on specialisation will continue to set us apart. We will continue to invest in products, technology and skills that are not fleeting trends but remain meaningful to our customers in the long run. We are certain that this strategic alignment will enable us to keep expanding our horizons and strengthening our foundations.

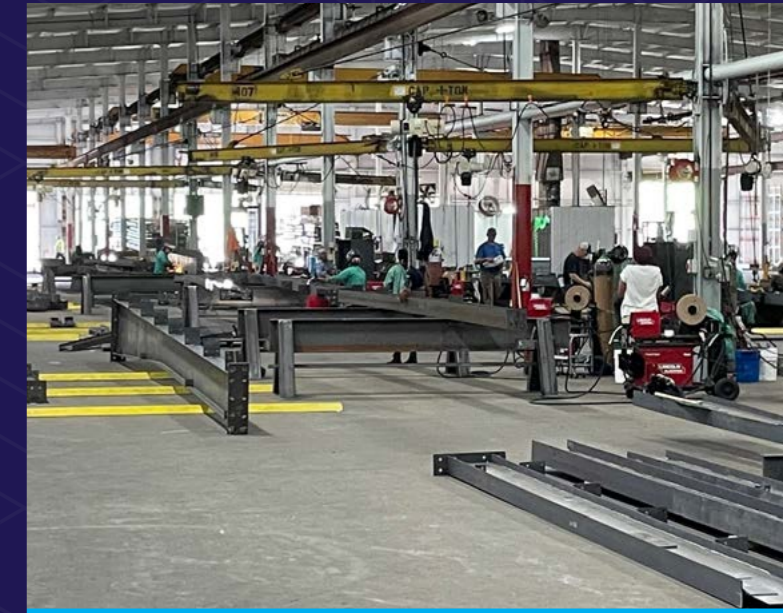


Growing from Strength to Strength

At Pennar Industries, our journey commenced in 1988. In the years that followed, we have continued to hone our capabilities, emerging as a leading value-added engineering products and solutions company. With a diverse portfolio that spans sectors such as infrastructure, automotive and railways, we have carved our niche with our precision engineering expertise. Headquartered in Hyderabad and operating manufacturing facilities nationwide, we have continually expanded our capabilities to provide high-value engineering services, including design, development and comprehensive manufacturing solutions for our customers.

Diversified Engineering Company with End-to-end Capabilities

Strong Pedigree & Engineering Excellence	Extensive Product & Service Offerings	Exposure to High Growth Sectors	Subsidiaries
<p>40+ Years of experience</p> <p>1,000+ Engineered Products</p> <p>500+ Customers across Industries</p> <p>13 Manufacturing Plants</p> <p>4,800+ Employee Base</p>	<p>Engineered Products*</p> <p>Wide range of customised engineering products catering to diverse sectors</p> <p>Strong designing & manufacturing capabilities</p> <p>Engineered Solutions**</p> <p>Leading player in Pre-Engineered Buildings, Designing & Engineering Services with presence in USA</p>	<p>Automobiles</p> <p>Construction & Infrastructure</p> <p>Pre-Engineered</p> <p>White Goods</p> <p>Railways</p> <p>Tubes</p>	<p>Enertech Pennar and Pennar Metals</p> <p>Pennar Global</p> <p>Ascent Buildings Pennar Global Metal Pennar Investments</p> <p>Pennar GmbH Cadnum</p>



Pennar is built on a firm foundation of exceptional customer service, strengthened by years of experience, professionalism and in-depth knowledge. Our commitment to ensuring engineering excellence informs every decision we make and every action we take, ensuring that we deliver only the finest to our clientele every single time.



Vision

To build trusted, high-quality products and solutions in the Precision Engineering Industry that enhance the competitiveness of our clientele and improve the quality of life for people everywhere.



Mission

To provide precision engineering and technical products and solutions that are responsive to our clients' needs in an innovative, cost-effective and professional manner with the highest quality.

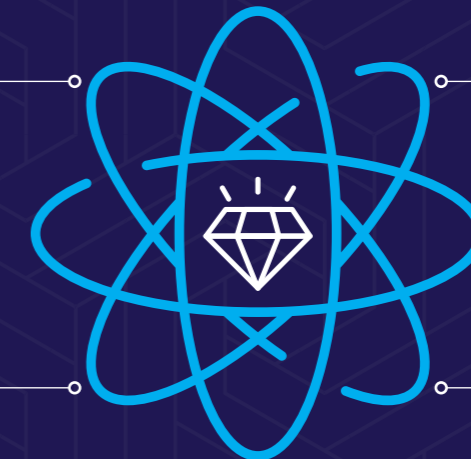
Values

Inclusion & Collaboration – Learning

Development & Digitisation – Innovation

Customer Focused & Growth Oriented - Pride & Ownership - Engineering Excellence

Communication & Transparency People Centred

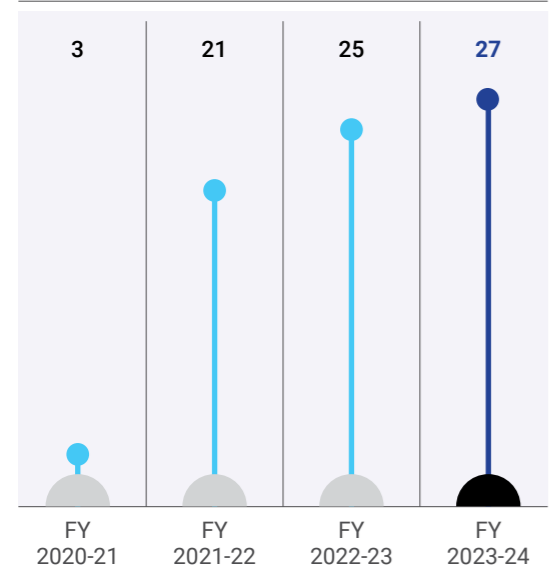


Expanding Our Reach Sustainably

We have established an extensive footprint across India, with strategically located facilities in key industrial hubs. This robust sales network enables us to efficiently serve diverse domestic markets while also catering to a wide array of international customers.

As part of our growth strategy, we are now scaling our global presence, especially in the US, European and Australian markets, to increase export contributions. By consolidating our position in these international markets, we aim to further diversify and strengthen our geographical presence beyond India.

Revenue from exports in total revenue (in %)



Major Locations

India

- **Telanga**
 - Patancheru
 - Velchal
 - Isnapur
 - Sadashivpet
- **Tamil Nadu**
 - Chennai
 - Trichy
- **Hyderabad**
 - Mallapur
- **Maharashtra**
 - Tarapur
- **Uttar Pradesh**
 - Raebareli

USA

- **Tennessee**
- **Chicago**

France

Message from the Chairman – Emeritus



Dear Readers,

It is a privilege for me to pen down my thoughts as the Chairman Emeritus of Pennar, a company of engineering excellence that I had founded with your support decades ago. Your trust in our vision and capabilities has been instrumental in driving our success, and I am deeply honoured to have this opportunity to address you all.

The preceding financial year (FY2023-24) has been a remarkable one for Pennar Industries, marking our best ever performance in terms of revenue and profitability. We have achieved unprecedented growth, reflecting the collective efforts and dedication of our entire team and the unwavering support of our valued stakeholders. Your belief in us has been the cornerstone of our achievements, and we are profoundly grateful.

Pennar Industries has now expanded its footprint across four countries, with robust manufacturing and engineering assets. This international presence not only underscores our commitment to growth, but also enhances our ability to serve a diverse and global clientele. Our strategic expansions have positioned us well to capitalise on emerging opportunities and continue our trajectory of growth and innovation.

At the heart of Pennar's success are our dedicated teams and supportive customers. Our 4,800-plus employees are the catalysts that drive our success. We firmly believe that focusing on our employees and customers is the best way to ensure that Pennar remains a strong and resilient institution of engineering excellence.

Our dedication, skills and innovative spirit are what propel us forward. Ensuring their morale remains high is not just a priority, but a necessity for sustained success. A motivated and engaged workforce represents the bedrock of our operational excellence and customer satisfaction. I am happy to share, that we have been certified as a 'Great Place to Work' and we conduct surveys to understand and measure employee satisfaction, engagement and safety.

Skill development and productivity enhancement are key focus areas for us. We are committed to investing in the continuous development of our employees, equipping them with the latest skills and knowledge to excel in their roles. By fostering a culture of continuous learning and improvement, we ensure that our workforce remains agile, competent and capable of meeting the evolving industry requirements. We also analyse participation rates in safety training and professional development programmes and benchmark against industry standards to help us stay competitive and implement best practices. The results are reviewed regularly by the leadership team to ensure continuous improvement.

At Pennar, we believe in ethical leadership and are guided by our core values. We firmly believe that strong ethical standards and integrity are fundamental to building a globally acclaimed and sustainable business. Our leadership team is dedicated to upholding these principles in all our operations and decision-making processes, fostering a culture of transparency and accountability.

Research and Development (R&D) and product development are critical to maintaining our competitive edge in the market. Our commitment to innovation drives us to explore emerging technologies and develop products that address the needs of our customers effectively. By prioritising R&D, we aim to expand our addressable markets and strengthen our value propositions, ensuring long-term sustainability and growth.

We take immense pride in having a powerful and independent Board, led by a visionary and dynamic Chairman. This governance structure is a testament to our commitment to maintaining the highest standards of corporate governance and ensuring that our decision-making processes are robust and unbiased. The independent Board plays a crucial role in guiding our strategic direction and upholding our values of integrity and excellence.

In conclusion, I express my deepest gratitude to all our stakeholders for your continued support and belief in Pennar Industries. We remain committed to growing our company in a sustainable and responsible manner, balancing ambition with prudent risk management. Together, we will continue to build a brighter future for Pennar Industries, driven by innovation, integrity and excellence.

Thank you once again for your unwavering trust and support.

Best regards,

Nrupender Rao
Chairman Emeritus
Pennar Industries



Skill development and productivity enhancement are key focus areas for us. We are committed to investing in the continuous development of our employees, equipping them with the latest skills and knowledge to excel in their roles.

Message from the Chairman

Strengthening our foundation with end-to-end capabilities



Our environmental responsibility extends beyond energy management to include comprehensive waste management practices. Additionally, we employ a zero-liquid discharge process through our Multiple Effect Evaporator (MEE), which is a significant aspect of our recycling initiatives.

Dear Shareholders,

I am delighted to present to you the annual performance report for Pennar Industries Limited for the financial year 2023-24 (FY24). In a year marked by tepid global economic growth, continued geopolitical uncertainties and inflationary pressures, we have achieved outstanding performance, reflecting our resilience and strategic focus. Our strong pedigree and engineering excellence, extensive product and service offerings and exposure to high-growth sectors such as automobiles, construction and infrastructure, white goods, railways and so on have enabled us to build a resilient and diversified portfolio with end-to-end capabilities. Our prominent clients who are industry leaders in their respective sectors have played a pivotal role in our growth journey.

During the year, we have registered net sales of Rs. 3,130.57 crore, the highest ever in our journey of over 40 years. This achievement is complemented by our highest-ever profit before tax (PBT) of Rs. 131.42 crore, a robust growth rate of 33.50%. Our net profit stood at INR 98.35 crore, growing year-on-year by 30.39% from INR 75.43 crore in FY23. Our achievements are a testament to our diligent efforts, strategic realignments and robust market positioning.

Favourable macro tailwind

India's economy has demonstrated remarkable resilience and growth, amid global uncertainties. For FY 2023-24, our country achieved an impressive growth rate of 8.2%, marking the third consecutive year of growth exceeding 7%. This robust performance is largely attributed to proactive fiscal and monetary policies implemented by the Government of India and the Reserve Bank of India (RBI). The Government's continued focus on making India a manufacturing hub through various schemes also played a pivotal role in enhancing business opportunities and employment.

Business transformation and long-term growth

Pennar Industries is strategically positioned to leverage the favourable macro landscape and drive sustainable growth. Our business transformation initiatives are centred on aligning our operations with higher-margin revenue streams and expanding our market presence in high-potential sectors. We have made significant strides in our pre-engineered building (PEB) business, both in India and the U.S., with the commissioning of our new Raebareilly plant. This facility is expected to contribute substantially to our revenue and profitability over the foreseeable future.

Our U.S. Metal Buildings business, Ascent, is also poised for substantial growth, driven by ongoing capital expenditure and a growing order backlog. Additionally, our hydraulics and process equipment divisions are experiencing unprecedented order volumes, while our engineering services sector continues to expand its footprint in the U.S. and Europe. These areas present substantial market opportunities, and our current low market penetration provides a robust platform for sustained growth.

Strengthening our commitment to sustainability

At Pennar Industries, our commitment to sustainability is deeply ingrained in our operational strategies and corporate ethos. We are dedicated to enhancing energy efficiency across our manufacturing operations, while prioritising environmentally responsible practices. A keystone of our sustainability initiative is the integration of solar energy into our total energy mix. We have set an ambitious target to have solar energy account for 20% of our total energy consumption.

To further enhance our energy management, we have integrated advanced power sources into our systems. This integration allows for real-time monitoring and optimisation of our energy consumption, ensuring that we use resources as efficiently as possible. These measures are part of our broader goal to expand our use of solar energy and contribute to a greener, more efficient manufacturing landscape.

Our environmental responsibility extends beyond energy management to include comprehensive waste management practices. Additionally, we employ a zero-liquid discharge process through our Multiple Effect Evaporator (MEE), which is a significant aspect of our recycling initiatives. By optimising our production processes to reduce waste generation at the source, we enhance resource utilisation efficiency. Our move to cloud-based IT infrastructure and the leasing of IT assets are strategic steps taken to minimise e-waste, reflecting our commitment to a circular economy.

Enhancing our engineering excellence

We will continue to strengthen our position as a diversified engineering company with end-to-end capabilities, guided by the vision and strategic direction of the Board.

I am pleased to announce the recent addition to our Board of Directors. Mr. V. S. Parthasarathy has been appointed as a Non-Executive Independent Director, effective February 9, 2024. Mr. Parthasarathy brings a wealth of experience and expertise to our Board, and we are confident that his insights and guidance will contribute significantly to our strategic direction and governance.

Our achievements would not have been possible, without the support and dedication of our teams, clients and all other stakeholders. I extend my heartfelt gratitude to our Board of Directors for their strategic guidance and oversight. The management team's commitment to excellence and their effective execution of our business strategies have been instrumental in our success. I also wish to acknowledge the hard work and dedication of our employees, whose relentless efforts have driven our performance and growth. Finally, I extend my thanks to our shareholders and all stakeholders for their continued trust and support.

We are expanding our horizons, strengthening our foundations and delivering sustained value to our shareholders. We are confident that with our strategic focus, operational excellence, and the continued support of all our stakeholders, Pennar Industries will continue to grow and achieve new heights of engineering excellence.

Regards,

RVS Ramakrishna

Chairman
Pennar Industries

Message from the Vice Chairman and Managing Director



Dear Shareholders,

I want to thank you for reposing your trust in our capabilities and supporting us throughout our journey thus far. It is your sustained belief in our vision that has driven our progress over the last 40 years. It fills me with a sense of gratitude to present to you our Annual Report for FY2023-24, where we have effectively captured our performance highlights as well as our priorities for the future.

Major achievements across business verticals

FY2023-24 has been a landmark year for Pennar Industries on many fronts. We have attained significant milestones across our primary business verticals, including Pre-Engineered Buildings (PEBs), Hydraulics, Process Equipment, Precision Tubing and Engineering Services. All these verticals possess promising prospects, with each of them having substantial addressable markets. Despite holding a modest market share, I believe that we are now well-positioned to drive considerable growth without being constrained by market dynamics.

Pre-Engineered Buildings (PEBs)

- Our PEB division reported robust revenue growth of 30%, driven by a surge in infrastructure development. We secured high-profile contracts on the strength of our ability to execute complex projects with precision. As the market for PEBs continues

to expand, we are committed to expanding our production capacities and enhancing our technological capabilities.

Hydraulics

- The Hydraulics division witnessed steady demand growth across varied industries, such as construction, automotive and manufacturing. Our focus on innovation and the development of high-performance hydraulic systems has now positioned us for continued success. Meanwhile, we are investing in R&D to further bolster our product portfolio and market presence.

Process Equipment

- Our Process Equipment vertical achieved a significant milestone in the reporting period by crossing ₹100 crores in gross revenue. With a growing order book and the successful execution of large-scale projects, we are now poised to build on our extensive expertise and capture greater market share in this burgeoning segment.

Precision Tubing

- Higher demand from the automotive, healthcare, energy and aerospace sectors has powered the growth of our precision tubing division, making it a standout performer this year. Investments in modernising our production facilities have elevated product quality, improving customer satisfaction.

Engineering Services

- Our Engineering Services division maintained strong momentum, growing by 26% year-on-year. This was achieved on the back of high-value

solutions that we offered to clients across diverse industries. We remain focused on delivering customised and innovative solutions that promise both efficiency and cost-effectiveness.

Operational overview and financial highlights

The financial year 2023-24 has been a period of commendable growth for Pennar Industries. We achieved our highest-ever net sales of ₹3,130 crores and a PBT of ₹131.41 crores, registering a growth rate of 33.5%. The order book for our PEB division in India at present stands at ₹750 crores, while our US subsidiary, Ascent, holds an order book of USD 44 million.

Our profitability substantially improved, with enhancements in both operating and net profit margins. This success can be attributed to an emphasis on optimising our operations, reducing costs and improving efficiency. Another notable development that happened during the course of the past year has been the execution of a strategic growth plan that lays the foundation for our sustained growth in the coming years. Scaling profitability, liquidity and capital efficiency formed the guiding benchmarks of this plan.

Our priorities going forward

Looking ahead, our focus remains on driving capital efficiency, growth and margin expansion. Recognising the necessity of robust risk management, we are committed to further bolstering our frameworks in this regard. Expanding our revenue base across our key geographies—India, the US and Europe—is our foremost priority. I believe each of these regions offers unique growth opportunities, and we are perfectly equipped to build on our strengths and achieve meaningful expansion here.

In India, we will deepen market penetration and benefit from the country's strong economic momentum. In the US, we are seeking to enhance our presence through strategic partnerships and local engagements, while in Europe, our plan involves strengthening our reputation by offering innovative and quality offerings.

Closing remarks

To conclude, I would like to reiterate our commitment to growing our company in a sustainable manner. Our approach to this end entails balancing our ambitions with prudent risk management. We are confident that this will enable us to continue to deliver considerable value to our stakeholders and positively contribute to the industries we serve.

Best regards,

Aditya Rao

Vice Chairman and Managing Director
Pennar Industries



Our profitability substantially improved, with enhancements in both operating and net profit margins. This success can be attributed to an emphasis on optimising our operations, reducing costs and improving efficiency.

Message from the Whole-time Director



Dear Shareholders,

With over four decades of industry experience, Pennar has firmly established itself as a leading player in Pre-Engineered Buildings (PEBs), Designing and Engineering Services, while steadily expanding its footprint in the USA and foraying into new markets in Europe. This past year, we witnessed a record performance and are now geared to accelerate our growth trajectory, creating sustainable value for all stakeholders. Our smooth industrial relations are collaborative and supportive of the organizational objective, leading to uninterrupted operations.

Propelling growth

Our Pre-Engineered Buildings (PEB) segment has witnessed substantial growth, particularly in India and the USA. Ascent Building Systems, USA, our step-down subsidiary, has recorded an impressive revenue surge, reinforcing our position in the global market. In India, we have taken significant strides by relocating our Corporate Office to a new, owned building in Kondapur, Hyderabad. Additionally, we have commenced the development of a new manufacturing facility in Raebareli, which will enable us to better serve the Northern and Eastern markets in the PEB business vertical.

One of the most exciting developments for Pennar Industries this year is the establishment of our new manufacturing plant in Trichy. This state-of-the-art

facility is a testament to our ongoing commitment to expanding our production capacity and embracing innovation in manufacturing.

Building a safe workplace

In FY2023-24, we achieved a 5% improvement in safety incidents compared to the previous year. Our Isnapur Plant was distinguished with the Silver Award at the EHS Excellence Awards in the Engineering Industry Category conducted by CII, while our Sadashivpet Plant earned the Bronze Award. Furthermore, our PEB project site marked a significant achievement by reaching 7 million safe manhours over the past year.

Throughout the reporting period, we remained dedicated to enhancing safety practices by conducting inter-plant Environment Health and Safety audits and celebrating key events such as Engineers Day and National Safety Day. These efforts underscore our ongoing commitment to ensuring a safe and supportive work environment for all our employees.

Putting our people first, always

At Pennar Industries, right from the outset, we have consistently prioritised the well-being of our people by organising health camps and offering support for physical wellness as well as treatments. To further enhance their overall lifestyle, we have also conducted seminars focusing on both mental and physical health improvement during the year gone by. In the years ahead as well, we remain committed to the skill development of our team members through continuous training programmes emphasising behavioural, technical and safety aspects.

We are delighted to share that our commitment to fostering a safe and engaging workplace has been recognized

with several prestigious accolades. The Federation of Telangana Chamber of Commerce and Industry honoured us for our robust Employee Engagement Strategy, and we have been certified as a Great Place to Work for the second consecutive year.

Additionally, acknowledging the dedication of our workforce, we celebrated an awards ceremony wherein team members with service tenures of 30 years and more were honoured. Outstanding contributions by top performers across various categories were also recognised.

Prioritising sustainable progress

We continue to enhance our operations while minimising our environmental impact. We are integrating solar energy into our energy mix, aiming to make it 20% of our total consumption. Additionally, our energy management systems now incorporate real-time monitoring and optimisation of energy usage by linking various power sources. These measures not only curb our carbon footprint but also help reduce operational costs, reinforcing our commitment to environmental stewardship.

Shouldering our social responsibilities

For us at Pennar Industries, Corporate Social Responsibility is more like a commitment and less like a compliance concern. Which is why it is our ongoing endeavour to positively impact the communities residing in the regions where we operate. In partnership with the ABV Foundation, we engage in initiatives that support education and skill development programmes aimed at enhancing the employability of young people. Our initiatives in Tarapur, Chennai and Bandalguda further underscore our dedication to community upliftment and inclusive growth.

Looking ahead to another year of growth

As we continue to stride ahead, our commitment to driving long-term growth, fostering innovation and upholding the values that have shaped Pennar Industries over the past four decades remains stronger than ever. Also, before I wrap up this message, I want to thank all our stakeholders for their confidence and cooperation. The impressive performance achieved this year has provided us with solid momentum to further build on; and we are on track to unlock our next phase of growth.

Sincerely,

KL Kumar

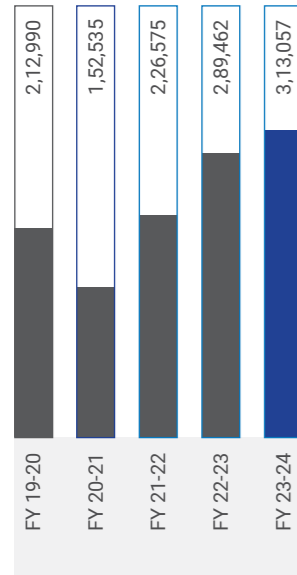
**Whole-time Director
Pennar Industries**



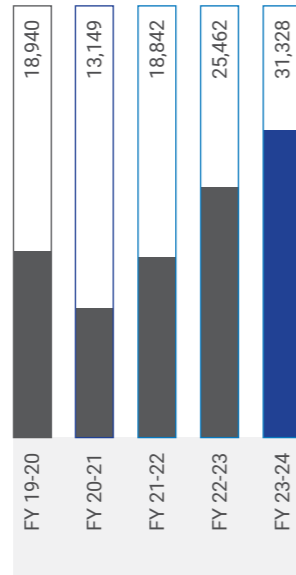
We are integrating solar energy into our energy mix, aiming to make it 20% of our total consumption. Additionally, our energy management systems now incorporate real-time monitoring and optimisation of energy usage by linking various power sources.

Financial Scorecard

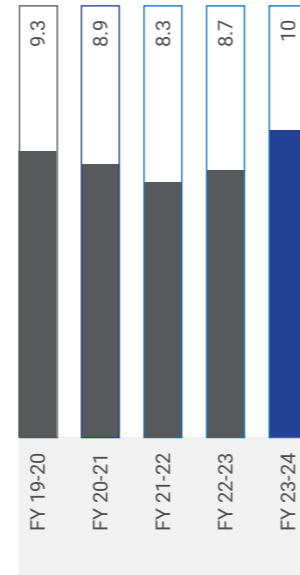
Revenue (in ₹ Lakhs)



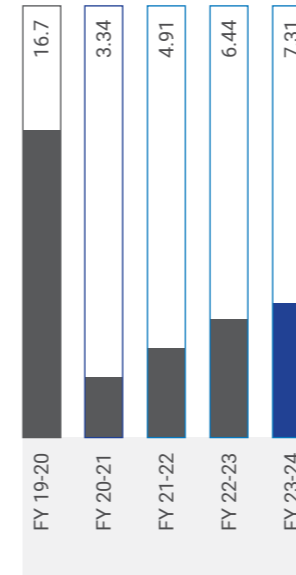
EBITDA (in ₹ Lakhs)



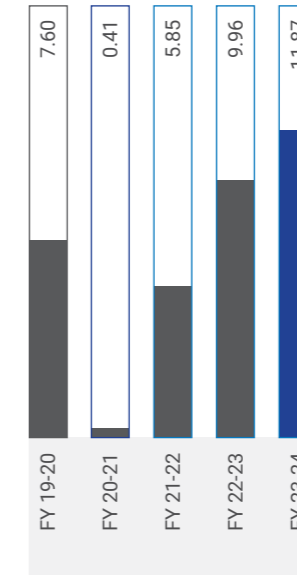
EBITDA margin (in %)



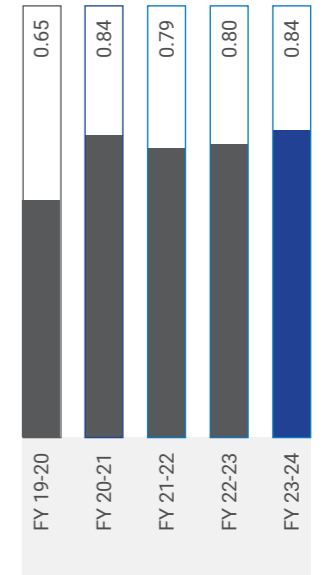
ROCE (in %)



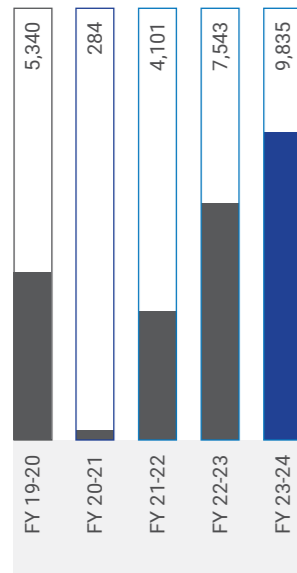
ROE (in %)



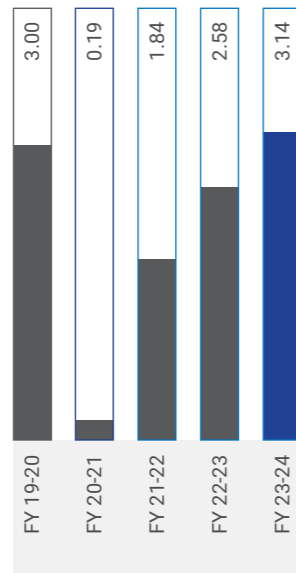
Debt/Equity (in times)



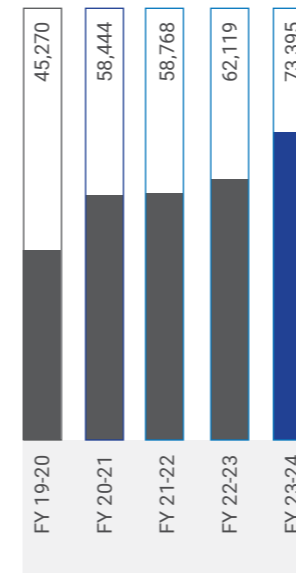
PAT (in ₹ Lakhs)



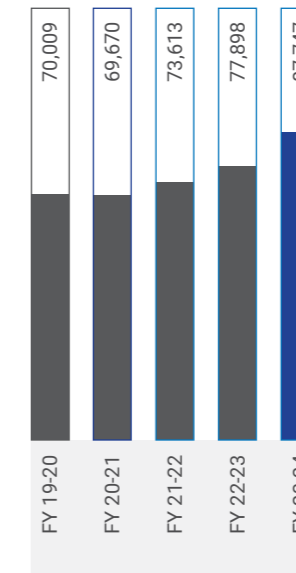
PAT Margin (in %)



Liabilities (in ₹ Lakhs)

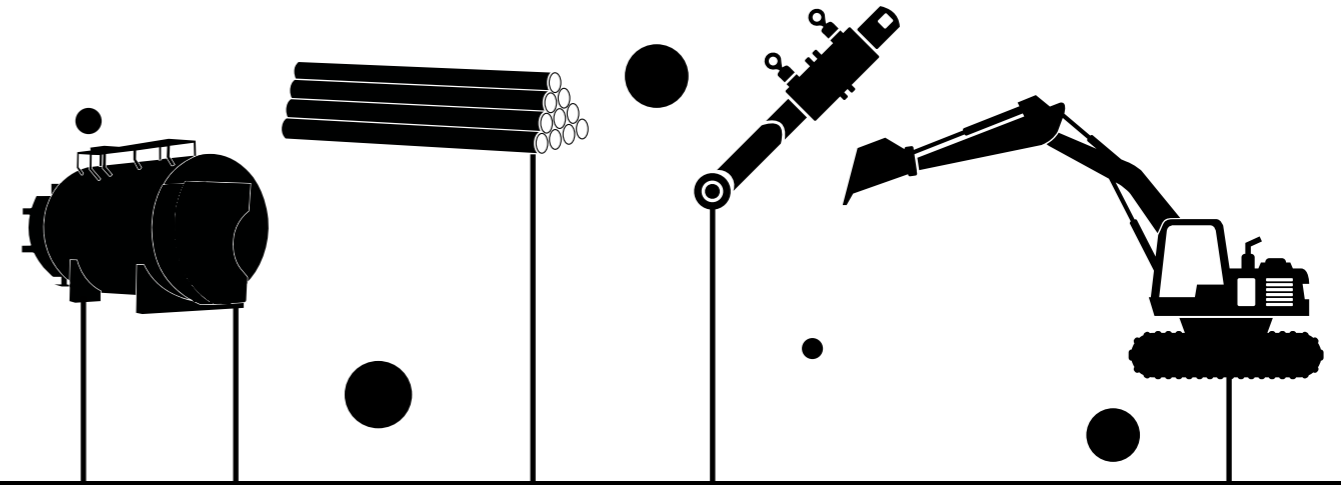


Equity (in ₹ Lakhs)



An Ahead-of-the-curve **Portfolio**

Over recent years, we have judiciously diversified our product portfolio, considerably reducing our reliance on steel products and the railways segment, which previously dominated our revenue streams. We have now expanded our offerings to include a broader range of products, such as hydraulic cylinders, pressed components, cold-drawn welded (CDW) tubes and various other fabricated products.



Cement Plants



Agriculture



Construction



Power Plants



Ship Building



Paper Process



Marine



Chemical Industry



Mining



Super Heater



Automobile

Engineering Excellence in Action

At Pennar Industries Limited, we continuously push the boundaries of technology and precision to deliver superior results across a wide range of industries. By leveraging our extensive expertise and best-in-class technologies, we aspire to set new standards in engineering excellence, consistently exceeding client expectations and leading the way in industry innovation.

Engineering Services

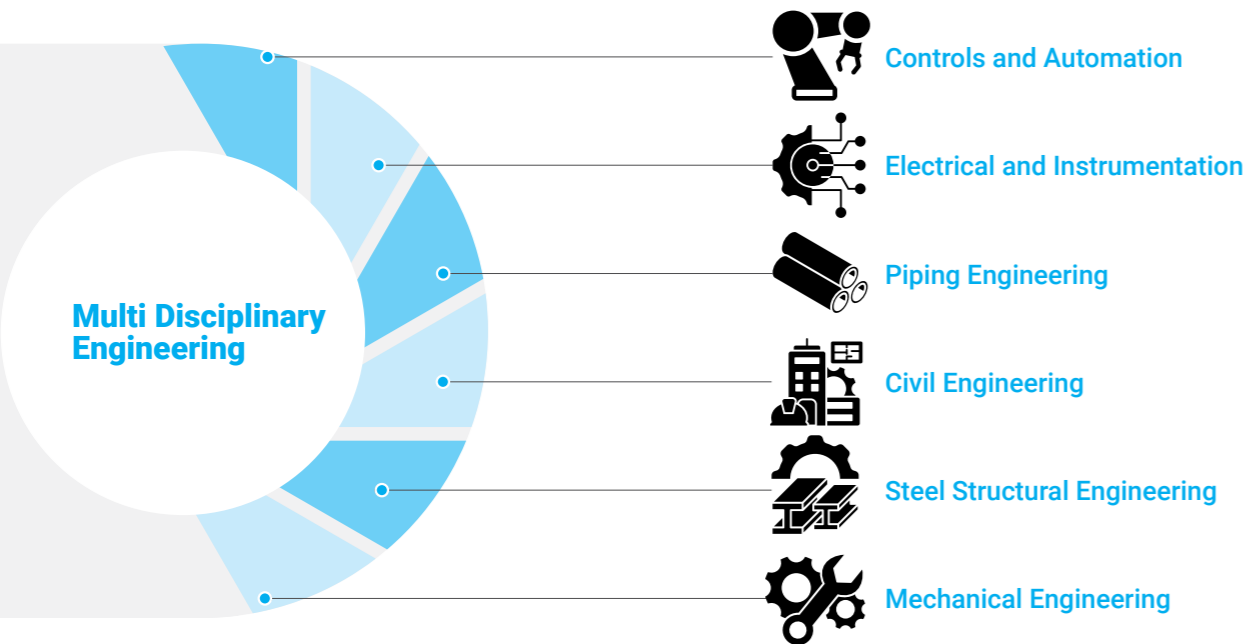
At the forefront of engineering innovation, we are proud to lead the way in MODULARISATION—a transformative approach reshaping industries. We utilise cutting-edge tools, including the latest versions of Tekla Software, AutoCAD and specialised customer-proprietary software, to deliver comprehensive detailing services that are both rapid and precise. With a steadfast commitment to multidisciplinary engineering design solutions, we continue to build on our expertise and implement best-in-class technologies to progress towards a sustainable future.



Building Information Modelling

In all our construction projects, we seek to ensure that our commitment to detail remains steadfast. We meticulously incorporate intricate details and specifications into our plans, ensuring they are in perfect harmony with the construction blueprints. Our approach involves the systematic categorisation of essential processes, raw materials and resources, enabling us to develop comprehensive digital models of proposed structures. We leverage advanced CAD software to create detailed Building Information Models (BIM) with multidimensional representations.

Our building information modelling service includes layout and concept design, 3D and 2D design, simulation, failure mode and effect analysis, cycle time calculations, robotic simulation, engineering calculations and thorough documentation. We consistently deliver top-tier solutions to global OEMs, specialising in Instrument panels, door trims, centre consoles and pillar trims.



Total Quality Management

At Pennar, maintaining uncompromised quality is prioritised across all operational aspects. We integrate the latest advancements in engineering to ensure each project achieves peak efficiency, reliability and superior performance. Our rigorous standards and attention to detail guarantee that every solution we deliver meets the highest benchmarks of excellence.

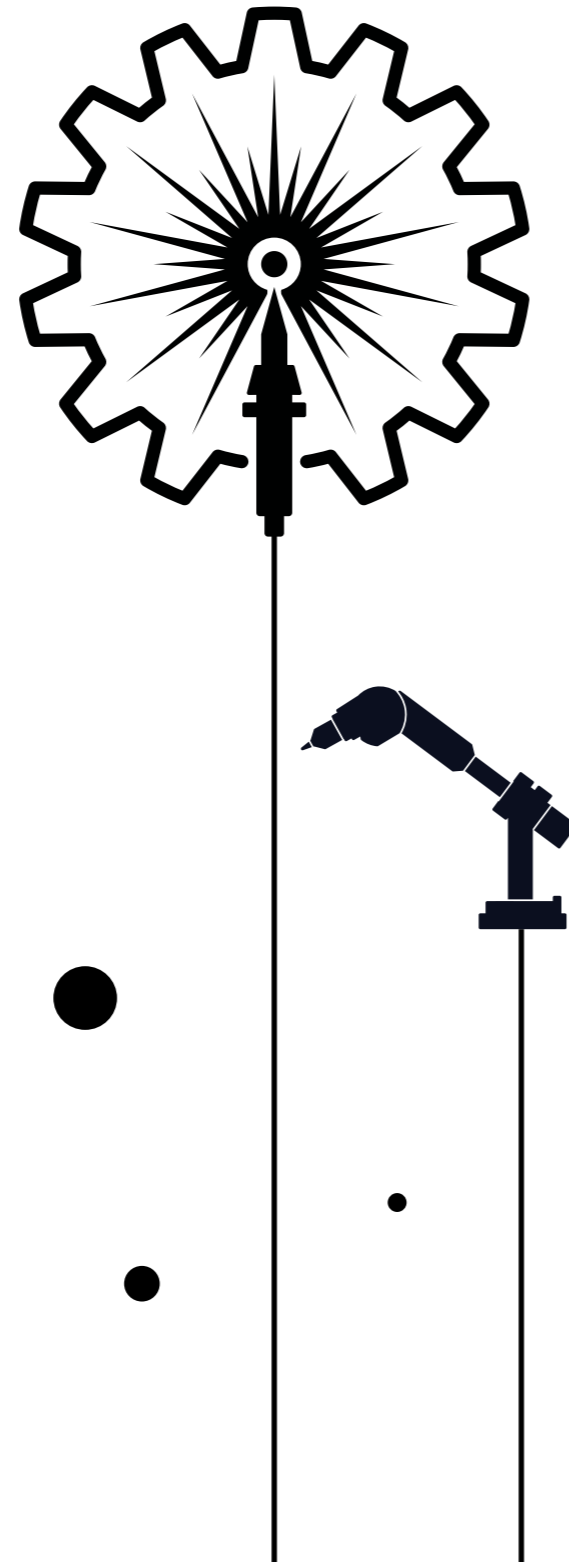


Tech Integration for Superior Value Creation

At Pennar, it is our ongoing endeavour to be at the forefront of technological advancements. To this end, we continuously enhance our capabilities and seek to cater to evolving market demands. With a persistent focus on technology-driven solutions, we have invested heavily in best-in-class manufacturing facilities, including laser cutting, plasma cutting, transfer presses and CNC machines.

These advanced tools have enabled us to produce a wide range of customised products, supported by a robust repository of over 2,500 tools. This integration of cutting-edge technology has helped us deliver high-quality, precision-engineered solutions that cater to diverse client needs.

Our commitment to innovation extends beyond conventional manufacturing processes. By adopting a structured digital framework, we bring together technological experts, data scientists and programme managers to develop future-ready solutions that are aligned with the principles of Industry 4.0. This approach not only strengthens our engineering expertise but also ensures that we are consistently delivering transformative solutions that exceed customer expectations.



Ascent Building Systems

Our Completed Projects at a glance

ABC0 - Sunbelt



Elite Gymnastics



Liberty Pole Spirits



Marietta Church



SNW - SBC School



James Hardie



Body in White (BIW) Business

Our BIW division specialises in providing body sheet metal components directly to OEMs, both in India and internationally. Within just three years of its inception, this division has rapidly expanded, attracting multiple OEM customers and achieving substantial growth. By implementing advanced processes in manufacturing, the division has established itself as a key player in the automotive sheet metal sector. With electric vehicles (EVs) gaining traction, our Body Sheet Metal Shop is sharpening its focus on lightweight solutions, with the BIW division excelling in this area to meet evolving OEM requirements.



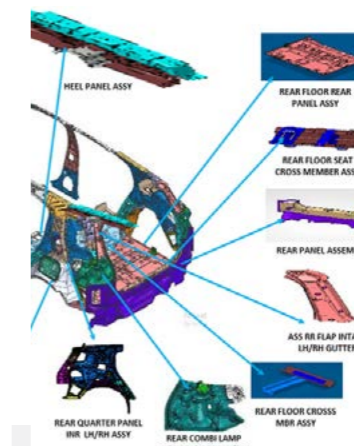
"With the expansion of the automobile industry over the next decade, this division has significant potential to double its growth within the next three years. We anticipate an average annual growth rate of 30% during this period, mainly driven by our continued emphasis on quality, timely delivery and cost efficiency."

Mr. S. RAVISANKAR
Business Unit Head of Pennar Industries Ltd., BIW



Direct Stamping Components

At BIW, our 1,200-tonne heavy-duty presses produce body sheet metal components with a high tensile strength of up to 780 MPa, ensuring rigidity and durability for the body shell. These stamped parts include key components such as the floor, sill and other structural elements, enhancing overall strength.



Body Sub-Assemblies

Our body sub-assemblies are manufactured using advanced robotic welding assembly cells, ensuring high quality and reliability. These sub-assemblies are delivered on time to the customer's production line, where the final body is assembled. Panels are assembled using spot welding, while nuts and studs are secured through projection welding. Additionally, parts for electric vehicles are assembled and supplied directly to OEM customers.



Light Weighting and Hot Stamping

In response to stringent environmental and safety regulations imposed by governments worldwide, hot stamping technology—widely established in the Western world and rapidly advancing in India—has become essential. Our BIW division leverages this advanced technology to produce components that achieve a weight reduction of 30 to 50% while promising greater strength. As a pioneer in South India, BIW is at the forefront of manufacturing these lightweight, high-strength parts, crucial for meeting evolving fuel efficiency and regulatory requirements.

Teams that Strengthen Our Foundation

We acknowledge our people as the true contributors to our success and prioritise their well-being and growth through several well-thought-out initiatives. To empower and engage them, we offer extensive training and development opportunities aimed at enhancing their skills and charting pathways for their career advancement. Moreover, we are dedicated to maintaining a safe workplace and creating an environment that nurtures the leadership potential of our top-performing employees.

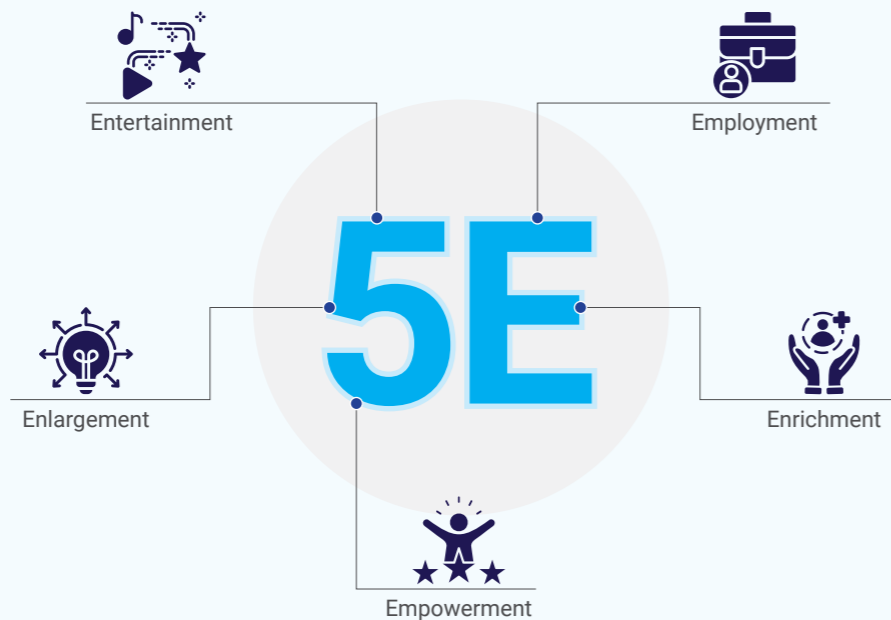


2207

Employees
(as on 31st March 2024)

Our 5 E model

Our HR strategies focus on reducing time-to-hire, enhancing onboarding, scaling up training and development and increasing workforce involvement in decision-making and employee engagement. By deploying the 5 E model, we have implemented the following initiatives to achieve our objectives faster.



Talent Acquisition

At Pennar, our recruitment process begins by posting job openings on various platforms, including campus connections, to attract a diverse pool of candidates. We screen applications based on predefined criteria and conduct initial interviews to assess qualifications and fit. Successful candidates then proceed to technical and behavioural assessments. In the selection phase, we conduct final interviews with key stakeholders to ensure alignment with our company's values and goals. Once a candidate is chosen, we begin the onboarding process with a comprehensive orientation programme that includes training sessions and introductions to team members. We provide continuous support and feedback to ensure a smooth transition and integration into our company culture.

464

Candidates hired in FY 2024



Training and Development



We are dedicated to investing in our employees' professional development to promote growth and enhance their skills. We provide a range of training programmes designed for employees at different stages in their careers and in diverse roles. To facilitate ongoing development, we offer them access to our learning management system as well as workshops and seminars on myriad topics, such as leadership, project management, safety and technical skills.

We encourage our people to pursue relevant certifications and extend financial support on a case-by-case basis. Additionally, we organise regular in-house training sessions led by industry experts to keep our team updated on the latest trends and technologies. Our mentorship programme pairs experienced professionals with new hires to help them better navigate their career paths. Annual performance reviews help identify areas for development and set personalised growth plans. This comprehensive approach ensures our workforce remains competitive, motivated and well-equipped to face the challenges of an evolving industry head on.

1,71,956

Man-hours of training imparted

Diversity and Inclusion

At Pennar, we champion inclusion to build a competent talent pool. We believe that a diverse workforce brings unique perspectives to the table and drives innovation. To cultivate a discrimination-free environment, we implement unbiased hiring practices and conduct diversity training for all employees.

We celebrate cultural events and encourage open dialogue on diversity-related topics. Our policies are designed to ensure equal opportunities for growth, regardless of background. Further, we hold regular feedback sessions to address employee concerns and continuously enhance our inclusivity efforts.

7%

Women employees



Employee Safety

At Pennar, we prioritise maintaining a strong safety culture to ensure a secure and healthy work environment for all employees. We foster a proactive safety mindset through regular communication and clear policies. Our comprehensive safety training programs, which cover hazard identification, emergency response and proper equipment use, are provided to all employees upon hiring and refreshed annually to keep knowledge current.

For roles involving higher safety risks, such as handling hazardous materials or operating heavy machinery, we offer specialised training. We also conduct regular safety drills and simulations to prepare employees for potential emergencies. Our commitment to safety is supported by the apex body known as the 'Safety Council,' which oversees continuous monitoring, regular audits, and encourages a culture of prompt reporting and addressing safety concerns.

All our work facilities are covered under



Our EHS Practices

<p>Pre-employment Medical Check-ups</p> <p>All new team members, contract labourers and service engineers undergo medical evaluations and safety orientation before onboarding.</p>	<p>Machine Guarding</p> <p>Rotating machines are equipped with fixed shields.</p>	<p>Lockout/Tagout System</p> <p>Implemented for electrical maintenance activities.</p>
<p>Apex Safety Councils</p> <p>Formed at the group and plant levels and involves all stakeholders. Weekly EHS reviews are conducted to address safety improvements, statutory issues, incidents, trainings and SOPs.</p>	<p>PPE Usage</p> <p>Ensured the provision and appropriate usage of personal protective equipment for all employees.</p>	<p>Mock Drills and Safety Exhibitions</p> <p>Periodic emergency scenario drills and exhibitions are conducted; safety awareness posters are displayed.</p>
<p>GURUKUL Safety Centre</p> <p>Established for safety training, equipped with PPE displays and safety awareness materials.</p>	<p>Risk Assessments</p> <p>Operations are conducted with hazard identification, risk assessments and impact studies.</p>	<p>CCTV Monitoring</p> <p>Used for identifying and reporting safety violations, with follow-up learning and development.</p>
<p>Periodic Safety Trainings</p> <p>Conducted for our personnel, operators and contract workers through classroom, shop floor and on-the-job sessions.</p>	<p>Incident Analysis</p> <p>Evaluation and implementation of corrective actions for near misses, first aid, medical treatments and lost time incidents, with follow-up and monitoring are prioritised.</p>	<p>Safety Achievements</p> <p>One million safe man hours without lost time incidents have been recorded; top safety performers are awarded.</p>
<p>Safety Inspections</p> <p>Regular inspections of equipment such as cranes, gas cutting sets, PPE and employee transport vehicles.</p>	<p>Work Permit Systems</p> <p>Used for non-routine and height work activities, including medical check-ups for personnel.</p>	



Received Silver Award

By CII Southern Region EHS Excellence Award, For Isnapur Plant under category Engineering Industry



Received Bronze Award

By CII Southern Region EHS Excellence Award, For Sadashivpet Plant under category Engineering Industry

Employee Engagement and Well-being

At Pennar, we recognise that acknowledging hard work and dedication improves motivation and job satisfaction. We celebrate milestones, such as project completions, with public recognition and small celebrations. Our reward programme also includes opportunities for professional development, like funding for courses and conferences.



"We are certified as a **Great Place to Work** and leverage employee surveys to gauge satisfaction and safety perceptions. We track key metrics such as retention rates, absenteeism and incident reports to identify improvement areas. Participation in safety and development programmes is tracked. To enhance our value proposition as an employer of choice, we regularly benchmark against industry standards to ensure continuous improvement."



Best HR Head Certificate received from FTCCII and CII

Mr. Rajat Narain



Best Employee Engagement Strategy Certificate

Received from FTCCI



Envisioning a
Sustainable
and **Equitable**
Future



Environment



Social



Governance



Environment

Our commitment to environmental stewardship is reflected in our adoption of renewable energy sources, optimum use of resources as well as efficient waste management practices. Through these efforts, we seek to make sustainability an integral part of our organisation's ethos and contribute to a healthier planet.

Energy Management

We are dedicated to enhancing energy efficiency in our manufacturing operations through a strong commitment to sustainable practices. By incorporating advanced power sources into our energy management systems, we monitor and optimise our energy usage in real-time. These efforts not only reduce our carbon footprint but also lower operational costs. By installing solar panels across our facilities, we harness renewable energy and ensure a more sustainable production process. We aim to expand our solar energy usage further, contributing to a greener and more efficient manufacturing landscape.

3%

Reduction in energy usage

28%

Share of renewable energy



Waste Management

At Pennar, we ensure responsible management of all hazardous waste generated in-house by classifying it into categories such as iron sludge, MEE salts, coolant oil, e-waste and biomedical waste. We then dispose of these materials through authorised vendors approved by local pollution control boards. Our commitment to sustainability includes a zero liquid discharge process through MEE, one of our key recycling initiatives.

We have also optimised our production processes to minimise waste right at the source by transitioning to cloud-based IT infrastructure and leasing IT assets to reduce e-waste.

5%

Reduction in waste generation

12%

Waste recycled

Social

Aligned with our dedication to community well-being, we undertake integrated development initiatives across the regions where we operate. Our primary focus remains on fostering community upliftment, building trust and strengthening relationships. Our efforts include the provision of educational and training courses to create self-employment opportunities and empower individuals.

91.83 Lakhs

CSR expenditure



Our Initiatives



Improving Sanitation in Schools

We diligently strive to ensure a healthy learning environment for children by upgrading sanitation facilities in schools.



Skill Development through NAPS

We enhance employability by focusing on skilling local communities through the National Apprenticeship Promotion Scheme (NAPS).



Offering Nutritious Meals

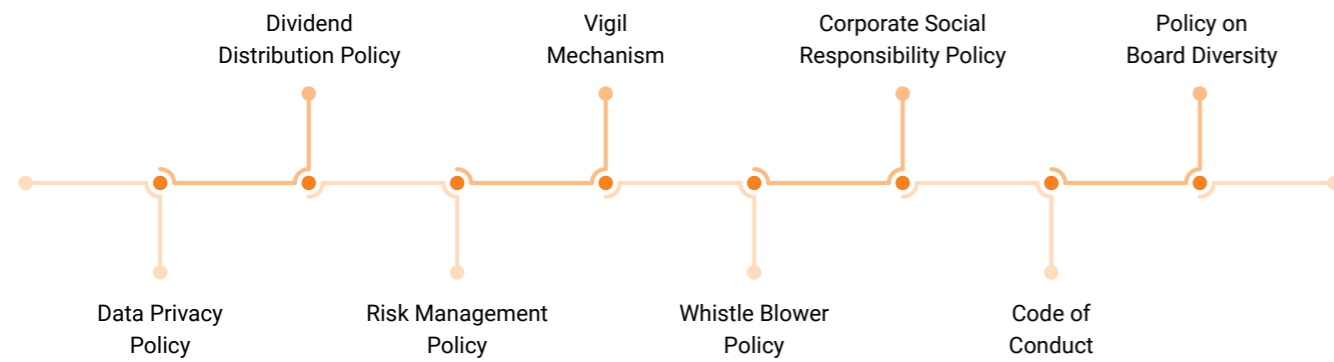
We address nutrition needs and promote better health and development in communities by providing protein meals.



Governance

We prioritise building and sustaining a robust bond of trust with all our stakeholders, whom we consider valued partners in our journey. This includes shareholders, employees, suppliers, customers, investors, communities and policymakers. We are dedicated to safeguarding their best interests, recognising that our collaboration is key to our collective success.

Our Policies



Board Constitution

To ensure transparency, accountability and equity in all aspects of our operations, we maintain high standards of governance and ethical conduct. We adhere to a rigorous Code of Conduct that directs every member of our team, including our Board of Directors. We emphasise a transparent board nomination process that values diversity in thought, experience, knowledge, perspective and gender, ensuring a well-rounded and effective leadership team.



03

Independent directors

Board of Directors



Mr. R V S Ramakrishna
Chairman-Non-Executive
Independent Director



Mr. Aditya Rao
Vice-Chairman and
Managing Director



Mr. K Lavanya Kumar Rao
Whole-time Director



Mr. Potluri Venkateswara Rao
Non-Executive
Director



Mr. Eric James Brown
Non-Executive
Director



Mr. Chandrasekhar Sripada
Non-Executive
Independent Director



Ms. Virginia Sharma
Non-Executive
Independent Director



Mr. Parthasarathy Vankipuram Srinivasa
Non-Executive
Independent Director

Corporate Information

Board of Directors

Mr. RVS Ramakrishna - Chairman and Independent Director
Mr. Chandrasekhar Sripada - Independent Director
Mr. V S Parthasarathy - Independent Director
Ms. Virginia Sharma - Independent Director
Mr. Eric James Brown - Non-Executive Director
Mr. P V Rao - Non-Executive Director
Mr. K Lavanya Kumar Rao - Whole Time Director
Mr. Aditya Rao - Vice Chairman and Managing Director

Key Managerial Personnel Chief Financial Officer

Mr. Shrikant Bhakkad

Company Secretary & Compliance Officer

Mr. Mirza Mohammed Ali Baig

Statutory Auditors

M S K A Associates,
Chartered Accountants
1101/B, Manjeera Trinity Corporate
JNTU-Hitech City Road, Kukatpally
Telangana State,
Hyderabad 500072, INDIA

Internal Auditors

M/s. R Krishna & Associates
Chartered Accountants
H. No 6-3-883/3/1 Exide Battery Lane
Beside P C Jewellers Punjagutta ,
Hyderabad - 500 082

Registered Office Address

2-91/14/8/P11/10 & 11, 7th Floor, Whitefields, Kondapur,
Serilingampally, Hyderabad,
K.V.Rangareddy - 500084
CIN: L27109TS1975PLC001919
e-Mail ID: corporatecommunications@pennarindia.com

Registrar and Transfer Agents

M/s. Kfin Technologies Limited
(formerly known as Kfin Technologies Private Limited)
Selenium Tower B, Plot No. 31 & 32 Gachibowli,
Financial District, Nanakramguda, Seriligampalli Mandal,
Hyderabad - 500 032

Bankers

State Bank of India
Axis Bank Limited
Yes Bank Limited
HDFC Bank Limited
Bandhan Bank Limited
Punjab National bank
Indian bank
Punjab & Sind Bank

Cost Auditors

M/s. Kandikonda & Associates
Cost Accountants
2-5-114, Road no.3, Raja Lakshmi Colony,
Nagole, Hyderabad-500068

Secretarial Auditor

Mr. Subhash Kishan Kandrapu
Practicing Company Secretary
Flat No. 203, 2nd Floor, Nara Paradise Building, Dinakar Nagar,
Neredmet Secunrabad - 500056

Plants

Patancheru Plant:

IDA Patancheru, Medak (Dist.), Telangana

Isnapur Plant:

Isnapur Village, Medak (Dist.), Telangana

Velchal Plant:

Survey 24, 27 to 38, Velchal (V) Mominpet, Vikarabad
District, Telangana

Chennai Plant:

Kannigaipair Village, Uthukottai Tq Thiruvellore
Dist., Tamil Nadu

Tarapur Plant:

J-72, MIDC, Tarapur, Maharashtra

Sadasivpet Plant:

Chandapur Village, Sadasivpet Mandal, Medak (Dist.)

Mallapur Plant:

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

Tiruchirappalli Plant:

49/23, 49/10, 49/3, 49/2, 49/5, 49/7, 50/19, 50/5, 50/11, 50,
Pudhukudi Thenpati, Pudukudi, Thanjavur (Dt), Tamil Nadu

Raebareli Plant:

Khata No. 00079, Plot No. 200, Rampur Nihastha, Lalgunj Tehsil,
Raebareli District, Uttar Pradesh

Ascent Buildings Systems:

214 Fountainhead Road Portland TN 37148 USA

Management Discussion and Analysis

Economic overview

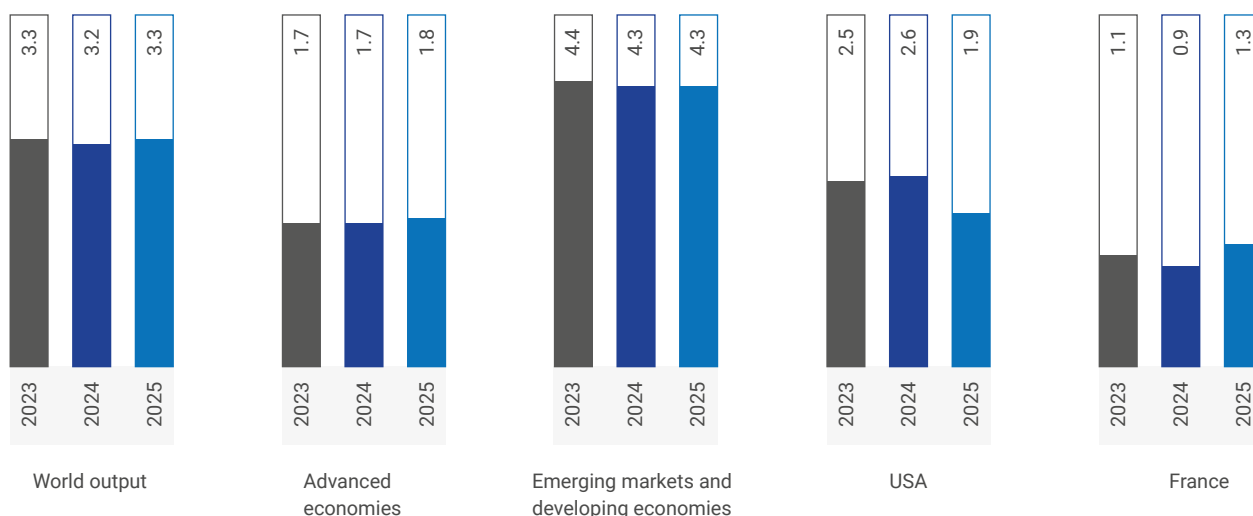
Global economy

Despite facing ongoing geopolitical conflicts, supply chain disruptions, rising inflation, and increasing energy and food prices, the global economy has demonstrated notable resilience. Central banks' effective monetary policies have contributed to a gradual return of inflation to target levels. Global growth, estimated at 3.3% in 2023, is projected to slow slightly to 3.2% in 2024. Global headline inflation is expected to decrease from an average of 6.8% in 2023 to 5.9% in 2024, and further to 4.5% in 2025.

Advanced economies are forecasted to grow by 1.7% in both 2023 and 2024. In the United States, growth is anticipated to rise from 2.5% in 2023 to 2.6% in 2024, driven by gradual fiscal tightening and a cooling labor market that reduces aggregate demand. Conversely, growth in emerging markets and developing economies is projected to decline from 4.4% in 2023 to 4.3% in 2024. This stability is largely due to a slowdown in emerging and developing Asia, offset by stronger growth in the Middle East, Central Asia, and sub-Saharan Africa. Low-income developing countries are expected to experience gradual growth, rising from 3.9% in 2023 to 4.3% in 2024 as some growth constraints ease. Growth in emerging and developing Asia is forecasted to fall from 5.7% in 2023 to 5.4% in 2024, with China's growth projected to slow from 5.2% in 2023 to 5.0% in 2024¹.



¹<https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024>

Global growth (%)

Outlook

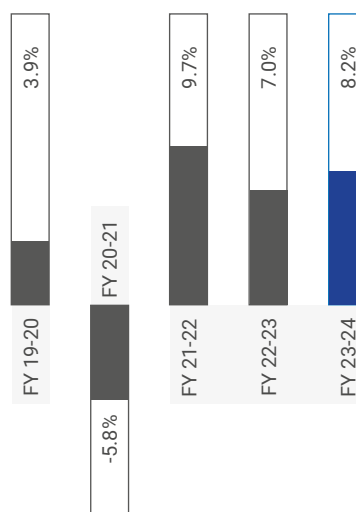
The IMF World Economic Outlook for July 2024 projects global economic growth of 3.3% for 2025, with advanced economies expected to grow by 1.8% in the same year. The revised forecasts indicate that disinflation in advanced economies will slow in 2024 and 2025, due to persistent inflation in the service sector and high commodity prices. However, a gradual easing of labor markets and anticipated declines in energy prices should help bring headline inflation back to target levels by the end of 2025. In emerging and developing economies, inflation is expected to remain high and decrease more gradually compared to advanced economies. Despite this, falling energy prices are helping to bring inflation in these markets closer to pre-pandemic levels².

Indian economy

Against the backdrop of subdued global economy, the Indian economy maintained its momentum and clocked a growth rate of 8.2% in FY 2023-24, marking the third successive year for the Indian economy to achieve a growth rate of 7% or above. The positive growth trajectory can be primarily attributed to the proactive intervention by the Indian Government and the Reserve Bank of India (RBI). By introducing strategic schemes and programmes, implementing and monitoring relevant monetary policies, the Indian economy was effectively cushioned from the global uncertainties.

Owing to robust economic growth, various sectors recorded positive growth trajectories in the reported year, especially the manufacturing industry. In addition to this, electronic goods, drugs and pharmaceuticals, engineering goods and iron ore recorded expansion. Despite persistent global challenges, exports of engineering goods, forming one-fourth

of the total export basket, increased by 2.1% year-on-year (YoY) during FY 2023-24

Real GDP Growth %
India

Outlook

The Indian economy is anticipated to maintain its positive growth momentum in the upcoming years as well. To stimulate economic growth, the Government of India aims to increase capital spending in FY 2024-25 and maintain strong fiscal support for infrastructure over the next five years.³ Additionally, the Government will continue its scheme of fifty-year interest free loan for capital expenditure to states, with the total outlay of INR 1.3 lakh crore.

²<https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024>

³<https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024>

The CPI inflation target for FY 2024-25 stands at 4.5%, with risks evenly balanced. To maintain the trajectory, the Monetary Policy Committee (MPC) opted to keep the policy repo rate unchanged at 6.5% during its April 2024 meeting. Furthermore, the easing of supply chain pressures, broad-based softening in core inflation and early indications for an above normal monsoon augur well for the inflation outlook in FY 2024-25⁴.

In the Union Budget for 2024-25, the Indian government has reduced its fiscal deficit target to 4.9% of GDP for the fiscal year ending in March 2025, down from 5.1% projected in the interim budget of February. This adjustment is supported by a substantial surplus transfer from the central bank and strong economic performance. A lower fiscal deficit is expected to enhance foreign investor confidence and improve India's prospects for a sovereign rating upgrade, as it moves closer to its goal of reducing the deficit to below 4.5% of GDP by fiscal year 2025/26. The budget gap for India was 5.8% of GDP in fiscal year 2024⁵.



In the Union Budget for 2024-25, the Indian government has revised its fiscal deficit target to 4.9% of GDP for the fiscal year ending in March 2025, a decrease from the 5.1% forecasted in the interim budget of February.

Industry overview

Indian Automobile industry

The Indian automobile industry has played a significant role in propelling the growth of the Indian economy. India is the world's third-largest automobile market. India holds a strong position in the international heavy vehicles market, positioning itself as the largest tractor manufacturer, second-largest bus manufacturer and the third-largest heavy trucks manufacturer in the world.⁶

India is currently the fifth-largest economy in the world and is poised to become the third-largest economy soon. With the automobile industry contributing 35% to the Gross Domestic Product (GDP), it is well-positioned to play a significant role in this trajectory⁷.

From April 2023 to March 2024, the Indian automotive industry produced a total of 2,84,34,742 vehicles, including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers, and quadricycles. This represents an increase from the 2,59,40,344 units produced during 2023.



The automobile industry in India, which contributes 35% to the GDP, will be crucial in propelling India from the fifth to the third-largest economy in the world.

Automobile Production in India (in units)

Category	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Passenger Vehicles	40,28,471	3,424,564	30,62,280	36,50,698	45,87,116	49,01,844
Commercial Vehicles	11,12,405	7,56,725	6,24,939	8,05,527	10,35,626	10,66,429
Three Wheelers	12,68,833	1,132,982	6,14,613	7,58,669	8,55,696	9,92,936
Two Wheelers	2,44,99,777	2,10,32,927	18,349,941	1,78,21,111	1,94,59,009	2,14,68,527
Quadricycles	5,388	6,095	3,836	4,061	2,897	5,006
Grand Total	3,09,14,874	2,63,53,293	2,26,55,609	2,30,40,066	2,59,40,344	2,84,34,742

(Source - Society of Indian Automobile Manufacturers)

Total passenger car sales increased significantly in FY 2024, rising from 3,890,114 to 4,218,746 units. While utility vehicle sales increased from 20,03,718 to 25,20,691 units, van sales also surged from 1,39,020 to 1,49,112 units during the same period.

Similarly, commercial vehicle sales recorded a modest rise, increasing from 9,62,468 to 9,67,878 units. While Medium and Heavy Commercial Vehicles registered a growth from 3,59,003 to 3,73,194 units, conversely, Light Commercial Vehicle sales decreased from 6,03,465 to 5,94,684 units in FY 2024.

Furthermore, three-wheeler sales saw a substantial increase, climbing from 4,88,768 to 6,91,749 units in FY2023-24. Simultaneously, sales of two-wheelers also increased from 15,862,087 to 17,974,365 units in FY 2024.

³<https://pib.gov.in/PressReleaseframePage.aspx?PRID=2036078>

⁴RBI Annual Report 2023-24

⁵<https://www.reuters.com/world/india/india-budget-india-lowers-fiscal-deficit-target-49-gdp-fy25-2024-07-23/>

⁶<https://www.investindia.gov.in/sector/automobile>

⁷<https://pib.gov.in/PressReleaseframePage.aspx?PRID=1996790>



Automobile exports (in Units)

Category	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Passenger Vehicles	6,76,192	6,62,118	4,04,397	5,77,875	6,62,891	6,72,105
Commercial Vehicles	99,933	60,379	50,334	92,297	78,645	65,816
Three Wheelers	5,67,683	5,01,651	3,93,001	4,99,730	3,65,549	2,99,977
Two Wheelers	32,80,841	35,19,405	32,82,786	44,43,131	36,52,122	34,58,416
Quadricycles	4,400	5,185	3,529	4,326	2,280	4,178
Grand Total	46,29,049	47,48,738	41,34,047	56,17,359	47,61,487	45,00,492

(Source - Society of Indian Automobile Manufacturers)

In FY 2023-24, while passenger vehicle exports increased from 662,891 units to 672,105 units, commercial vehicle exports declined from 78,645 units to 65,816 units. Similarly, three-wheeler exports decreased from 365,549 units to 299,977 units and two-wheeler exports fell from 3,652,122 units to 3,458,416 units.

Automobile sales (in units)

Category	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Passenger Vehicles	33,77,389	27,73,519	27,11,457	30,69,523	38,90,114	42,18,746
Commercial Vehicles	10,07,311	7,17,593	5,68,559	7,16,566	9,62,468	9,67,878
Three Wheelers	7,01,005	6,37,065	2,19,446	2,61,385	4,88,768	6,91,749
Two Wheelers	2,11,79,847	1,74,16,432	1,51,20,783	1,35,70,008	1,58,62,087	1,79,74,365
Quadricycles	627	942	-12	124	725	725
Grand Total	2,62,66,179	2,15,45,551	1,86,20,233	1,76,17,606	2,12,04,162	2,38,53,463

(Source - Society of Indian Automobile Manufacturers)

Outlook

India's auto market is poised to reach USD 300 billion by 2026, driven by rising income levels, rapid urbanisation and a growing middle-economic class. The sector has attracted about FDI worth USD 35.40 billion, as recorded as of September 2023. Governmental initiatives have bolstered growth, with total automobile exports hitting 4,761,487 units in FY2024, significantly contributing to GDP and creating jobs for about 19 million people. Furthermore, key initiatives such as Make in India, the Automotive Mission Plan 2026 and the National Electric Mobility Mission Plan 2020 is anticipated to further support this growth trajectory.



India's auto market is expected to reach USD 300 billion by 2026, fueled by rising income levels and urbanisation.

The rising demand for aftermarket products and services is fueled by a growing vehicle population, increasing consumer awareness and a trend towards vehicle customisation. India's auto components industry is poised for substantial export growth, with projections indicating a fivefold increase in the next decade⁸.

Indian railways

India has the fourth largest system in the world, falling just behind the US, Russia and China. Due to affordability and extensive network, railways continue to be the most popular means of transportation for millions of Indian citizens. As of March 2024, preliminary data shows that Indian Railways has achieved 1,591 MT (Metric Tonnes) in originating freight loading, compared to its previous best of 1,512 MT achieved in FY 2022-23.

For FY 2023-24, Indian Railways' total revenue reached INR 2.40 lakh crores, up from INR 2.23 lakh crores on March 2023, marking an increase of INR 17,000 crores. The total expenditure stands at INR 2.26 lakh crores for FY 2023-24. In addition to this, the reported year recorded 648 crores of passengers traveling, a significant increase from 596 crores reported last year. Additionally, Indian Railways has laid 5,100 kilometers of new tracks this fiscal year, obtaining daily track laying rate exceeding 14 kilometers per day⁹.



In the financial year 2023-24, Indian Railways' total revenue reached INR 2.40 lakh crores, up from INR 2.23 lakh crores in March of the previous year, reflecting an increase of INR 17,000 crores.

With the aim to become the world's largest green railway network, the Indian Railways is making significant strides toward its Mission 100% Electrification. Currently, about 94% of the total broad gauge network of Indian Railways is electrified. It has set new records in rail electrification, new line construction and track replacement. The Indian Railways electrified 7,188 kilometers, laying new lines averaging 14.5 kilometers per day for FY 2023-24, up from 6,565 kilometers in FY 2022-23. Since 2014-15, the railways have electrified approximately 40,000 kilometers of the broad gauge (BG) network¹⁰.

Major developments

- To improve safety, the railways is implementing electronic interlocking. In FY24, electronic interlocking was installed at 551 stations, marking a rise from 538 stations in the previous year. Additionally, 2,132 bridges were restored in FY24.
- The Railways enhanced its infrastructure with 5,300 km of new line development in FY24 as compared with 5,241 km in FY23. Additionally, 582 km of routes were upgraded with automatic signaling, compared to 530 km during FY 2023¹¹.
- Indian Railways has recorded a 59.6 million tons increase in its coal loading during FY 2024, increasing from 727.98 MT in FY 2022-23 to 787.58 MT in FY 2023-24, a rise of 59.6 MT¹².
- The railways laid 5,300 kilometers of new lines, doubling and gauge conversion, surpassing the 5,241 kilometers achieved in 2022-23.

These advancements are anticipated to augment railways' capacity to transport more freight and passengers in the upcoming years¹³.

⁸<https://economictimes.indiatimes.com/industry/auto/auto-news/indian-auto-industry-poised-to-reach-usd-300-billion-by-2026-revving-up-for-innovation-and-expansion/articleshow/109642253.cms?from=mdr>

⁹<https://pib.gov.in/PressReleaseframePage.aspx?PRID=2014849>

¹⁰<https://timesofindia.indiatimes.com/india/railways-achieves-record-revenues-freight-loading-in-fy-2023-24/articleshow/108953286.cms>

¹¹<https://www.livemint.com/news/for-railways-fy24-was-a-year-of-multiple-milestones-11711977810373.html>

¹²<https://energy.economictimes.indiatimes.com/news/coal/indian-railways-achieves-record-coal-loading-of-728-million-tons-in-2023-24/111703913lways>

¹³<https://timesofindia.indiatimes.com/india/railways-achieves-record-revenues-freight-loading-in-fy-2023-24/articleshow/108953286.cms>

Road ahead

According to the Union Railway Minister, a significant emphasis is being placed on creating additional capacity through three key corridors. The first is the Energy, Mineral and Cement Corridor, which will reduce road pollution and lower logistics costs. Second is the Port Connectivity Corridor, designed to provide seamless connectivity to ports through a multimodal 'Gati Shakti' approach. Lastly, the third is the 'Amrit Chaturbhuj,' which will function like a golden quadrilateral for the railway network on high-density traffic routes.

The three corridors will add 40,000 kilometers of new track to the already existing railway network, significantly boosting railway capacity and reducing 90% of CO2 emissions in a cost-effective manner. This initiative is expected to bring a major transformation to the country's economy by enhancing efficiency, productivity, and sustainability.

In addition to this, the Prime Minister announced in the Interim Budget to manufacture 40,000 modern 'Vande Bharat Standard' coaches and integrate them into regular passenger trains. This initiative aims to significantly improve the travel experience for millions of passengers on various railway routes nationwide.¹⁴

Furthermore, the Railway Ministry has identified 1,318 railway stations for development or redevelopment under the Amrit Bharat Station Scheme. This marks an expansion of the redevelopment plans to include nine additional stations, up from the previously identified 1,309 stations.¹⁵

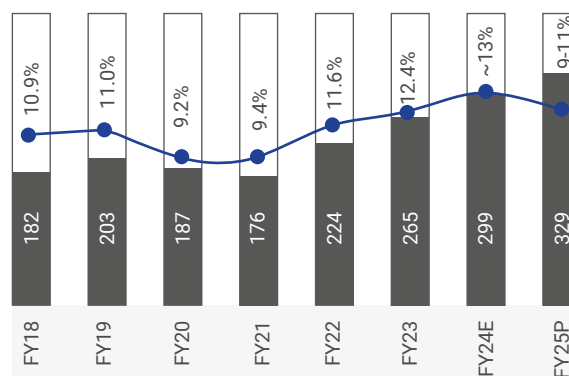
Engineering and capital goods

Indian capital goods manufacturing industry serves as a strong base for its engagement across various sectors. Capital goods manufacturers are projected to experience a revenue increase of 9-11% in fiscal 2025, driven by substantial investments in railways (including metros), defense, and both conventional and renewable energy sectors. During FY 2023-24, government spending on railways surged by 28% YoY, while defense spending grew by 10%. Capex in conventional sectors increased by 6-8% and investments in renewable capacity rose by 18%.

This ongoing capex momentum is reflected in the order books of capital goods manufacturers, recording a strong growth of over 15% in FY 2023-24. It is anticipated that investments in PLI-driven schemes and emerging sectors such as electric vehicles and data centers will further bolster the revenue growth for capital goods manufacturers¹⁶.

The engineering sector is one of the largest industrial sectors in India, accounting for 27% of the total factories in the industrial sector and 63% of the overall foreign collaborations. With the expansion in industries such as infrastructure, electricity, mining, oil and consumer durables, it has significantly increased the demand for engineered goods.

Revenue and margin trend



Revenue (Rs. '000 crore, LHS) EBITDA margins (% , RHS)

(Source – Crisil Ratings)

White goods

The Indian white goods market is set to flourish, with expectations of reaching USD 18,100 billion by 2030. With a current value of USD 11,788.81 million, the Indian white goods market is anticipated to reach USD 18,100 billion by 2030, growing at a projected Compound Annual Growth Rate (CAGR) of 5.50% from 2023 to 2030. The growth is driven by rising disposable incomes and improving lifestyles fueling the demand for products such as refrigerators, air conditioners, washing machines and microwaves. As consumers focus on enhancing convenience and improving energy efficiency, it has steadily surged the sales of white goods appliances.

To enhance India's manufacturing competitiveness globally, the Government has introduced the Production Linked Incentive (PLI) Scheme for white goods, backed by an outlay of USD 753 million, aiming to attract incremental investments exceeding USD 957 million over five years¹⁷. In recent years, the market has seen a considerable influx of technologically advanced and smart appliances, featuring IoT connectivity and AI-enabled functionalities. These innovations have captured consumer attention and propelled the growth of the premium segment within the white goods industry.



In an effort to enhance India's global manufacturing competitiveness, the Government has launched a USD 753 million Production Linked Incentive (PLI) Scheme for white goods, targeting over USD 957 million in new investments over the next five years.

¹⁴<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=2001672>

¹⁵<https://www.financialexpress.com/business/railways-amrit-bharat-station-scheme-nine-new-stations-selected-for-redevelopment-heres-what-ashwini-vaishnaw-said-3383201/>

¹⁶<https://www.crisilratings.com/en/home/newsroom/press-releases/2024/06/for-capital-goods-makers-double-digit-revenue-growth-to-sustain-on-indias-capex-push.html>

¹⁷<https://indiainvestmentgrid.gov.in/sectors/consumer-goods/white-goods>



Renewable energy (Solar)

According to the REN21 Renewables 2024 Global Status Report, India ranks 4th globally in renewable energy installed capacity (including large hydro), 4th in wind power capacity, and 5th in solar power capacity. At COP26, India committed to an ambitious target of achieving 500 GW of non-fossil fuel-based energy by 2030 under the Panchamrit initiative, representing the world's largest renewable energy expansion plan. India's installed non-fossil fuel capacity has surged by 396% in the last 8.5 years¹⁸. As of March 2024, India's renewable energy sources, including large hydropower, have a combined installed capacity of 190.57 GW. This includes 46.65 GW of wind power and 85.47 GW of solar power.

Looking forward, India aims to reduce the carbon intensity of its economy by less than 45% by the end of the decade, achieve 50% cumulative electric power from renewables by 2030, and reach net-zero carbon emissions by 2070. The country also plans to produce 5 million tonnes of green hydrogen by 2030, supported by 125 GW of renewable energy capacity. Additionally, 50 solar parks with a total capacity of 37.49 GW have been approved. With potential sites already identified, India has also set an offshore wind energy target of 30 GW by 2030¹⁹.



India aims to cut its carbon intensity by over 45% by the end of the decade, achieve 50% of cumulative electric power from renewables by 2030, and attain net-zero carbon emissions by 2070.

The National Institute of Solar Energy has estimated India's solar potential at 748 GW, based on the assumption that solar PV modules cover 3% of the country's geographical area. With 300 days of sunshine annually, India's geographic location makes it ideal for solar energy generation.

PM Surya Ghar Muft Bijli Yojna

In February 2024, the Central Government launched the PM Surya Ghar Muft Bijli Yojna, with a proposed budget of INR 75,000 crore. This initiative aims to provide free electricity to 1 crore households, offering up to 300 units per month. The scheme also includes subsidies for residential households; INR 30,000 per kW for up to 2 kW, INR 18,000 per kW for additional capacity up to 3 kW and a total subsidy cap of INR 78,000 for systems larger than 3 kW.

Solar parks and ultra-mega solar power projects

One of the Government of India's major initiatives has been the establishment of solar parks across the country. This programme aims to expedite the setup of land-intensive solar projects, which require 5 acres per MW of solar PV and face the challenge of India's average landholding of 1.16 hectares per person.

Under the Solar Park Policy, the Government planned to develop land banks for 20,000 MW of solar capacity across 25 states. These states have begun creating land banks for solar parks, either independently or in partnership with Solar Energy Corporation of India Limited (SECI). In FY 2023-24, 58 solar parks with a total capacity of 40 GW have been approved in 13 states since the scheme's launch. To date, 10,504 MW of solar capacity has been commissioned across 20 solar parks²⁰.

¹⁸<https://www.investindia.gov.in/sector/renewable-energy>

¹⁹<https://www.investindia.gov.in/sector/renewable-energy>

²⁰<https://www.acmesolar.in/assets/pdf/Industry-Reports/Crisil-Industry-Report.pdf>

Outlook

NSM: The entire 3,000 MW from NSM Phase II Batch II Tranche I has been commissioned. Under NSM Phase II, Batches III and IV, SECI has tendered approximately 7 GW of capacities through state-specific VGF, most of which have been completed.

Other Central Schemes: SECI has initiated projects beyond the JNNSM Batch program, including the ISTS scheme for direct connection to the ISTS grid. SECI has allocated around 23 GW (including hybrid) under this scheme, with 6 GW already tendered.

State Solar Policies: Approximately 25 GW of solar projects are currently under construction and are expected to be commissioned between 2025 and 2029. By the end of March 2024, an additional 9.5 GW of solar projects is anticipated to be tendered.

PSUs: The Government is encouraging capital-rich PSUs to invest in renewable energy projects. NTPC has commissioned over 2,120 MW, allocated 4 GW, and tendered an additional 1 GW across various schemes, with a target of 35 GW of renewable energy capacity by fiscal 2028. Similarly, NHPC was allocated 2 GW of projects in 2020, and Indian Railways has committed to 20 GW of solar power by 2030. Other PSUs such as NLC, defense organisations and government establishments are also expected to contribute to this expansion.

Rooftop Solar Projects: It is expected that 19-21 GW of rooftop solar capacity (under both capex and opex models) will be commissioned by fiscal 2029. This growth will be driven by industrial and commercial consumers through net/gross metering schemes and residential consumers via the Surya Yojana scheme.

Open-Access Solar Projects: According to industry experts, 10-12 GW of open-access solar projects (under capex and opex models) will be commissioned by 2028. This growth will be supported by the Green Energy Open Access Rules 2022, corporate sustainability initiatives/RE 100 targets, and favourable tariff structures in states like Uttar Pradesh and Karnataka.

Data Centers: Data centers are becoming an attractive infrastructure asset in India due to their high energy demands and reliance on continuous, uninterrupted supply. With operating expenses accounting for 40-50% electricity costs, the energy requirement for data centers is expected to rise to 1,500-1,700 MW by 2026, up from 700-750 MW in 2023.

Green Hydrogen: Green hydrogen production is anticipated to commence in fiscal 2026, with an initial output of 0.5-1 million tonnes. As the Government targets 5 million tonnes of green hydrogen by 2030, solar capacities are expected to increase, reaching 34-38 GW by 2029 to meet the demand for producing 2-2.5 million tonnes of green hydrogen²¹.

Company overview

Pennar Industries Limited (PIL) is a leading engineering company in India. With over four decades of experience, Pennar is renowned for its innovative solutions. The Company offers its diverse product offerings to six key sectors. It enjoys an extensive presence across India and has also established its footprint in the USA and France.

With its commitment towards quality and precision, Pennar develops high quality products leveraging advanced technologies. In addition to this, all its manufacturing plants adhere to strict ISO standards and operate under stringent Standard Operating Procedures (SOPs). The Company has relentlessly undertaken initiatives to deliver products that enhance customer satisfaction and uphold its commitment towards excellence.

13



Manufacturing facilities strategically positioned nationwide

3 countries



Global footprint

40+

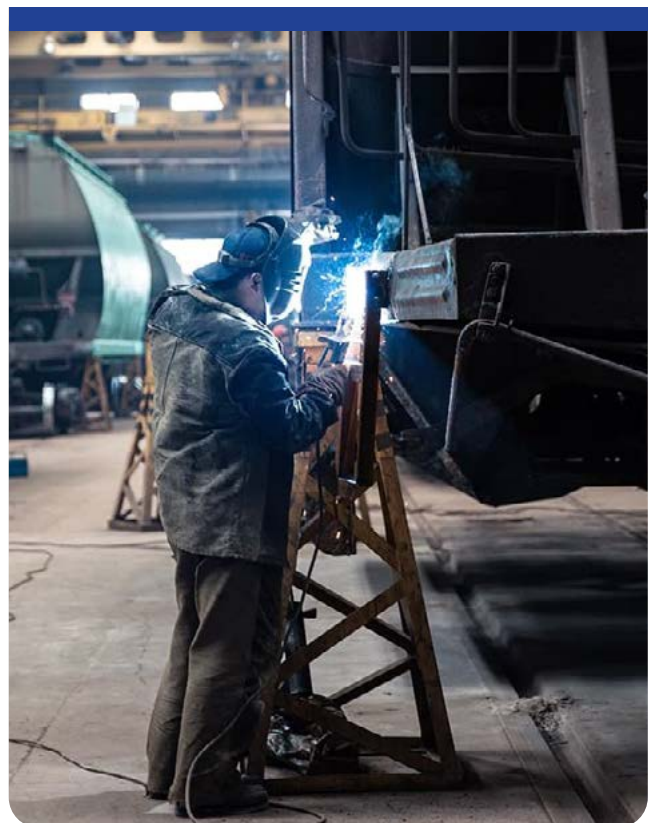


Years of experience

500+



Customers across Industries



²¹<https://www.acmesolar.in/assets/pdf/Industry-Reports/Crisil-Industry-Report.pdf>

Business overview

Engineering products

Performance highlights summary

Segment	FY 2024	FY2023	% Change
Structural railway components for Coaches, Wagons, and other parts (Revenue) to seven customers	₹1,948 million	₹1,464 million	33%
Industrial components to Automobile & White Goods sectors (Weight)	18,080 MT	17,280 MT	5%
Precision Tubes (Revenue & Weight) to more than 350 customers	₹3,606 million 33,587 MT	₹2,916 million 27,515 MT	22%
ESP electrodes, building materials, special grade CRSS, and solar MMS (Revenue)	₹7,788 million	₹6,309 million	23%

Key strategies shaping the engineered products business

The Company entered Defence and Aerospace to capitalise on emerging industries with significant growth potential. The Company has steadily augmented its capabilities and diversified its services to enter into these high-value sectors. Pennar Industries has established a production facility in Hyderabad to serve both domestic and global aerospace markets.

Engineered products

Renowned for its extensive range of offerings, expertise in critical and customised components and accessories, the Company takes pride in delivering its engineered products to various industries. The Company has developed a diverse portfolio of more than 1,000 precision-engineered products. This division operates from 11 state-of-the-art manufacturing plants, all ISO 9000 certified, guaranteeing the highest quality standards.

The Company's key products include hydraulic cylinders, photovoltaic solar panels, automotive components and sub-assemblies, railway sub-assemblies, and precision tubes. With its strategically located manufacturing facilities and extensive pan-India sales network, the Company ensures broad availability and accessibility of its products.

1000+

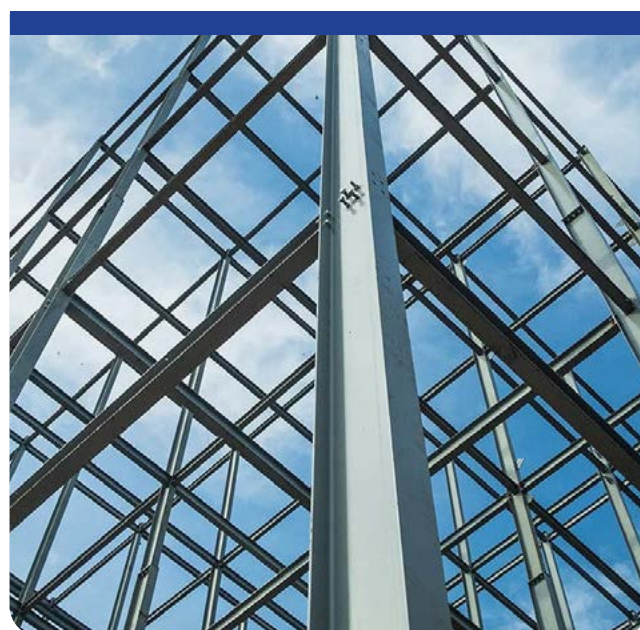
Engineering product portfolio



Automobiles sector

Pennar has established itself as a key player in the automotive industry, known for its expertise, a diversified portfolio of essential automobile components and affordability. Its dedication to delivering superior products at reasonable prices has made it a preferred partner for leading automotive brands. In addition to this, the Company's consistent reliability and efficiency has fortified its position as a trusted and capable industry player.

Pennar's automotive offerings encompass a broad range of products across the value chain, including cold-rolled steel, critical brake and suspension parts, and Body-in-White sub-assemblies. The Company has strategically invested in the automotive sector to enhance value addition and increase its market share. Pennar's product range also covers various segments, such as four-wheeler passenger vehicles, two-wheelers, and both light and heavy commercial vehicles.



Construction and infrastructure sector

With over four decades of experience, Pennar has established its position in the construction and infrastructure sector, focusing on structural steel products. The Company's offerings can be segregated into building components, civil infrastructure products and hydraulic cylinders.

In the building components segment, Pennar produces essential items such as Purlins, Roofing sheets and Decking profiles. On the other hand, in the civil infrastructure sector, Pennar offers two essential products, metal crash barriers and sheet piles. Finally, Pennar has over 12 years of experience in producing hydraulic cylinders. The Company specialises in both customised and standard hydraulic cylinders.

General engineering

Pennar's engineering segment focuses on producing cold-rolled steel strips and precision steel tubes, including Cold Drawn Welded (CDW) tubes and Electric Resistance Welded (ERW) tubes. The Company's cold-rolled steel strips are widely recognised for its high quality, precise dimensions and consistent performance. Additionally, Pennar specialises in precision steel tubes, including CDW and ERW tubes.

Pennar Industries is poised to enter the production of large diameter welded tubes, focusing on non-automotive applications that were previously dependent on imports. By manufacturing these tubes domestically, the Company aims to enhance self-sufficiency and create new business opportunities across various industries that rely on such products. The large diameter tubes also have strong demand in export markets.

White goods

Pennar Industries specialises in custom components and accessories for refrigerators and air conditioners. The Company consistently engaged with its customers to develop products that are tailored to specific end applications. The various applications for refrigerator and air-condition include door and side panels, compressor shells and other accessories as well as rotary compressor housings.

Establishing itself as the leading supplier of compressor shells to top OEMs, providing on-time delivery leveraging the best facilities, the Company has become a preferred partner for the white goods sector. The Company's plants in Patancheru and Chennai are equipped with advanced equipment, press shops and tool maintenance facilities, ensuring the production of high-precision quality products.

Railways

The Company has been a major contributor to the Railways sector for over forty years. This long-standing involvement underscores Pennar's expertise and dedication to delivering high-quality solutions for the railway industry. Pennar provides essential structural and stability components for both goods wagons and passenger coaches, adhering to the standards established by Indian Railways, ensuring the reliability and performance of the rail transport network.

Applications for railway components include:

- Profiles for railway wagons and coaches
- Rail coaches (Conventional, EMU, MVRC) and wagons
- Underframe components for coaches and wagons
- Fabrication of side walls, end walls, and roofing assemblies for LHB coaches

Pennar has consistently supplied railway wagon components to the Indian Railways sector, experiencing substantial revenue growth in this vertical. The company provides custom-designed cold roll-formed profiles for railway wagons and continues to supply stainless steel sections for modern stainless-steel wagons. It is also a major supplier of essential sections and heavy fabricated parts for railway coaches. The Company's roster of marquee clients in the Railways segment include Integral Coach Factory, Texmaco Rail & Engineering Limited, Wabtec India Industrial (P) Limited, Controller of Stores (Mcf), and Rites Limited.

Pre-engineered building products (PEBS)

Commencing operations in 2010, Pennar's specialised division excels in the design, fabrication, and erection of custom pre-

engineered steel buildings and structural steel solutions. The Company's PEBS division serves a diverse range of industries and its products are tailored to meet the specific needs of different projects and clients.

Pennar Industries has steadily expanded its global footprint through its subsidiary, Pennar Global (PGI). This strategic expansion enables the Company to meet global demand for pre-engineered building products, while steadily growing a diverse customer base.

In addition to this, the Company's US-based division, Ascent Buildings, has recorded robust growth. The Company further aims to strengthen the Company's position in the US market by extend its reach across various locations in the USA and delivering tailored solutions.

Performance highlights of pre-engineered building

- Pennar Industries has demonstrated steady growth in Pre-Engineered Building Products over the past fifteen years.
- Successfully completed more than 1,546 projects between FY2010 and FY2024.
- Served over 1.073 customers.
- Executed cumulative orders valued at INR 7,529 crores.
- Delivered a total of 6,51,471 MT of products as of March 31, 2024.
- The order book as of March 31, 2024, amounted to INR 810 crores.

Performance Highlights of the engineering services business

- Completed more than 21,400 projects from FY2016 to FY2024
- Finalized over 4,100 projects in FY2024
- Serves more than 19 clients in the USA market
- Executed cumulative orders totalling USD 31.6 million
- Cumulative order book as of March 31, 2024, stood at USD 4.63 million

Design & engineering services – Business overview

In 2014, Pennar, together with its subsidiary PEBS Pennar, launched its design and engineering services to offer comprehensive design, detailing, and engineering solutions for metal buildings and structural engineering projects in the US and other advanced markets.

In addition to this, the Company steadily expanded its offerings with the introduction of Tech Pennar, a brand that provides complete engineering and design support for Building Information Modelling (BIM), Automotive Body-in-White (BIW), process engineering, and controls and automation in 2019. Tech Pennar operates across Europe and the United States and aims to diversify its product portfolio and expand its geographical reach.

Financial review

Consolidated financial performance

(INR in Crores)

Segment	FY 2024	FY2023
Revenue from operations	3,130.57	2,894.62
EBITDA	313.28	254.62
PBT	131.42	98.44
PAT	98.35	75.43

Key ratios

Segment	FY 2023-24	FY 2022-23	Variance (%)
Debt Equity Ratio	0.84	0.80	5%
Operating Profit Margin (%)	9.88%	8.70%	14%
Net Profit Margin (%)	3.10%	2.58%	20%
ROCE (%)	7.31%	6.44%	14%
ROE (%)	11.87%	9.96%	19%
Debtors' turnover ratio (in times)	6.12	7.34	17%
Inventory turnover ratio (in times)	4.09	4.20	3%
Current ratio (in times)	1.04	1.09	5%



Opportunities

Infrastructure Development

With the increase in investment in infrastructure projects, Pennar can capitalise on the lucrative opportunities.

Renewable Energy Growth

Growing environmental concerns, increasing focus on sustainability and the expansion of the solar energy sector offer Pennar the opportunity to supply innovative engineering solutions.

Technological Innovation

With the advent of technological innovation, embracing cutting-edge technologies has proven instrumental in improving Pennar's efficiency, enhancing product quality and gaining market advantage.

Global Expansion

As Pennar steadily expands its global footprint, the Company aspires to explore new markets and forge partnerships to boost profitability and fortify its position in the global market.



Threats

Intense Competition

The engineering sector is fiercely competitive, posing a risk for Pennar to lose its market share, hinder its growth and impact its profitability.

Economic Volatility

Economic fluctuations can affect demand for engineering products and solutions, resulting in decreased orders and revenue.

Raw Material Price Volatility

Variations in the prices of raw materials can influence production costs and impact the Company's profitability.

Supply Chain Disruptions

Interruptions in the supply chain due to natural disasters, geopolitical events, or logistical issues can affect production schedules and cause delivery delays.

Currency Exchange Rate Fluctuations

Operating in multiple countries exposes Pennar to currency exchange rate fluctuations, which can affect revenue and profitability when converting foreign earnings.

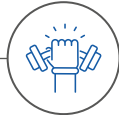
Human resource

Pennar Industries acknowledges its human resource as the driving force behind consistent growth and success. The Company promotes a culture of inclusivity, collaboration and continuous learning. It invests heavily in talent acquisition and development, attracting top industry talent and creating an environment where employees can thrive. The Company provides extensive training and development programmes to ensure its employees remain abreast with the latest industry trends and technologies.

Pennar ensures providing a holistic work environment to build a motivated and content workforce. The Company provides regular feedback and maintains open communication channels. It embraces diverse perspectives and experiences and upholds respect and fairness. Pennar adheres to all labour laws and regulations, ensuring fair compensation and a safe, healthy work environment for its employees. For more details related to the Human Resource, please refer to page number 24.

4800+

Employee strength as of 31st March, 2024



Corporate Social Responsibility

In the quest of excellence, the Company does not deviate from its commitment towards the society and fostering a better tomorrow. Pennar actively pursues initiatives that benefit society and the environment. Its CSR programs are designed to empower communities through advancing education for underprivileged children, improving access to healthcare in remote areas and offering vocational training to boost employability. The Company has also adopted sustainable practices and improved energy efficiency to further its commitment towards building a greener planet.

The CSR initiatives of Pennar Industries are driven by a commitment to community welfare and social betterment. Over the past year, the Company has maintained its village school adoption program, offering support in the form of teacher salaries, books, uniforms, drinking water, food, and school furniture in Tarapur (Maharashtra), Ankenapalli, Chandpur, and Bandalguda villages in Telangana. Additionally, Pennar Industries has contributed to municipal civic maintenance and management in Patancheru and Chitukul areas to improve resident welfare. The Company has also provided drinking water to Bandalguda villagers and offered infrastructural support to various institutions to address essential social needs.

Aligned with its CSR goals, Pennar Industries works to enhance the social well-being of communities surrounding its plants in Patancheru, Isnapur, Velchal, Sadashivpet, and Periapalam (Chennai). Furthermore, the Company has collaborated with the ABV Foundation to supply new bathrooms and latrines for students in government schools in and around Secunderabad.



Risk management

Pennar Industries Limited (PIL) has showcased a proactive and robust approach to risk management. The Company is vulnerable to both internal and external risks, however, Pennar has been able to assess and develop proper mitigation strategies to ensure smooth operations, maintain profitability and safeguarding its reputation. Through meticulous planning and strategic foresight, Pennar ensures a foundation of quality and reliability that aids in risk reduction.

Internal controls and their adequacy

The Company has implemented a highly efficient internal control system that is continuously evaluated and improved. Prompt corrective actions are taken to enhance its effectiveness. Adhering to the highest industry standards, the Company has achieved ISO 9001 certification for its quality systems. Additionally, the Company's robust ERP system boasts advanced features such as the ability to identify exceptions and deviations through defined queries, real-time analytics on transactional data, unmatched flexibility in adapting reporting structures, and real-time simulation of business scenarios.

Outlook

As industries within the Company's sphere are expected to grow, Pennar's goal is to advance its capabilities in the coming years. This will enable the Company to provide a diverse range of customized engineering products across different sectors. The focus is on strengthening design and manufacturing services to deliver superior engineering solutions.

In the near future, key drivers of the Company's growth are anticipated to be the PEB division, the U.S. subsidiary PGI, the body-in-white segment, and the industrial components business. Notably, hydraulics revenue is projected to see substantial growth throughout FY 2024. The Company is actively working on hydraulics, large diameter tubes, and the module business, with the expectation that these segments will be instrumental in driving revenue growth this year and in the future.

Cautionary statement

This document contains forward-looking statements about future events and financial and operational outcomes for Pennar Industries. These statements involve assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and forward-looking statements may not materialize as expected. Readers should exercise caution and avoid placing undue reliance on these statements, as various factors could cause actual results and events to differ significantly. This document is subject to a disclaimer and is qualified in its entirety by the assumptions, qualifications, and risk factors detailed in the management's discussion and analysis in the Pennar Industries Annual Report for FY24.



Directors' Report

Dear Members,

Your Directors are pleased to present the 48th Annual Report and the Company's audited financial statement (Standalone and Consolidated) for the financial year ended 31st March, 2024.

Financial Results:

The Company's financial performance, for the year ended 31st March, 2024 is summarized below:

Particulars	Consolidated		Standalone	
	2023-24	2022-23	2023-24	2022-23
Revenue from Operations	3,13,057	2,89,462	2,45,773	2,28,830
Operating profit (PBITD)	31,328	25,462	24,990	20,499
Profit before tax (PBT)	13,142	9,844	7,978	5,958
Income Tax and Deferred Tax	3,307	2,301	2,051	1,538
Profit after tax (PAT)	9,835	7,543	5,927	4,420
Other Comprehensive income/(Loss)	14	464	-215	67
Total Comprehensive income for the year	9,849	8,007	5,712	4,487
Net profit attributable to Owners of the company	9,848	8,006	5,712	4,487
Profit brought forward from previous year	60,813	53,271	56,496	52,009
Surplus available for appropriation	70,647	60,813	62,423	56,496
Balance of profit carried to Balance Sheet	70,647	60,813	62,423	56,496

Amount in Rs. Lakhs

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

Your company has generated a consolidated net revenue of Rs. 3,13,057 Lakhs, EBITDA at Rs. 31,328 Lakhs, PAT at Rs. 9,835 Lakhs for the financial year 2023-24.

Consolidated Financial Statement:

The Consolidated Financial Statements of the Company, its subsidiaries prepared in accordance with the Companies Act, 2013 and applicable Indian Accounting Standards along with all relevant documents and the Auditors' Report form part of this Annual Report. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies. The Financial Statements as stated above are also available on the website of the Company and can be accessed at the website viz., www.pennarindia.com.

Subsidiaries':

The following are four subsidiaries of the company as on 31st March, 2024.

- Pennar Global INC, USA (PGI)
- Pennar GmbH, Germany (Pennar GmbH)
- Enertech Pennar Defense and Engineering Systems Private Limited (Enertech)
- Pennar Metals Private Limited

The performance of the subsidiaries is as hereunder:

(a) Pennar Global INC, USA

Pennar Global Inc. is in the business of providing engineering services and marketing Pennar Products across the United States of America. The company has recorded consolidated net revenue of 88.61 Million USD for the financial year 2023-24.

(b) Pennar GmbH

Pennar GmbH is in the business of providing engineering services to our European clients. The company has recorded a net revenue of 2.20 million Euros for the financial year 2023-24.

(c) Enertech Pennar Defense and Engineering Systems Private Limited

Enertech Pennar Defence and Engineering Systems Private Limited has recorded a net revenue of Rs 14.14 crores for the financial year 2023-24.

(d) Pennar Metals Private Limited

Pennar Metals Private Limited has recorded a net revenue of Rs. 0.01 crore for the period ended 31st March, 2024.

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: <https://www.pennarindia.com/policy-determining-material.php>. 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.

Step down subsidiaries:

The following are four step-down subsidiaries of the company as on 31st March, 2024.

- a. Pennar Global Metals Inc
- b. Ascent Buildings LLC
- c. Cadnum SARL
- d. Pennar global Investments LLC

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 capital 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: <https://www.pennarindia.com/policy-related-party-transactions.php>

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, 2024.

Credit Rating:

CARE has reaffirmed the 'CARE A' Stable (Single A; Outlook: Stable) with rating assigned to long term bank facilities. Further, CARE has reaffirmed the 'CARE A1' (A One) rating to short term bank facilities of the Company.

Cash profit:

Your company has undertaken a number of steps to maintain strong liquidity levels. The consolidated cash profit is at Rs. 164.85 Crores. 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.

Appointment:

The Board of Directors of the Company at its meeting held on 9th February, 2024 appointed Mr. V S Parthasarathy as Non-Executive Independent Director, the appointment was regularized by the shareholders on 25th April, 2024 by postal ballot.

Mr. P V Rao who retire by rotation and being eligible offer himself for re-appointment. Your Board recommends his appointment.

Resignation:

Mr. B Kamalaker Rao, Non-Executive Independent Director of the company resigned from the office of directorship and same was taken note by the Board of Directors at its meeting held 9th February, 2024. Your Board place on record their appreciation and gratitude for the guidance and direction that Mr. B Kamalaker Rao has provided to Pennar Industries during his tenure as non-executive independent director.

Mr. Manish Sabharwal, has completed his second and final term as an Independent Director and consequently ceased to be a Director of the Company w.e.f. 31st March, 2024. The Board of Directors and the Management of the Company expressed deep appreciation and gratitude to Mr. Manish Sabharwal for his extensive contribution and stewardship.

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 Company, 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: <https://www.pennarindia.com/policy-familiarization-programme.php>

Meetings of the Board:

Four 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:

In terms of Section 134 (3)(c) of the Companies Act, 2013, the Board of Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2024, the applicable accounting standards 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, 2024 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 a firm of Chartered Accountants confirming compliance with the conditions of corporate governance is annexed herewith as Annexure - D.

Corporate Social Responsibility (CSR):

Pursuant to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors had framed the policy on Corporate Social Responsibility. The same is hosted on the website of the Company viz., <https://www.pennarindia.com/csr-policy.php>. The Company has a CSR Committee to monitor adherence to Corporate Social Responsibility Policy and to track transactions related to CSR activities etc. A detailed report on the CSR activities inter- alia disclosing the composition of CSR Committee and CSR activities is attached as Annexure - E to this Report.

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 and constituted a Risk Management Committee which lays down various risk mitigating practices that your Company is required to implement in the Company. At present, the company has not identified any element of risk which may threaten the existence of the company. The risk management policy is hosted on the website of the Company viz., <https://www.pennarindia.com/risk-management-policy.php>

Statutory Auditors:

M/s. M S K A & Associates, Chartered Accountants (Firm Registration No. 105047W) were appointed as the Statutory Auditors of the Company to hold office for a term of five consecutive years from the conclusion of the Annual General meeting held in the year 2022 till the conclusion of the Annual General Meeting to be held in the year 2027.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018, amending section 139 of the Companies

Act, 2013, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted and hence your Company has not proposed ratification of appointment of M S K A & Associates, Chartered Accountants, at the forthcoming AGM.

The Auditors' Report is unmodified i.e. it does not contain any qualification, reservation or adverse remark or disclaimer.

Cost Auditors:

The Cost Audit Report for the year ended 31st March, 2023 was reviewed by the Audit Committee at its meeting held on 9th August, 2023 and has been filed with Registrar of Companies on 26th October, 2023. The Board of Directors at its meeting held on 24th May, 2023 appointed M/s. Kandikonda & Associates., Cost Accountants, Hyderabad as Cost auditors of the company for the year ending 31st March, 2024. The Cost Audit report for the year ended 31st March 2024 was approved by the Board of Directors at its meeting held on 12th August, 2024 and the same 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 2023-24. The Secretarial Audit Report for the financial year ended 31st March, 2024 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: <https://www.pennarindia.com/vigil-mechanism.php> and <https://www.pennarindia.com/whistle-blower-policy.php>.

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.

Secretarial Standards:

The Company complies with all applicable secretarial standards issued by the Institute of Company Secretaries of India.

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 is annexed herewith as Annexure - I.

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

The Company has zero tolerance for sexual harassment of women at workplace and has adopted a Policy for prevention, prohibition and redressal of sexual harassment at workplace, in terms of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder and constituted Internal Complaint Committee (ICC) for safe working environment where all employees treat each other with courtesy, dignity and respect, irrespective of their gender, race, caste, creed, religion, place of origin, sexual orientation, disability, economic status or position in the hierarchy.

The following is the summary of sexual harassment complaints received and disposed off during the year:

- i) No. of complaints received : nil
- ii) 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.

Dematerialisation of Shares:

99.50% of the company's paid-up equity share capital is in dematerialized form as on 31st March, 2024 and balance 0.50% is in physical form.

Managing Director's Declaration:

Pursuant to the provisions of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a declaration by the Vice-Chairman and Managing Director of the company declaring that all the members of the board and the

senior management personnel of the company have affirmed compliance with the Code of Conduct of the company is annexed herewith as Annexure - J.

The CFO certification to the board pursuant to Regulation 15 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith Annexure - K.

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.

Reporting of frauds by auditors:

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the audit committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

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.

Business Responsibility and Sustainability Report (BRSR):

The Listing Regulations mandate the inclusion of the BRSR as part of the Annual Report for top 1000 listed entities based on market capitalization. In accordance with the Listing Regulations, we have integrated BRSR disclosures into our Annual Report.

Dividend Distribution Policy:

The web link of the Dividend Distribution Policy has been provided below for the perusal of the shareholders. <https://www.pennarindia.com/dividend-distribution-policy.php>

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**

RVS Ramakrishna
Chairman-Non-Executive Independent Director
DIN No: 00009421

Place : Hyderabad
Date : 12.08.2024

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 Global Inc Consol *	Pennar GmbH Consol *	Enertech Pennar Defense and Engineering Systems Private Limited	Pennar Metals Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable			
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	USD (in Lakhs)**	Euro (in Lakhs)**	Indian Rupees (in Lakhs)	Indian Rupees (in Lakhs)
4.	Share Capital	0.04	22.55	1	1.00
5.	Reserves & Surplus	16,526.95	110.76	198.56	0.36
6.	Total Assets	33,322.51	2,054.39	2,225.51	1.50
7.	Total Liabilities	16,795.52	1,921.07	2,026.95	0.14
8.	Investments	NIL	NIL	NIL	Nil
9.	Turnover	73,361.84	1,976.12	1,413.76	1.00
10.	Profit Before Taxation	5,271.07	(111.23)	3.34	0.48
11.	Provision for Taxation	1,273.34	(20.00)	0.84	0.12
12.	Profit after Taxation	3,997.73	(91.23)	2.5	0.36
13.	Proposed Dividend	NIL	NIL	NIL	NIL
14.	% of Shareholding	100%	100%	51%	100%

* Pennar Global includes step down subsidiary Pennar Global Metals, Ascent Buildings LLC

* Pennar GMBH includes step down subsidiary Cadnum SARL.

** Pennar Global Inc . is a USA based foreign subsidiary and its local currency is USD.

** Exchange rate 82.79 INR/USD for profit and loss account and 83.37 INR/USD for Balance sheet items.

** Pennar GMBH is a Germany based foreign subsidiary and its local currency is EUROs.

** Exchange rate 89.80 INR/EURO for profit and loss account transactions and 90.21 INR/EURO for Balance sheet items.

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
3.	Names of subsidiaries which have been dissolved during the year.	Nil

Part "B": Associates/Joint Ventures

1.	Name of Associates/Joint Ventures	Not Applicable
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	Nil
2.	Names of associates or joint ventures which have been liquidated or sold during the year	Nil

 for **Pennar Industries Limited**
Mirza Mohammed Ali Baig

 Company Secretary
ACS 29058

Shrikant Bhakkad

Chief Financial Officer

Aditya Rao

 Vice-Chairman & Managing Director
DIN 01307343

K Lavanya Kumar Rao

 Whole-time Director
DIN 01710629

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)

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 2023-24.

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	The Name(s) of the related party and nature of relationship are mentioned in Note No. 34- Standalone financial statements.
b.	Nature of contracts/arrangements/transactions	The details of transactions are mentioned in Note No. 34- Standalone financial statements.
c.	Duration of the contracts / arrangements/ transactions	April 2023 to March 2024
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. 34 to the Standalone financial statements).
e.	Date(s) of approval by the Board	24.05.2023, 09.08.2023, 09.11.2023 and 09.02.2024
f.	Amount paid as advances, if any	Refer Note No. 34

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

Place : Hyderabad
Date : 12.08.2024

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

K Lavanya Kumar Rao
Whole-time Director
DIN No. 01710629

Report on Corporate Governance

Pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) 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 <https://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.

2. 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 Director, Non-Executive Independent Chairman and Vice-Chairman & Managing Director provide overall direction and guidance to the Board. Concurrently, the Vice-Chairman and Managing Director and Executive Director are responsible for overall implementation.

3. 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 eight 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 (only Audit committee and Stakeholders' Relationship Committee) 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, 2024, have been made by the Directors. The Independent Directors have given declarations to the Company about their independence to enable the Board for determining its composition as envisaged in Regulation 17 of the Listing Regulations and further confirming compliance as per Section 149 of the Companies Act, 2013 read with the Rules made thereunder.

The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions.

Core Skills / Expertise / Competencies available with the Board

The Board comprises of qualified Members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The following skills / expertise / competencies have been identified for the effective functioning of the Company and are currently available with the Board:

- Leadership/ Operations
- Business Management/ Strategic Planning
- Sales & Marketing
- Industry Experience, Technical, Research & Development and Innovation
- Global Business Development
- Finance Management
- Law and Governance
- Human Resource Management
- Corporate Governance, Compliance & Risk Management

While all the Board members possess the skills identified, their area of core expertise is given below:

Sl. No.	Name of the Director	Area of Expertise
1.	Mr. Ravi Venkata Siva Ramakrishna	<ul style="list-style-type: none"> • Business Management/ Strategic Planning • Sales & Marketing • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Corporate Governance, Compliance & Risk Management
2.	Mr. Aditya Rao	<ul style="list-style-type: none"> • Leadership/ Operations • Business Management/ Strategic Planning • Sales & Marketing • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Finance Management • Law and Governance • Human Resource Management • Corporate Governance, Compliance & Risk Management
3.	Mr. K Lavanya Kumar Rao	<ul style="list-style-type: none"> • Law and Governance • Human Resource Management • Industry Experience
4.	Mr. P V Rao	<ul style="list-style-type: none"> • Sales & Marketing • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Finance Management
5.	Mr. Eric James Brown	<ul style="list-style-type: none"> • Leadership/ Operations • Business Management/ Strategic Planning • Sales & Marketing • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Finance Management • Risk Management
6.	Mr. Chandrasekhar Sripada	<ul style="list-style-type: none"> • Leadership/ Operations • Business Management/ Strategic Planning • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Human Resource Management • Corporate Governance, Compliance & Risk Management
7.	Ms. Virginia Sharma	<ul style="list-style-type: none"> • Business Strategy, Brand Building and Leadership • Sales and Marketing • Strategic Planning • Financial Management and Economics • Industry Knowledge • Research and Innovation
8.	Mr. V S Parthasarathy	<ul style="list-style-type: none"> • Business Strategy, Brand Building and Leadership • Sales and Marketing • Strategic Planning • Financial Management and Economics • Corporate Governance, Compliance & Risk Management

(a) **Composition and Category of Directors as of 31st March, 2024 is as follows:**

Category	No. of Directors	%
Executive Directors	2	25
Non-Executive Non-Independent Directors	2	25
Non-Executive Independent Directors	4	50
Total	8	100

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

The Board of Directors duly met 4 times during the financial year from 1st April, 2023 to 31st March, 2024. The dates on which the meetings were held are as follows: 24th May, 2023, 9th August, 2023, 9th November, 2023 and 9th February, 2024.

(c) **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/her Directorship	Number of Board meetings attended	Attendance at the last AGM held on 30th September, 2023
1.	Mr. Ravi Venkata Siva Ramakrishna ^	Chairman-Non-Executive Independent Director	4	4	Yes
2.	Mr. Aditya Rao	Vice-Chairman and Managing Director	4	4	Yes
3.	Mr. K Lavanya Kumar Rao	Whole-time Director	4	4	Yes
4.	Mr. V S Parthasarathy @	Independent Non-Executive Director	1	1	-
5.	Mr. Chandrasekhar Sripada	Independent Non-Executive Director	4	3	No
6.	Ms. Virginia Sharma	Independent Non-Executive Director	4	4	No
7.	Mr. P V Rao	Non-Executive Director	4	4	No
8.	Mr. Eric James Brown	Non-Executive Director	4	3	No
9.	Mr. Nrupender Rao *	Executive Chairman	2	0	No
10.	Mr. B Kamalakar Rao #	Independent Non-Executive Director	4	4	Yes
11.	Mr. Manish Sabharwal \$	Independent Non-Executive Director	4	4	No

Note: None of the Directors are related to any other Director.

^ Mr. Ravi Venkata Siva Ramakrishna, Non-Executive Independent Director designated as Chairman of the Board of Directors at the Board Meeting held on 9th August, 2023

@ Mr. V S Parthasarathy appointed as Non-Executive Independent Director at the Board Meeting held on 9th February, 2024.

* Mr. Nrupender Rao resigned as Executive Chairman and Director on 9th August, 2023.

Mr. B Kamalakar Rao resigned as Non-Executive Independent Director on 9th February, 2024.

& Mr. Manish Sabharwal upon completion of two consecutive terms of Independent Director ceases to be an Independent Director w.e.f 31st March, 2024.

(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		Directorship in other Listed entities	Category of Directorship
		Chairman	Director	Chairman	Member		
1.	Mr. Ravi Venkata Siva Ramakrishna	-	-	-	-	-	-
2.	Mr. Aditya Rao	-	2	-	-	-	-
3.	Mr. P V Rao	-	-	-	-	-	-
4.	Mr. K Lavanya Kumar Rao	-	-	-	-	-	-
5.	Mr. Eric James Brown	-	-	-	-	-	-
6.	Mr. Chandrasekhar Sripada	-	-	-	-	-	-

Sl. No.	Name of the Director	Number of Directorships in other Public Companies		Number of Committee memberships held in other Public Companies		Directorship in other Listed entities	Category of Directorship
		Chairman	Director	Chairman	Member		
7.	Ms. Virginia Sharma	-	-	-	-	-	-
8.	Mr. V S Parthasarathy	5	-	2	2	a. NIIT Learning systems limited b. Life Insurance Corporation of India	Independent Director

For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.

Mr. Subhash Kishan Kandrapu, Company Secretary in practice has certified that none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities Exchange Board of India/Ministry of Corporate Affairs or any such statutory authority. The certificate is given as Annexure - L.

(e) CEO and CFO Certification:

A Compliance Certificate, pursuant to the provisions of Regulation 17(8) of the Listing Regulations read with Part B of Schedule II thereunder, duly signed by the Vice-Chairman and Managing Director and Mr. Shrikant Bhakkad, Chief Financial Officer of the Company in respect of the financial year ended 31st March, 2024 was taken on record by the Board of Directors of the Company.

4. 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.

During the period under review, Mr. B Kmalaker Rao, Independent Director of the company resigned from the Board of Directors w.e.f 9th February, 2024 due to certain emerging unavoidable personal circumstances.

During the period under review, Mr. Manish Sabharwal upon completion of two consecutive terms of Independent

Director ceases to be an Independent Director w.e.f 31st March, 2024.

(a) 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 <https://www.pennarindia.com/investors/terms-of-appointment-of-independent-directors.pdf>

(b) 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 <https://www.pennarindia.com/policy-familiarization-programme.php>

(c) 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.

(d) Separate Meeting of the Independent Directors:

The Independent Directors held a Meeting on 28th March, 2024, 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.

5. 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 financial results before submission to the Board;
- 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 Auditor, the adequacy of internal control systems;
- Recommending appointment, remuneration and terms of appointment of Internal Auditor of the Company;
- Reviewing the adequacy of internal audit function and discussing the significant findings with Internal Auditor 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. V S Parthasarathy # – Chairman (Independent Non-Executive Director)
2. Mr. RVS Ramakrishna – Member (Independent Non-Executive Director)
3. Mr. Eric James Brown – Member (Non-Executive Director Non-Independent)

Mr. V S Parthasarathy, Director appointed on 9th February, 2024.

Mr. B Kamalaker Rao (Chairman of the Audit Committee) resigned as Director on 9th February, 2024.

(c) Meetings and attendance during the year

During the year under review, the Committee met 4 times on 22nd May, 2023, 7th August, 2023, 07th November, 2023 and 7th February, 2024. The details of attendance are given below:

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. B Kamalakar Rao *	4	4
2.	Mr. RVS Ramakrishna	4	4
3.	Mr. Eric James Brown	4	2

* Mr. B Kamalaker Rao, Director resigned on 9th February, 2024.

Mr. V S Parthasarathy, Director appointed on 9th February, 2024.

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. M S K A Associates., Statutory Auditors, M/s. R Krishna & Associates., Internal Auditors, Mr. Aditya Rao, Vice-Chairman and Managing Director and Mr. Shrikant Bhakkad, 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 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.,

Independent with an Independent Director acting as the Chairman of the Committee.

The terms of reference of Nomination and Remuneration Committee Inter alia includes:

- 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;

6. 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 two-thirds of the Committee members should be

(b) Composition, name of members and chairperson

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

1. Mr. Chandrasekhar Sripada – Chairman (Independent Non-Executive Director)
2. Mr. RVS Ramakrishna – Member (Independent Non-Executive Director)
3. Ms. Virginia Sharma – Member (Independent Non-Executive Director)

Mr. Chandrasekhar Sripada was designated as Chairman of the NRC Committee at the Board Meeting held on 9th November, 2023.

Mr. B Kamalaker Rao resigned as Director on 9th February, 2024.

Ms. Virginia Sharma was appointed as Member of NRC Committee at the Board Meeting held on 9th February, 2024.

(c) Meetings and attendance during the year

During the year the Committee had 2 meeting on 24th May, 2023 and 9th February, 2024. The details of attendance are given below:

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. B Kamalakar Rao	2	2
2.	Mr. Chandrasekhar Sripada	2	2
3.	Mr. RVS Ramakrishna	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 28th March, 2024. 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.

(e) 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) The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Vice-Chairman and Managing Director and the Executive Director. Annual increments are recommended by the Nomination and Remuneration Committee and approved by the Board and Members and are effective April 1, each year.

The Non-Executive Directors receive remuneration by way of sitting fees for attending the meetings of the Board and Committee thereof. Select Independent Directors are being paid Remuneration in addition to the sitting fee. The payment of remuneration and sitting fee is approved by the Board upon recommendation of Nomination and Remuneration Committee., the actuals of remuneration paid to the entire Board of Director's for 2023-24 is given below:

Name of the Director	Designation	Salary/ Remuneration	Commission	Amount in Rs. lakhs.		
				Provident fund, Superannuation fund and other perquisites	Sitting Fee	Total
Mr. Nrupender Rao *	Executive Chairman	49	–	15	–	64
Mr. Aditya Rao	Vice-Chairman & Managing Director	89	–	16	–	105
Mr. K Lavanya Kumar Rao	Whole-time Director	90	20	18	–	128
Mr. Chandrasekhar Sripada	Independent Non- Executive Director	12	–	–	3	15
Mr. Ravi Venkata Siva Ramakrishna ^	Chairman- Independent Non- Executive Director	12	–	–	5	17
Ms. Virginia Sharma	Independent Non- Executive Director	12	–	–	4	16
Mr. V S Parthasarathy @	Independent Non- Executive Director	3	–	–	1	4

Name of the Director	Designation	Salary/ Remuneration	Commission	Provident fund, Superannuation fund and other perquisites	Amount in Rs. lakhs.	
					Sitting Fee	Total
Mr. P V Rao	Non-Executive Director	–	–	–	4	4
Mr. B Kamalakar Rao #	Independent Non- Executive Director	–	–	–	5	5
Mr. Manish Sabharwal \$	Independent Non- Executive Director	–	–	–	4	4

* Mr. Nrupender Rao, Executive Chairman resigned on 9th August, 2023.

Mr. B Kamalakar Rao, Independent Director resigned on 9th February, 2024.

\$ Mr. Manish Sabharwal upon completion of two consecutive terms of Independent Director ceases to be an Independent Director w.e.f 31st March, 2024.

@ Mr. V S Parthasarathy appointed as Non-Executive Independent Director at the Board Meeting held on 9th February, 2024.

^ Mr. Ravi Venkata Siva Ramakrishna, Non-Executive Independent Director designated as Chairman of the Board of Directors at the Board Meeting held on 9th August, 2023

All the Non-Executive Directors receive remuneration 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., www.pennarindia.com

(g) Details of number of shares held by the Non-Executive/Independent Directors as on 31st March 2024:

Name of the Director	Designation	No. of Shares held
Mr. Chandrasekhar Sripada	Independent Non-Executive Director	–
Mr. Ravi Venkata Siva Ramakrishna	Independent Non-Executive Director	–
Ms. Virginia Sharma	Independent Non-Executive Director	–
Mr. V S Parthasarathy	Independent Non-Executive Director	–
Mr. Eric James Brown	Non-Executive Director	–
Mr. P V Rao	Non-Executive Director	2,27,360

7. 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. RVS Ramkrishna, a Non-Executive Independent Director.

Other members include Mr. Aditya Rao, Vice-Chairman & Managing Director and Mr. K Lavanya Kumar Rao, Whole-time Director.

Note: The Committee reconstituted at Board Meeting held on 9th February, 2024.

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 83 complaints and there were no pending complaints as at the year end.

e) Number of pending share transfers and complaints: Nil

f) In order to facilitate faster redressal of investor's grievance's the Company has created an exclusive email ID 'mirza.baig@pennarindia.com' Investors and shareholders may lodge their query / complaints addressed to the email ID which would be attended immediately.

g) Details of meetings and attendance by the members:

During the year the Committee met four times on 22nd May, 2023, 7th August, 2023, 7th November, 2023, and 7th February, 2024.

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. B Kamalakar Rao	4	4
3.	Mr. Aditya Rao	4	4
4.	Mr. RVS Ramakrishna	4	4

Mr. RVS Ramakrishna was designated as Chairman of the Stakeholders' Relationship Committee and Mr. B Kamalaker Rao resigned as Director at the Board Meeting held on 9th February, 2024.

8. 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 Committee comprises of the following:

1. Mr. Chandrasekhar Sripada – Chairman (Independent Non-Executive Director)
2. Mr. Aditya Rao – Member (Vice-Chairman & Managing Director)
3. Mr K Lavanya Kumar Rao – Member (Whole-time Director)

Mr. Chandrasekhar Sripada was designated as Chairman of the Corporate Social Responsibility Committee and Mr. B Kamalaker Rao resigned as Director at the Board Meeting held on 9th February, 2024.

(c) Meetings and attendance during the year

During the year the Committee had 1 meeting i.e., on 22rd May, 2023. The details of attendance are given below:

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. B Kamalakar Rao	1	1
2.	Mr. Lavanya Kumar Rao	1	1
3.	Mr. Aditya Rao	1	1

8A. Risk management committee:

As per Regulation 21 of the Listing Regulations and provisions of the Act, as amended which requires the Company to lay down procedures about risk assessment and risk minimization. The scope and functions of the Risk Management Committee are in accordance with the Listing Regulations and its terms of reference are set forth below.

(a) Brief description of terms of reference:

The terms of reference of the Risk Management Committee shall include the following:

- (1) To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral,

sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

- (b) Measures for risk mitigation including systems and processes for internal control of identified risks.

- (c) Business continuity plan.

- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

- (3) To monitor and oversee implementation of the risk management policy, including:
 - (a) Evaluating the adequacy of risk management systems;

- (b) Knowing the extent to which management has established effective ERM in the organization
- (c) Being aware of and concurring with the entity's risk appetite policy
- (d) Reviewing the entity's portfolio view of risk and considering it against the entites risk tolerance
- (e) Being apprised of the most significant risks and assuring that management is responding appropriately
- (f) Being able to get answers to the following questions:
- Are we taking the right risks
 - Are we taking the right amount of risk
 - Are the risks being managed appropriately
- (4) To periodically review the risk management policy, at least once a year, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
- The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

(b) Composition, name of members and chairperson

The Committee comprises of the following:

- Mr. Eric James Brown – Chairman (Non-Independent Non-Executive Director)
- Mr. RVS Ramakrishna – Member (Non-Executive Independent Director)
- Mr. Aditya Rao – Member (Vice-Chairman & Managing Director)
- Mr K Lavanya Kumar Rao – Member (Whole-time Director)

Mr. Eric James Borwn was appointed as Member of Risk Management Committee at the Board Meeting held on 9th August, 2023 and designated as Chairman of the Risk Management Committee at the Board Meeting held on 9th February, 2024

Mr. RVS Ramakrishna, Independent Director appointed as member of the Risk Management Committee and Mr. B Kamalaker Rao resigned as Director/Committee Chairman at the Board Meeting held on 9th February, 2024.

(c) Meetings and attendance during the year

During the year the Committee had 2 meetings i.e., on 7th August, 2023 and 16th January, 2024. The details of attendance are given below:

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. B Kamalakar Rao	2	2
2.	Mr. K Lavanya Kumar Rao	2	1
3.	Mr. Aditya Rao	2	2
4.	Mr. RVS Ramakrishna	2	1
5.	Mr. Eric James Brown	2	1

8B. Senior management:

The following persons are the senior management the company as on 31st March, 2024.

Sl. No.	Name	Category
1.	N Dayasagar Rao	Business Unit Head
2.	Y Narasimha Rao	Business Unit Head
3.	Shiva Kumar K	Business Unit Head
4.	M Bhoopal Reddy	Business Unit Head

Sl. No.	Name	Category
5.	K Rajasekhar Rao	General Manager
6.	K Chakravarthy	Business Unit Head
7.	Nadaraja Money	Business Unit Head
8.	Shrikant Bhakkad	Chief Financial Officer
9.	Rajat Narain	Executive Vice-President-HR
10.	Mirza Mohammed Ali Baig	Company Secretary & Compliance Officer

9. Subsidiary Companies

The Company does not have any material unlisted Indian subsidiary in terms of Regulation 24 of the Listing Regulations. The Minutes of the Meetings of Board of Directors of all the subsidiary companies are periodically placed before the Board of Directors of the Company. The Policy on Material Subsidiary is available on the website of the Company at link: <https://www.pennarindia.com/policy-determining-material.php>

10. General body meetings:

(a) Details of the location and time of the General meetings held in the last three years

Date	Year	Type	Venue	Time
30th September, 2023	2022-23	Annual General Meeting	Video Conferencing	11:00 A.M.
22nd September, 2022	2021-22	Annual General Meeting	Video Conferencing	11:00 A.M.
30th September, 2021	2020-21	Annual General Meeting	Video Conferencing	11:00 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/EGM held on	Whether special resolution passed	Summary of the resolution
30th September, 2023	Yes	1. To appoint Mr. Nrupender Rao as Chairman Emeritus in the Company
22nd September, 2022	Yes	1. To Create Charges 2. To borrow in excess of paid-up capital and free reserves
30th September, 2021	Yes	1. Re-Appoint Mr. Nrupender Rao as Chairman. 2. Re-Appoint Mr. Aditya Rao as Vice-Chairman and Managing Director. 3. Re-Appoint Mr. K Lavanya Kumar Rao as Whole-time Director. 4. Appointment Mr. Ravi Venkata Siva Ramakrishna as Independent Director.

(c) Extraordinary General Meeting:

No extraordinary general meeting of the members was held during FY 2024.

(d) Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot:

The Company had sought the approval of the shareholders by way of a Special Resolution through notice of postal ballot dated 9th February, 2024 for the following:

Sl. No.	Agenda
1.	Appointment of Mr. V S Parthasarathy (DIN: 00125299) as an Independent Director
2.	Payment of remuneration to Mr. V S Parthasarathy (DIN: 00125299), Non- Executive Independent Director
3.	Re-appointment of Mr. Aditya Rao (DIN: 01307343) as Vice-Chairman and Managing Director
4.	Re-appointment of Mr. K Lavanya Kumar Rao (DIN: 01710629) as Whole-time Director
5.	Re-appointment of Mr. Chandrasekhar Sripada (DIN: 02813923) as an Independent Director
6.	Payment of remuneration to Mr. Chandrasekhar Sripada (DIN: 02813923), Non- Executive Independent Director
7.	Payment of remuneration to Ms. Virginia Sharma (DIN: 02306909), Non- Executive Independent Director
8.	Payment of remuneration to Mr. RVS Ramakrishna (DIN: 00009421), Non- Executive Independent Director

The above resolutions were duly passed and the results of which were announced on 26th April, 2024. Mr. Subhash Kishan Kandrapu (Membership No. ACS 32743 and C. P. No. 17545), Practicing Company Secretary, was appointed as the Scrutinizer to scrutinize the postal ballot process by voting through electronic means only (remote e-voting) in a fair and transparent manner. Details of the voting pattern are provided below:

Sl. No.	No. of votes polled (A)	% of votes polled on outstanding shares	No. of votes - in favour (B)	% of votes in favour on votes polled (% of B/A)	No. of votes - Against (C)	% of votes against on votes polled (% of C/A)
1.	6,24,17,067	46.2533	6,24,05,019	99.9807	12,048	0.0193
2.	6,24,16,778	46.2531	6,24,02,134	99.9765	14,644	0.0235
3.	6,24,17,717	46.2538	6,24,05,628	99.9806	12,089	0.0194
4.	6,24,17,717	46.2538	6,24,05,527	99.9805	12,190	0.0195
5.	6,24,17,067	46.2533	6,23,06,455	99.8228	1,10,612	0.1772
6.	6,24,16,778	46.2531	6,24,01,878	99.9761	14,900	0.0239
7.	6,24,16,763	46.2531	6,24,01,642	99.9758	15,121	0.0242
8.	6,24,16,728	46.2530	6,24,01,831	99.9761	14,897	0.0239

Result: The resolution is passed with requisite majority

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

11. Disclosures:

a) 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 as required under Indian Accounting Standard (Ind AS) - 24, Related Party Transactions, are disclosed in Note No. 34 of the financial statements forming part of this Annual Report.

b) Disclosure of Accounting Treatment:

The Company has followed the applicable accounting standards in the preparation of its financial statements.

c) Strictures/Penalty 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: <https://www.pennarindia.com/vigil-mechanism.php> and <https://www.pennarindia.com/whistle-blower-policy.php>

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: <https://www.pennarindia.com/code-conduct-insider-trading.php>

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, 2024, 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.
- (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 <https://www.pennarindia.com/policy-related-party-transactions.php>
- (m) **Disclosure of Commodity price risks and commodity hedging Activities:** Not Applicable
- (n) **Disclosures in Relation to Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013:** The details have been disclosed in the Directors Report forming part of this Annual Report.
- (o) **Fees paid to statutory Auditors: Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to Statutory Auditors of the Company and their other associated firms during the Financial Year ended 31st March, 2024, is as follows:**
- | (in Rs. lakhs) | |
|------------------------|----------------------|
| Particulars | M S K A & Associates |
| Audit Fee | 40 |
| Limited Review | 15 |
| Other Services | 6 |
| Out of pocket expenses | 4 |
| Total | 65 |
- (p) Disclosure of loans and advances in the nature of loans to firms/companies in which directors are interested along with name and amount: 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. 34 to the Standalone financial statements).
- (q) The compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are complied with.

- (r) **Disclosure of certain types of agreements binding listed entity:** Nil

12. 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.

13. 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. RVS Ramakrishna, Non-Executive Independent 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 <https://www.pennarindia.com/financial-information.php> 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. RVS Ramakrishna Rao, Non-Executive Independent 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.

14. 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 <https://www.pennarindia.com/>

15. Disclosures with respect to demat suspense account/ unclaimed suspense account- Nil

8,94,262 Shares are in Investor Education Protection fund. (IEPF).

16. 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 2023-24 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') and NSE Digital Portal: National Stock Exchange announced a web based application system NEAPS and NSE Digital portal for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, among others are also filed electronically on NEAPS and Digital Portal.

17. General Shareholders Information:

Sl. No.	Particulars	Description
1.	Date, time and venue of Annual General Meeting	28th September, 2024 at 11:00 A.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
2.	Financial calendar (Tentative schedule)	Financial year : 1st April, 2024 to 31st March, 2025 First Quarter Results within 45 days from the end of quarter. Half yearly Quarter Results within 45 days from the end of quarter. Third Quarter Results within 45 days from the end of quarter. Results for the year ending 31st March, 2025. Within 60 days of the end of Financial Year. Annual general meeting for the year 2024-25 : In accordance with Companies Act, 2013 and amendment if any.
3.	Date of book Closure	20.09.2024 - 21.09.2024 (both days inclusive)
4.	Dividend payment due	-
5.	Listing on Stock Exchanges	1. BSE Limited (formerly The Bombay Stock Exchange Limited) P. J. Towers, Dalal Street, Mumbai – 400001 2. 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 25th Floor, Marathon Futurex, NM Joshi Marg, Lower Parel (East), Mumbai – 400013
8.	Registered Office (address for correspondence)	2-91/14/8/PIL/10 & 11, 7th Floor, Whitefields, Kondapur, Serilingampally, Hyderabad, K.V.Rangareddy - 500084, Tel. No: +91 40 41923108 E-mail ID corporatecommunications@pennarindia.com
9.	Registrar and Transfer Agents Communication regarding share transfers and other related correspondence	M/s. KFin Technologies Limited (Formerly Karvy Fintech Private Limited.) Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032, India Toll Free No. 1800 309 4001 E-mail: einward.ris@kfintech.com / rajeev.kr@kfintech.com Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.
10.	Share transfer System	The Company's shares are transferable through the depository system. The Company has appointed KFin Technologies Limited (Formerly KFin Technologies Private Limited) as its Registrars and Share Transfer Agents and also Depository Transfer Agent. The Company has signed a tripartite agreement with NSDL/CDSL and KFin Technologies Limited to facilitate dematerialisation of shares. The Members may contact for the redressal of their grievances to either KFin Technologies or the Company Secretary of the Company.

Sl. No.	Particulars	Description
11	Nomination Facility	<p>Section 72 of the Companies Act 2013, provides the facility of nomination to share / debenture / deposit holders. The facility is mainly useful for all those holding the shares / debentures / deposits in single name. In cases where the securities / deposits are held in joint names, the nomination will be effective only in the event of the death of all the holders.</p> <p>Investors are advised to avail of this facility, especially investors holding securities in single name.</p> <p>The nomination form may be had on request from the Company's Registrars & Transfer Agents for the shares held in physical form. For the shares held in dematerialized form, the nomination has to be conveyed by the shareholders to their respective Depository Participant directly, as per the format prescribed by them.</p>
12	Details of all credit ratings obtained by the Company along with any revisions thereto during the year 2023-24, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad.	Long term bank facilities CARE A; Stable (Single A; Outlook: Stable) and Short term bank facilities CARE A1 (A One).

The Company has paid Listing fees for the year 2024-25 to all the aforesaid Stock Exchanges.

18. Distribution of shareholding as on 31st March, 2024 was as under:

Sl. No.	Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1.	1-5000	88,462	92.541217	1,46,16,512	7,30,82,560	10.831360
2.	5001- 10000	3,443	3.601766	52,24,675	2,61,23,375	3.871672
3.	10001- 20000	1,720	1.799314	49,79,184	2,48,95,920	3.689754
4.	20001- 30000	707	0.739602	35,37,087	1,76,85,435	2.621108
5.	30001- 40000	279	0.291865	19,81,380	99,06,900	1.468274
6.	40001- 50000	264	0.276174	24,76,023	1,23,80,115	1.834822
7.	50001- 100000	346	0.361955	50,16,100	2,50,80,500	3.717110
8.	100001 & Above	371	0.388108	9,71,15,270	48,55,76,350	71.965900
	Total	95,592	100.00	13,49,46,231	67,47,31,155	100.00

Shareholding Pattern as on 31st March, 2024 was as under:

Sl. No.	Description	Total Shares	% Equity
1.	ALTERNATIVE INVESTMENT FUND	3,66,500	0.27
2.	BANKS	1,615	0.00
3.	BODIES CORPORATES	85,61,462	6.34
4.	CLEARING MEMBERS	2,111	0.00
5.	DIRECTORS	2,27,360	0.17
6.	FOREIGN PORTFOLIO-CORP	62,33,634	4.62
7.	H U F	30,06,673	2.23
8.	I E P F	8,94,262	0.66
9.	KEY MANAGEMENT PERSONNEL	2,238	0.00
10.	MUTUAL FUNDS	950	0.00
11.	NATIONALISED BANKS	160	0.00
12.	NON RESIDENT INDIAN NON REPATRIABLE	9,08,852	0.67
13.	NON RESIDENT INDIAN	16,80,541	1.25

Sl. No.	Description	Total Shares	% Equity
14.	PROMOTER GROUP	23,23,454	1.72
15.	PROMOTERS	5,11,40,966	37.90
16.	RESIDENT INDIVIDUALS	5,95,95,453	44.16
	TOTAL	13,49,46,231	100.00

19. 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. 99.5177% of equity shares are held in dematerialised form as on 31st March, 2024.
- (b) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: During the financial year 2023-24, the Company has not issued any GDRs/ADRs and there are no outstanding warrants or any convertible instruments.

20. Plant locations:

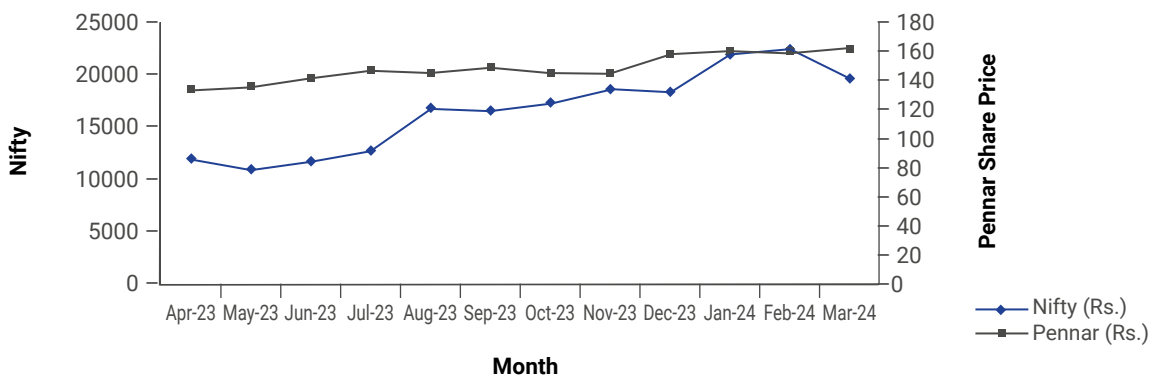
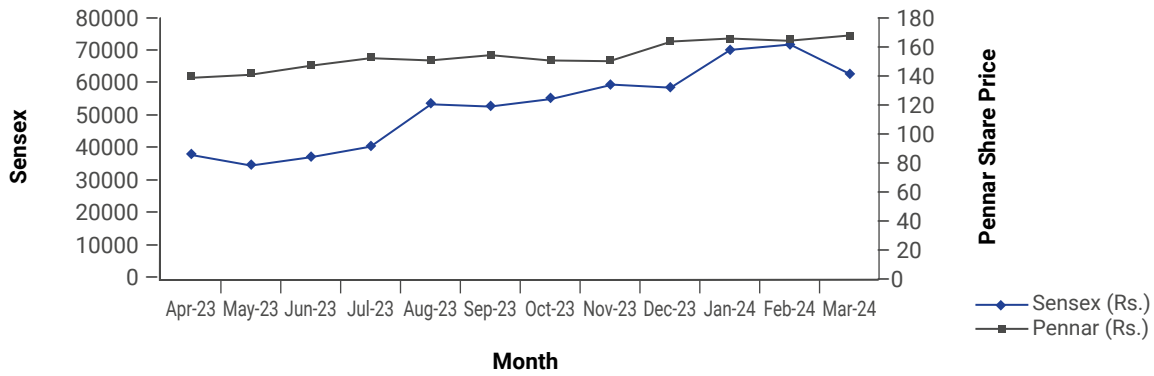
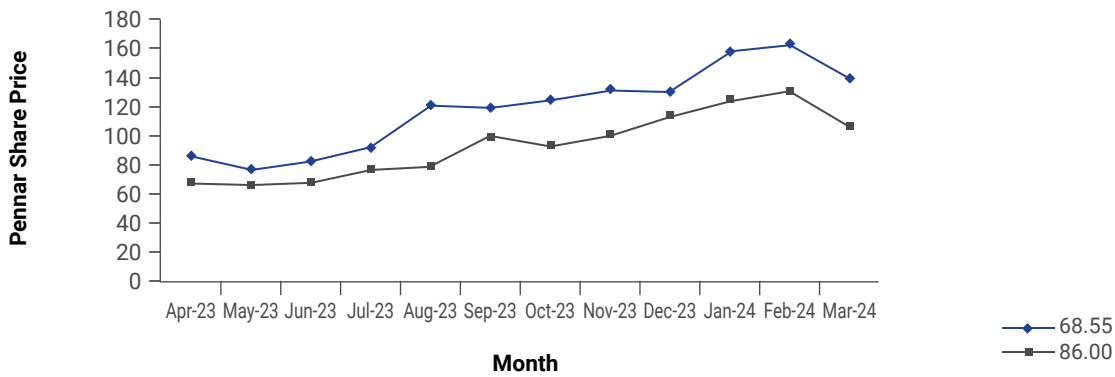
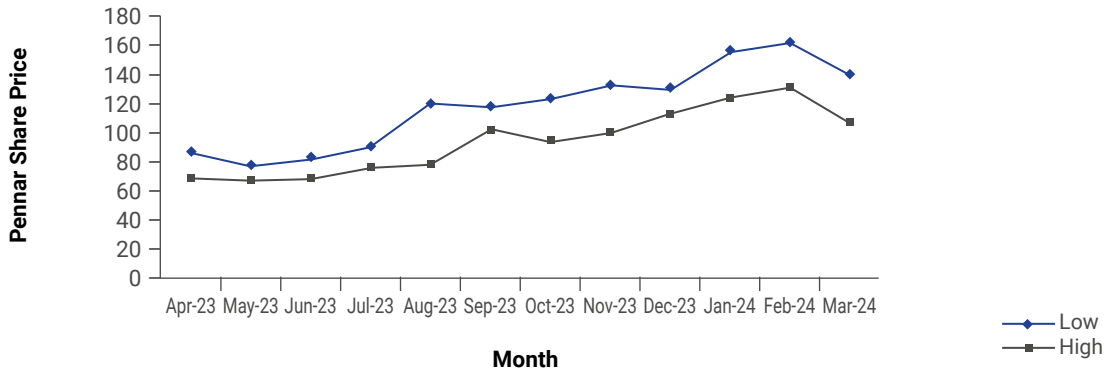
- 1) Patancheru plant: IDA, Patancheru, Medak (Dist.), Telangana
- 2) Isnapur plant : Isnapur Village, Medak (Dist.), Telangana
- 3) Velchal plant : Survey 24, 27 to 38 Venchal (v), Mominpet Vikarabad District, Telangana
- 4) Chennai plant : Kannigaipair Village, Thiruvellore (Dist.), Tamil Nadu
- 5) Tarapur plant : MIDC, Tarapur, Maharashtra
- 6) Sadashivpet plant : Chandapur Village, Sadasivpet Mandal, Medak (Dist)
- 7) Mallapur plant : 186/A & 188/A, IDA Mallapur, RR (Dist)
- 8) Tiruchirappalli plant : 49/23, 49/10, 49/3, 49/2, 49/5, 49/7, 50/19, 50/5, 50/11, 50, Pudukudi Thenpati, Pudukudi, Thanjavur (Dt), Tamil Nadu
- 9) Raebareli Plant: Khata No. 00079, Plot No. 200, Rampur Nihastha, Lalgunj Tehsil, Raebareli District, Uttar Pradesh
- 10) Ascent Buildings Systems: 214 Fountainhead Road Portland TN 37148 USA

21. 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 2023-24 were as follows:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
Apr-23	85.98	68.64	27,05,775	86	68.55	44,59,800
May-23	77.86	66.59	15,87,571	77.9	66.45	57,37,500
Jun-23	82.5	67.52	17,88,466	81.95	68.1	51,44,400
Jul-23	90.87	76.7	26,05,579	90.9	76.6	58,02,500
Aug-23	119.77	77.6	50,95,021	119.95	77.55	60,27,500
Sep-23	118.55	100.9	21,56,651	118.6	100.75	56,66,500
Oct-23	123.8	94.55	31,63,691	123.9	94.1	42,48,400
Nov-23	132	100.95	35,66,941	131.9	100.85	43,86,100
Dec-23	130.5	113.05	31,05,539	130.55	113	61,21,400
Jan-24	156.9	123.85	39,08,042	156.8	123.7	68,24,400
Feb-24	162.3	131.2	20,84,573	163.4	130.7	67,28,200
Mar-24	139.95	107	22,18,806	138.95	106.4	67,00,100

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



22. 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. KFin Technologies 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.

23. Share Transfer System

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialized form.

Pursuant to SEBI Circular dated 25th January, 2022, the listed companies shall issue the securities in dematerialized form only, for processing any service requests from shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition, etc. After processing the service request, a letter of confirmation will be issued to the shareholders and shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant for dematerializing those shares. If the shareholders fail to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat account held by the Company. Shareholders can claim these shares transferred to Suspense Escrow Demat account on submission of necessary documentation.

The Directors and certain Company officials (including Chief Financial Officer and Company Secretary) are authorized by the Board severally to approve transfers, which are noted at subsequent Board Meetings.

24. 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.

25. Corporate Identity Number (CIN):

Corporate Identity Number (CIN) of the company, allotted by the Ministry of Corporate Affairs, Government of India is L27109TG1975PLC001919.

26. Managing Director Certification:

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

27. 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.

28. Declaration of Code of Conduct:

The Board of Directors of Pennar Industries Limited adopted the Code of Conduct for the Directors and 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, 2024.

for **Pennar Industries Limited**

Aditya Rao

Vice-Chairman and Managing Director
DIN 01307343

Date: 12.08.2024

Place: Hyderabad

Ref: RK/208/2024-25

Certificate on Corporate Governance

To the Members of

Pennar Industries Limited

We, R Krishna & Associates, Chartered Accountants, have examined the compliance of conditions of Corporate Governance by Pennar Industries Limited (the Company), for the year ended on 31 March 2024, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations).

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

Our responsibility was limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Regulations.

We 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.

For **R Krishna & Associates**

Chartered Accountants

M Rama Krishna

Partner

M.no: 221908

UDIN: 24221908BKAJNO1910

Place: Hyderabad

Date: 18/07/2024

Annual Report on Corporate Social Responsibility activities for the Financial Year 2023-24

1. Brief outline on Corporate Social Responsibility (CSR) Policy of the Company.

Pursuant to section 135 of the Companies Act, 2013 (the act) and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended (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: <https://www.pennarindia.com/csr-policy.php> A Foundation to undertake the CSR activities have been formed namely Pennar Foundation.

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. B Kamalaker Rao*	Chairman (Non-Executive Independent Director)	1	1
2.	Mr. Chandrasekhar Sripada *	Chairman (Non-Executive Independent Director)	-	-
3.	Mr. Aditya Rao	Member (Vice-Chairman and Managing Director)	1	1
4.	Mr. K Lavanya Kumar Rao	Member (Whole-time Director)	1	1

The composition of CSR Committee was reconstituted in the Board Meeting held on 9th February, 2024.

* Mr. B Kamalaker Rao resigned as Director at the Board Meeting held on 9th February, 2024 and Mr. Chandrasekhar Sripada was designated as Chairman of the Corporate Social Responsibility Committee.

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: <https://www.pennarindia.com/downloads/Composition%20of%20mandatory%20committees%20in%20PIL%20w.e.f%2009022024.pdf>
- Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.: Not Applicable for the financial year under review.
- Average net profit of the company as per sub-section (5) of section 135.- Rs. 2852.33 lakhs
 - Two percent of average net profit of the company as per sub-section (5) of section 135 - Rs.57.04 Lakhs
 - Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. - Nil
 - Amount required to be set off for the financial year, if any- Nil
 - Total CSR obligation for the financial year [(b)+(c)-(d)]-Rs. 57.04 Lakhs
- Amount spent on CSR Projects (both Ongoing Projects and other than Ongoing Projects) : Rs 57.75 Lakhs
 - Amount spent in Administrative Overheads: Rs. 2.75 lakhs
 - Amount spent on Impact Assessment, if applicable: Nil
 - Total amount spent for the Financial Year [(a)+(b)+(c)]: Rs.57.75 lakhs

(e) CSR amount spent or unspent for the financial year:

Total Amount spent for the Financial Year (in Rs. lakhs)	Amount Unspent (in Rs. lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
91.83	-	-	-	-	-

(f) Excess amount set-off, if any:

Sl. No.	Particular	Amount (in lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs.57.04
(ii)	Total amount spent for the Financial Year	Rs.57.75
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Rs. 0.71 lakhs
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	-

7. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in Rs. lakhs)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs. Lakhs)	Amount spent in the Financial Year (in lakhs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding financial years (in Rs. lakhs)	Deficiency, if any
					Amount (in Rs. lakhs)	Date of transfer		
(i)	2022-23	Nil	Nil	Nil	Nil	Nil	Nil	-
(ii)	2021-22	86	53	33	Nil	Nil	53	-
(iii)	2020-21	23	1.27	21.51	Nil	Nil	1.27	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No.

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of Creation	Amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration No. if applicable	Name	Registered Address
Not Applicable							

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).
- Not Applicable

for Pennar Industries Limited

Shrikant Bhakkad
Chief Financial Officer

Aditya Rao
Vice-Chairman and Managing Director
DIN 01307343

Chandrasekhar Sripada
Chairman of CSR Committee
DIN 02813923

FORM No. MR-3

Secretarial Audit Report

for the Financial Year Ended 31st March, 2024

[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: L27109TG1975PLC001919

2-91/14/8/PIL/10 & 11, 7th floor, Whitefields,

Hyderabad, Kondapur, K.V.Rangareddy, Serilingampally,

Telangana, India, 500084

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 (CIN: L27109TG1975PLC001919) (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, 2023 and ended 31st March, 2024, 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, 2024 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; **Not Applicable for the financial year 2023-2024.**
- (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 Broilers 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 Act, 1959 & Rules CNV
- (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; **Not Applicable for the financial year 2023-2024.**
- (iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. **Not Applicable for the financial year 2023-2024.**

- (iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 requiring compliance thereof by the Company during the audit period. **Not Applicable for the financial year 2023-2024.**

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.

CS. Subhash Kishan Kandrapu

ACS: 32743, CP: 17545
UDIN: A032743F000547532

Place: Hyderabad
Date: 07.06.2024

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.

To

The Members

M/s. PENNAR INDUSTRIES LIMITED

CIN: L27109TG1975PLC001919

2-91/14/8/PIL/10 & 11, 7th floor, Whitefields,
Hyderabad, Kondapur, K.V.Rangareddy, Serilingampally,
Telangana, India, 500084

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. I 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. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I 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.

CS. Subhash Kishan Kandrapu

ACS: 32743, CP: 17545

UDIN: A032743F000547532

Place: Hyderabad

Date: 07.06.2024

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 here under:

(A) Conservation of Energy:	
1. The steps taken or impact on conservation of energy	<ul style="list-style-type: none"> Replaced the 355 No's 150W led fittings in place of 400W metal halide fittings. Patancheru Plant – 51 No's Isnapur Plant – 127 No's
2. The steps taken by the company for utilizing alternate sources of energy	<ul style="list-style-type: none"> Roof top solar power installed in all plants in 2020-2021 In year 2023-24 we utilized 75.55,239 units from ground mounted, Roof top solar power plants for our product manufacturing.
3. The capital investment on energy conservation equipment;	<ul style="list-style-type: none"> Nil
(B) Technology absorption:	
1. The efforts made towards technology absorption	<ul style="list-style-type: none"> Digital DC Drives replaced in skin pass mill (4hi 3) in place of analog drives
2. The benefits derived like product improvement, cost reduction, product development or import substitution.	<ul style="list-style-type: none"> In 200 T press Ac drive used for leveller motor with break. In place of normal motor. This helped in yield improvement 60T press eddy current drive replaced with digital drive.
3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
a. The details of technology imported	–
b. The year of import:	–
c. Whether the technology been fully absorbed	–
d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	–
4. The expenditure incurred on research and development	–
(C) Foreign exchange earnings and outgo	Total Foreign Exchange earnings Rs.17,485.03 lakhs
	Total Foreign Exchange Outgo Rs.2,066.80 lakhs

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

Place : Hyderabad
Date : 12.08.2024

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

K Lavanya Kumar Rao
Whole-time Director
DIN No. 01710629

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31st March, 2024

[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

i)	Corporate Identification Number (CIN)	L27109TG1975PLC001919
ii)	Registration Date	08.08.1975
iii)	Name of the Company	Pennar Industries Limited
iv)	Category/Sub Category of the Company	Public Company/Limited by Shares
v)	Address of the Registered office and contact details	2-91/14/8/PIL/10 & 11, 7th Floor, Whitefields, Kondapur, Serilingampally, Hyderabad, K.V.Rangareddy - 500084 Tel No. +91 40 41923108 e-Mail ID: corporatecommunications@pennarindia.com
vi)	Whether Listed Company	Yes listed on NSE and BSE Stock Exchanges.
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. KFin Technologies Limited (Formerly KFin Technologies Private Limited) Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032, India, Toll Free No. 1800 309 4001 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.	Diversified Engineering	24105	52.43%
2.	Custom designed building solutions & auxiliaries	28112	47.57%

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.	Pennar Global Inc. Registered office: 1013 Centre Road, Suite 403S Street, Wellington City, Delaware State, Zip Code – 19805, USA.	-	Subsidiary	100%	2(87)
2.	Pennar GmbH Registered Office: Am Borsigturm 40, 13507, Berlin, Germany	-	Subsidiary	100%	2(87)
3.	Enertech Pennar Defense and Engineering Systems Private Limited Registered Office: 2-91/14/8/PIL/10 & 11, 6th Floor, Whitefields, Kondapur, Serilingampally, Hyderabad, K.V.Rangareddy - 500084	U74999TG2018PTC123704	Subsidiary	51%	2(87)
4.	Pennar Metals Private Limited Registered Office: 2-91/14/8/PIL/10 & 11, 6th Floor, Whitefields, Kondapur, Serilingampally, Hyderabad, K.V.Rangareddy - 500084	U24105TS2023PTC174283	Subsidiary	100%	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

Particulars	Amount in Rs. Lakhs			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	61,439	550	NIL	61,989
ii. Interest due but not paid	-	-	NA	-
iii. Interest accrued but not due	154	-	NA	-
Total (i+ii+iii)	61,593	550	-	62,143
Change in Indebtedness during the financial year	-	-	-	-
* Additions	17,356	-	NIL	17,356
* Reductions	5,731	335	NIL	6,066
Net Change	11,625	(335)	0	11,290
Indebtedness at the end of the financial year				
i. Principal amount	73,064	215	NIL	73,279
ii. Interest due but not paid	-	-	NA	-
iii. Interest accrued but not due	151	-	NA	151
Total (i+ii+iii)	73,215	215	0	73,430

VI. Remuneration of Directors and Key Managerial Personnel

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

Sl No.	Particulars of Remuneration	Amount in Rs. Lakhs			
		Nrupender Rao * Chairman	Aditya Rao Managing Director	K Lavanya Kumar Rao Whole-time Director	Total Amount
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	64	105	128	297
	(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	-	-	-	-
	Total	64	105	128	297

* Mr. Nrupender Rao resigned as Executive Chairman and Director on 9th August, 2023.

B) Remuneration to other directors

Amount in Rs. Lakhs

SI No.	Particulars of Remuneration	Name of the Directors							Total Amount
		B Kamalaker Rao *	Chandrasekhar Sripada	Manish Sabharwal#	Virginia Sharma	RVS Ramakrishna	P V Rao	V S Parthasarathy@	
1.	Independent Directors	5	3	4	4	5	-	1	61
	* Fee for attending board, committee meetings	-	-	-	-	-	-	-	-
	* Commission	-	12	-	12	12	-	3	-
	* Others, please specify: Remuneration								
	Total (1)	5	15	4	16	17	-	4	61
2.	Others Non-Executive Directors								
	* Fee for attending board meetings	-	-	-	-	-	4	-	4
	* Commission	-	-	-	-	-	-	-	-
	* Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	4	-	4
	Total (1+2)	5	15	4	16	17	4	4	65

* Mr. B Kamalaker Rao, Independent Director resigned on 9th February, 2024.

Mr. Manish Sabharwal upon completion of two consecutive terms of Independent Director ceases to be an Independent Director w.e.f 31st March, 2024.

@ Mr. V S Parthasarathy appointed as Non-Executive Independent Director at the Board Meeting held on 9th February, 2024.

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

Amount in Rs. Lakhs

SI No.	Particulars of Remuneration	J S Krishna Prasad *	Shrikant Bhakkad #	Mirza Mohammed Ali Baig	Total Amount
		Chief Financial Officer	Chief Financial Officer	Company Secretary & Compliance Officer	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6	90	16	112
	(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	6	90	16	112

* Mr. J S Krishna Prasad resigned as Chief Financial Officer w.e.f 24th May, 2023

Mr. Shrikant Bhakkad appointed as Chief Financial Officer w.e.f 25th May, 2023

VII. Penalties / Punishment/ Compounding of Offences

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

Annexure - A to Annexure - H
(i) Shareholding Pattern (Equity Share Capital Breakup as % to Equity)

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 31/03/2023				No. of shares held at the end of the year 29/03/2024				% Change During The Year
		Demat	Physical	Total	% Of Total Shares	Demat	Physical	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	3,26,24,872	-	3,26,24,872	24.18	3,24,58,965	-	3,24,58,965	24.05	-0.12
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	2,10,05,455	-	2,10,05,455	15.57	2,10,05,455	-	2,10,05,455	15.57	0.00
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	5,36,30,327	-	5,36,30,327	39.74	5,34,64,420	-	5,34,64,420	39.62	-0.12
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	0.00
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	0.00
(c)	Institutions	-	-	-	-	-	-	-	-	0.00
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	0.00
(e)	Others	-	-	-	-	-	-	-	-	0.00
	Sub-Total A(2) :	-	-	-	-	-	-	-	-	0.00
	Total A=A(1)+A(2)	5,36,30,327	-	5,36,30,327	39.74	5,34,64,420	-	5,34,64,420	39.62	-0.12
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	35,650	-	35,650	0	3,67,450	-	3,67,450	0	0.25
(b)	Financial Institutions / Banks	458	1,350	1,808	0	425	1,350	1,775	0	0.00
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	0.00
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	0.00
(e)	Insurance Companies	-	-	-	-	-	-	-	-	0.00
(f)	Foreign Institutional Investors	65,55,761	-	65,55,761	4.86	62,33,634	-	62,33,634	4.62	-0.24
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	0.00
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	0.00
(i)	Others	-	-	-	-	-	-	-	-	0.00
	Sub-Total B(1) :	65,91,869	1,350	65,93,219	4.89	66,01,509	1,350	66,02,859	4.89	0.01
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	97,40,800	2,855	97,43,655	7.22	85,58,607	2,855	85,61,462	6.34	-0.88
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	2,94,18,099	6,11,545	3,00,29,644	22.25	3,50,47,263	5,89,179	3,56,36,442	26.41	4.16
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	3,16,62,261	44,000	3,17,06,261	23.50	2,69,21,684	44,000	2,69,65,684	19.98	-3.51
(c)	Others									
	CLEARING MEMBERS	48,893	-	48,893	0.04	2,111	-	2,111	0.00	-0.03
	DIRECTORS	2,27,360	-	2,27,360	0.17	2,27,360	-	2,27,360	0.17	0.00
	I E P F	8,95,122	-	8,95,122	0.66	8,94,262	-	8,94,262	0.66	0.00
	KEY MANAGERIAL PERSONNEL	889	-	889	0.00	2,238	-	2,238	0.00	0.00
	NON RESIDENT INDIANS	13,52,494	14,019	13,66,513	1.01	16,67,126	13,415	16,80,541	1.25	0.23
	NRI NON-REPATRIATION	7,04,348	-	7,04,348	0.52	9,08,852	-	9,08,852	0.67	0.15

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 31/03/2023				No. of shares held at the end of the year 29/03/2024				% Change During The Year
		Demat	Physical	Total	% Of Total Shares	Demat	Physical	Total	% Of Total Shares	
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	0.00
	Sub-Total B(2) :	7,40,50,266	6,72,419	7,47,22,685	55.37	7,42,29,503	6,49,449	7,48,78,952	55.49	0.12
	Total B=B(1)+B(2) :	8,06,42,135	6,73,769	8,13,15,904	60.26	8,08,31,012	6,50,799	8,14,81,811	60.38	0.12
	Total (A+B) :	13,42,72,462	6,73,769	13,49,46,231	100.00	13,42,95,432	6,50,799	13,49,46,231	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	0.00
(2)	Public	-	-	-	-	-	-	-	-	0.00
	GRAND TOTAL (A+B+C):	13,42,72,462	6,73,769	13,49,46,231	100.00	13,42,95,432	6,50,799	13,49,46,231	100.00	

Annexure - A to Annexure H - (Contd.)
(ii) Shareholding of Promoters

SI No	Date	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	PENNAR HOLDINGS PRIVATE LIMITED	21,005,455	15.57	21,005,455	15.57
	30/03/2024	Closing Balance			0.00	21,005,455	15.57
2		Opening Balance	ADITYA NARSING RAO	8,772,203	6.50	8,772,203	6.50
	02/06/2023	Purchase		22,000	0.02	8,794,203	6.52
	23/06/2023	Purchase		13,000	0.01	8,807,203	6.53
	25/08/2023	Purchase		50,000	0.04	8,857,203	6.56
	22/03/2024	Purchase		24,750	0.02	8,881,953	6.58
	29/03/2024	Purchase		15,800	0.01	8,897,753	6.59
	30/03/2024	Closing Balance			0.00	8,897,753	6.59
3		Opening Balance	J. RAJYALAKSHMI	6,933,038	5.14	6,933,038	5.14
	30/03/2024	Closing Balance			0.00	6,933,038	5.14
4		Opening Balance	JOGINAPALLY VENKATA NRUPENDER RAO	6,010,786	4.45	6,010,786	4.45
	30/03/2024	Closing Balance			0.00	6,010,786	4.45
5		Opening Balance	J. AVANTI RAO	2,397,951	1.78	2,397,951	1.78
	30/03/2024	Closing Balance			0.00	2,397,951	1.78
6		Opening Balance	DANAPUNENI SUDEEPTA RAO	1,861,054	1.38	1,861,054	1.38
	30/03/2024	Closing Balance			0.00	1,861,054	1.38
7		Opening Balance	JAYANTHI PULJAL	1,791,751	1.33	1,791,751	1.33
	30/03/2024	Closing Balance			0.00	1,791,751	1.33
8		Opening Balance	KALPANA PULJAL	1,750,091	1.30	1,750,091	1.30
	30/03/2024	Closing Balance			0.00	1,750,091	1.30
9		Opening Balance	BHAVANA PULJAL	1,694,027	1.26	1,694,027	1.26
	30/03/2024	Closing Balance			0.00	1,694,027	1.26
10		Opening Balance	JOGINAPALLY NRUPENDER RAO HUF	660,114	0.49	660,114	0.49
	30/03/2024	Closing Balance			0.00	660,114	0.49
11		Opening Balance	LAVANYAKUMAR RAO KONDAPALLI	237,400	0.18	237,400	0.18
	02/06/2023	Sale		22,000	0.02	215,400	0.16
	30/03/2024	Closing Balance			0.00	215,400	0.16
12		Opening Balance	KONDAPALLI LAKSHMAN RAO HUF	95,200	0.07	95,200	0.07
	30/03/2024	Closing Balance			0.00	95,200	0.07
13		Opening Balance	KONDAPALLI LAVANYA KUMAR RAO HUF	82,200	0.06	82,200	0.06
	30/03/2024	Closing Balance			0.00	82,200	0.06
14		Opening Balance	KONDAPALLI SANDHYA	69,600	0.05	69,600	0.05
	30/03/2024	Closing Balance			0.00	69,600	0.05

Note: The Stock Exchanges approved to reclassify Mr. Y Muralidhar Rao, Dr. Y Rekha Rao and Fort Kochi Holdings Limited from Promoter Group category to Public category as per the NSE letter No. NSE/LIST/339 dated 4th March, 2024 and BSE letter No. LIST/COMP/AS/3290/2023-24 dated 4th March, 2024, the said event of reclassification was disclosed to Stock Exchanges by Pennar Industries Limited on 4th March, 2024.

Annexure - A to Annexure H - (Contd..)

(iii) Change in Promoters Shareholding (Specify if there is no change)

SI No	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	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 - 31/03/2023	Aditya Narsing Rao	8,772,203	6.50				8,772,203	6.50
	Purchase		22,000	0.02	02/06/2023	Increase	Purchase	8,794,203	6.52
	Purchase		13,000	0.01	23/06/2023	Increase	Purchase	8,807,203	6.53
	Purchase		50,000	0.04	25/08/2023	Increase	Purchase	8,857,203	6.56
	Purchase		24,750	0.02	22/03/2024	Increase	Purchase	8,881,953	6.58
	Purchase		15,800	0.01	29/03/2024	Increase	Purchase	8,897,753	6.59
	Closing Balance - 31/03/2024				31/03/2024			8,897,753	6.59
2	Opening Balance - 31/03/2023	Lavanyakumar Rao Kondapalli	237,400	0.18				237,400	0.18
	Sale		22,000	0.02	02/06/2023	Decrease	Gift	215,400	0.16
	Closing Balance - 31/03/2024				31/03/2023			215,400	0.16

(iv) Shareholding Pattern of Top ten Shareholders other than Directors, Promoters and Holders of ADR & GDR

SI No	Date	Category	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		PUB	Opening Balance - 31/03/2023	Vinod Hashmatrai Punwani	3,315,000	2.46	3,315,000	2.46
	14/04/2023		Purchase		1,750,000	1.30	5,065,000	3.75
	14/04/2023		Sale		1,750,000	1.30	3,315,000	2.46
	18/08/2023		Sale		535,000	0.40	2,780,000	2.06
	25/08/2023		Sale		196,363	0.15	2,583,637	1.91
	01/09/2023		Sale		3,637	0.00	2,580,000	1.91
	22/09/2023		Sale		15,000	0.01	2,565,000	1.90
	13/10/2023		Sale		15,000	0.01	2,550,000	1.89
	20/10/2023		Sale		145,000	0.11	2,405,000	1.78
	27/10/2023		Sale		405,000	0.30	2,000,000	1.48
	10/11/2023		Sale		20,491	0.02	1,979,509	1.47
	17/11/2023		Sale		179,509	0.13	1,800,000	1.33
	24/11/2023		Purchase		325,000	0.24	2,125,000	1.57
	24/11/2023		Sale		500,000	0.37	1,625,000	1.20
	09/02/2024		Purchase		1,000,000	0.74	2,625,000	1.95
	09/02/2024		Sale		1,000,000	0.74	1,625,000	1.20
	23/02/2024		Sale		55,400	0.04	1,569,600	1.16
	08/03/2024		Sale		119,600	0.09	1,450,000	1.07
	15/03/2024		Sale		350,000	0.26	1,100,000	0.82
			Closing Balance - 31/03/2024				1,100,000	0.82
2		LTD	Opening Balance - 31/03/2023	Southend Securities Private Limited	2,094,730	1.55	2,094,730	1.55
	05/05/2023		Purchase		20,500	0.02	2,115,230	1.57
	12/05/2023		Sale		20,500	0.02	2,094,730	1.55
			Closing Balance - 31/03/2024				2,094,730	1.55

Annexure - A to Annexure H - (Contd..)

SI No	Date	Category	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
3		PUB	Opening Balance - 31/03/2023	Acadian Emerging Markets Micro-Cap Equity Master F	1,419,735	1.05	1,419,735	1.05
			Closing Balance - 30/03/2024				1,419,735	1.05
4		LTD	Opening Balance - 31/03/2023	Zen Securities Ltd	1,360,099	1.01	1,360,099	1.01
			Closing Balance - 30/03/2024				1,360,099	1.01
5		PUB	Opening Balance - 31/03/2023	K. Swapna	1,345,000	1.00	1,345,000	1.00
			Closing Balance - 30/03/2024				1,345,000	1.00
6		PUB	Opening Balance - 31/03/2023	Lekhya Kantheti	1,340,000	0.99	1,340,000	0.99
			Closing Balance - 30/03/2024				1,340,000	0.99
7		PUB	Opening Balance - 31/03/2023	Jaideep Narendra Sampat	1,245,528	0.92	1,245,528	0.92
			Closing Balance - 30/03/2024				1,245,528	0.92
8		PUB	Opening Balance - 31/03/2023	Acadian Emerging Markets Small Cap Equity Fund LLC	1,219,927	0.90	1,219,927	0.90
	17/11/2023		Sale		37,616	0.03	1,182,311	0.88
			Closing Balance - 30/03/2024				1,182,311	0.88
9		LTD	Opening Balance - 31/03/2023	Aruna Finecap Pvt Ltd	1,178,846	0.87	1,178,846	0.87
			Closing Balance - 30/03/2024				1,178,846	0.87
10		IEPF	Opening Balance - 31/03/2023	Investor Education And Protection Fund Authority M	895,122	0.66	895,122	0.66
	14/04/2023		Sale		210	0.00	894,912	0.66
	22/09/2023		Sale		150	0.00	894,762	0.66
	27/10/2023		Sale		400	0.00	894,362	0.66
	01/12/2023		Sale		100	0.00	894,262	0.66
			Closing Balance - 30/03/2024				894,262	0.66

Annexure - A to Annexure H - (Contd..)

(v) Shareholding of Directors and Key Management Personnel

SI No	Type	Name of the Director/KMP	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	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 - 31/03/2023	Aditya Narsing Rao	8,772,203	6.50				8,772,203	6.50
	Purchase		22,000	0.02	02/06/2023	Increase	Purchase	8,794,203	6.52
	Purchase		13,000	0.01	23/06/2023	Increase	Purchase	8,807,203	6.53
	Purchase		50,000	0.04	25/08/2023	Increase	Purchase	8,857,203	6.56
	Purchase		24,750	0.02	22/03/2024	Increase	Purchase	8,881,953	6.58
	Purchase		15,800	0.01	29/03/2024	Increase	Purchase	8,897,753	6.59
	Closing Balance - 31/03/2024				31/03/2024			8,897,753	6.59
2	Opening Balance - 31/03/2023	Lavanyakumar Rao Kondapalli	237,400	0.18				237,400	0.18
	Sale		22,000	0.02	02/06/2023	Decrease	Gift	215,400	0.16
	Closing Balance - 31/03/2024				31/03/2024			215,400	0.16
3	Opening Balance - 31/03/2023	Kondapalli Lavanya Kumar Rao Huf	82,200	0.06	31/03/2023			82,200	0.06
	Closing Balance - 31/03/2024				31/03/2024			82,200	0.06
4	Opening Balance - 31/03/2023	Venkateswara Rao Potluri	227,360	0.16	31/03/2023			227,360	0.17
	Closing Balance - 31/03/2024				31/03/2024			227,360	0.17
5	Opening Balance - 31/03/2023	Chandrasekhar Sripada	-	0.00	31/03/2023			-	0.00
	Closing Balance - 31/03/2024				31/03/2024			-	0.00
6	Opening Balance - 31/03/2023	RVS Ramakrishna	-	0.00	31/03/2023			-	0.00
	Closing Balance - 31/03/2024				31/03/2024			-	0.00
7	Opening Balance - 31/03/2023	V S Parthasarthy	-	0.00	31/03/2023			-	0.00
	Closing Balance - 31/03/2024				31/03/2024			-	0.00
8	Opening Balance - 31/03/2023	Virginia Sharma	-	0.00	31/03/2023			-	0.00
	Closing Balance - 31/03/2024				31/03/2024			-	0.00
9	Opening Balance - 31/03/2023	Eric James Brown	-	0.00	31/03/2023			-	0.00
	Closing Balance - 31/03/2024				31/03/2024			-	0.00
10	Opening Balance - 31/03/2023	Shrikant Bhakkad	2,238	0.00	31/03/2023			2,238	0.00
	Closing Balance - 31/03/2024				31/03/2024			2,238	0.00
11	Opening Balance - 31/03/2023	Mirza Mohammed Ali Baig	-	0.00	31/03/2023			-	0.00
	Closing Balance - 31/03/2024				31/03/2024			-	0.00

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;

Amount in Rs. lakhs

Sl No.	Name of the Director and KMP	Designation	Remuneration paid in 2023-24	Remuneration paid in 2022-23	Increase in remuneration from previous year	Ratio/median of employee remuneration (2023-24)
1.	Mr. Nrupender Rao *	Chairman	64	155	-91	14.64
2.	Mr. Aditya Rao	Vice-Chairman & Managing Director	105	124	-19	24.02
3.	Mr. K Lavanya Kumar Rao	Whole-time Director	128	124	4	29.28
4.	Mr. Shrikant Bhakkad @	Chief Financial Officer	90	-	90	20.59
5.	Mr. J S Krishna Prasad #	Chief Financial Officer	6	47	-41	1.37
6.	Mr. Mirza Mohammed Ali Baig	Company Secretary & Compliance Officer	16	15	1	3.66
Non-Executive Directors						
1.	Mr. B Kamalaker Rao \$	Non-Executive Independent Director	5	5	0	1.14
2.	Mr. Chandrasekhar Sripada	Non-Executive Independent Director	15	8	7	3.43
3.	Mr. Manish Sabharwal	Non-Executive Independent Director	4	4	0	0.92
4.	Mr. Ravi Venkata Siva Ramakrishna	Non-Executive Independent Director	17	9	8	3.89
5.	Ms. Virginia Sharma	Non-Executive Independent Director	16	7	9	3.66
6.	Mr. V S Parthasarathy &	Non-Executive Independent Director	4	-	4	0.92
7.	Mr. P V Rao	Non-Executive Non-Independent Director	4	4	0	0.92
8.	Mr. Varun Chawla	Non-Executive Independent Director	-	4	-4	-

* Mr. Nrupender Rao resigned as Executive Chairman and Director on 9th August, 2023.

@ Mr. Shrikant Bhakkad appointed as Chief Financial Officer w.e.f 25th May, 2023.

Mr. J S Krishna Prasad, Chief Financial Officer resigned on 24th May, 2023.

\$ Mr. B Kamalaker Rao, Independent Director resigned on 9th February, 2024.

Mr. Manish Sabharwal upon completion of two consecutive terms of Independent Director ceases to be an Independent Director w.e.f 31st March, 2024.

& Mr. V S Parthasarathy appointed as Non-Executive Independent Director at the Board Meeting held on 9th February, 2024.

(iii) The percentage increase in the median remuneration of employees in the financial year: 2.32%

(iv) The number of permanent employees on the rolls of company as on 31st March, 2024: 2,207

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

The Average percentile/percentage increase in the last financial year in the salaries of employees is 7.15%. This is arrived basis the fulltime equivalent (FTE) for FY 23 & FY 24.

There were no exceptional circumstances for increase in the managerial remuneration. The Company affirms that remuneration to the Directors and Key Managerial Personnel is as per the remuneration policy of the Company.

- (vi) 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.

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Managing Director Declaration

I, Aditya Rao, Vice-Chairman and Managing Director do hereby declare that pursuant to the provisions of Schedule V of the SEBI LODR Regulations, 2015 all the members of the Board and Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company, for the financial year ended 31st March, 2024.

for **Pennar Industries Limited**

Aditya Rao

Vice-Chairman & Managing Director

DIN 01307343

Date: 12.08.2024

Place: Hyderabad

Managing Director and Chief Financial Officer Certification pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

Sub: Certificate pursuant to Regulation 17 (8) of the SEBI LODR Regulations, 2015

1. We have reviewed financial statements and the cash flow statement of M/s. Pennar Industries Limited for the year ended 31st March, 2024 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**

Shrikant Bhakkad
Chief Financial Officer

Aditya Rao
Vice-Chairman and Managing Director
DIN 01307343

Place : Hyderabad
Date : 12.08.2024

Annexure - L

To

The Members

PENNAR INDUSTRIES LIMITED

CIN: L27109AP1975PLC001919

2-91/14/8/PIL/10 & 11, 7th Floor, Whitefields, Kondapur,
Serilingampally, Hyderabad, K.V.Rangareddy - 500084**Sub: Certificate of Non-disqualification of Directors****Ref: Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure**

Requirements) Regulations, 2015

I, Subhash Kishan Kandrapu, Practicing Company Secretary, have examined the relevant registers, records, forms, returns and disclosures received from the Company & its officers having its registered office at 2-91/14/8/PIL/10 & 11, 7th Floor, Whitefields, Kondapur, Serilingampally, Hyderabad, K.V.Rangareddy - 500084 (hereinafter referred to as 'the Company') for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the Financial Year ended on 31st March, 2024.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No.	Name of the Director	Designation	DIN
1.	Ravi Venkata Siva Ramakrishna	Chairman - Non-Executive Independent Director	00009421
2.	Aditya Narsing Rao	Vice-Chairman and Managing Director	01307343
3.	Lavanya Kumar Rao Kondapalli	Executive Director	01710629
4.	Potluri Venkateswara Rao	Non-Executive Director	03157581
5.	Eric James Brown	Non-Executive Director	07670880
6.	Chandrasekhar Sripada	Non-Executive Independent Director	02813923
7.	Virginia Sharma	Non-Executive Independent Director	02306909
8.	Parthasarathy Vankipuram Srinivasa	Non-Executive Independent Director	00125299

Thanking you.

Yours Truly,

SUBHASH KISHAN KANDRAPU

Practicing Company Secretary

ACS 32743

PCS 17545

UDIN:

Date: 27th June 2024

Place: Hyderabad

Business Responsibility and Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of listed entity

1.	Corporate Identity Number (CIN) of the Company	L27109TG1975PLC001919
2.	Name of the Company	PENAR INDUSTRIES LIMITED
3.	Year of Incorporation	1975
4.	Registered Office Address	2-91/14/8/PIL/10 & 11, 7th Floor, Whitefields, Kondapur, Serilingampally, Hyderabad, K.V.Rangareddy - 500084
5.	Corporate Address	Kondapur, Serilingampally, Hyderabad, K.V.Rangareddy - 500084
6.	Email Address	corporatecommunications@pennarindia.com
7.	Telephone	+91 40 43904952
8.	Website	https://www.pennarindia.com/index.php
9.	Financial Year Reported	1 st April 2023 to March 2024
10.	Name of the Stock Exchanges where shares are listed	National Stock Exchange of India Limited BSE Limited
11.	Paid-up Capital	67,47,31,155 INR
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Mirza Mohammed Ali Baig Telephone: +91 40 41923108 e-Mail ID: mirza.baig@pennarindia.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone basis The reporting boundary covers all the manufacturing plants of the Company in India for the period from 1 st April 2023 to 31 st March 2024
14.	Name of assurance provider	NA
15.	Type of assurance obtained	NA

II. Products/Services

16. Details of business activities (accounting for 90% of the turnover)

Sl. No.	Description of Main Activity	Description of Business Activity	% of turnover of the Company
1	Diversified Engineering	Railways-Wagons, Steel, Solar Module Mounting solutions, Industrial Boilers & Heaters, Chemicals & Fuel Additives, solar panels, precision tubes, BIW, hydraulics and auto components.	52.43%
2	Custom designed building solutions & auxiliaries	Pre-engineered Buildings, construction equipments and Engineering Services	47.57%

17. Products/Services sold by the Company (accounting for 90% of the turnover)

Sl. No.	Product/Service	NIC Code	% of total turnover contributed
1	Diversified Engineering	24105	52.43%
2	Custom designed building solutions & auxiliaries	28112	47.57%

III. Operations

18. Number of locations where plants and/or operations/offices of the Company are situated:

Location	Number of plants	Number of offices	Total
National	13	42	55
International	2	5	7

19. Markets served by the Company

a. Number of locations

Locations	Number
National (No. of States)	4
International (No. of Countries)	3

b. What is the contribution of exports as a percentage of the total turnover of the Company?

7%

c. Types of customers

The Company engages with both B2B and B2C customers. Within the B2B sector, The Company provides supplies to automotive and industrial Original Equipment Manufacturers (OEMs). As for the B2C sector, The Company's supplies reach dealers, sub-dealers, and retailers.

IV. Employees

20. Details as at the end of Financial Year

a. Employees and workers (including differently abled):

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	1897	1746	92%	151	8%
2.	Other than Permanent (E)	39	36	92%	3	8%
3.	Total employees (D+E)	1936	1782	92%	154	8%
WORKERS						
4.	Permanent (F)	782	736	94%	46	6%
5.	Other than Permanent (G)	2815	2449	87%	366	13%
6.	Total workers (F+G)	3597	3185	89%	412	11%

b. Differently abled Employees and workers:

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	2	2	100%	0	0%
2.	Other than Permanent (E)	0	0	0%	0	0%
3.	Total differently abled employees (D+E)	2	2	100%	0	0%
WORKERS						
4.	Permanent (F)	2	2	100%	0	0%
5.	Other than Permanent (G)	0	0	0%	0	0%
6.	Total differently abled workers (F+G)	2	2	100%	0	0%

21. Participation/Inclusion/Representation of Women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	8	1	13%
Key Management Personnel	10	1	10%

22. Turnover rate for permanent employees and workers (disclose trends for the past 3 years)

	FY2024			FY2023			FY2022		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	18%	1%	19%	33.94%	3.49%	37.43%	33.85%	2.85%	36.70%
Permanent Workers	2%	0%	2%	5.62%	0.26%	5.88%	6.13%	0.12%	6.25%

Note: This includes employees/workmen who have retired during the year.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. Name of holding/subsidiary/associate companies/joint ventures

Sl. No.	Name of the holding/ subsidiary/associate companies/joint ventures (A)	Indicate whether Holding/ Subsidiary/Associate/Joint Venture	% of shares held by the Company	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the Company (Yes/No)
1	Pennar Global Inc, USA (PGI)	Wholly Owned Subsidiary	100	No
2	Pennar GmbH, Germany (Pennar GmbH)	Wholly Owned Subsidiary	100	No
3	Enertech Pennar Defense and Engineering Systems Private Limited, India	Subsidiary	51	No
4	Pennar Metals Private Limited	Wholly Owned Subsidiary	100	Yes

VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes
(ii) Turnover (in ₹): 2,457.73 Crore (standalone)
(iii) Net worth (in ₹): 78.817 Crore (standalone)

VII. Transparency and Disclosure Compliances

25. Complaints/Grievances on any of the principles (Principle 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY24 -- Current Financial Year			FY 23--Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes	0	0	-	0	0	-
Investors (other than shareholders)	Yes	0	0	-	0	0	-
Shareholders	Yes	83	0	-	60	0	-
Employees and workers*	Yes	0	0	-	0	0	-
Customers	Yes	0	0	-	0	0	-
Value Chain Partners	Yes	0	0	-	0	0	-

*The Company maintains a stringent policy for the prevention of sexual harassment, adhering to the stipulations of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act). In addition to this, The Company organises various meetings including Communication Meetings, Daily Shift Assembly Meetings, POSH Meetings, Monthly Communication Meetings, and Union Meetings on a regular basis. The Company also ensures that any grievances are addressed promptly through the respective manager or HR, with the provision for direct discussions with the HR head when necessary.

26. Overview of the Company's material responsible business conduct and sustainability issues pertaining to environment and social matters that present a risk or an opportunity to the business of the Company, rationale for identifying the same approach to adapt or mitigate the risk along with its financial implications, as per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Climate Change Action	Risk & Opportunity	Climate change poses a substantial risk to The Company, with impacts evident in the short, medium, and long term. The physical threats to the industry are significant, including extreme weather events and water scarcity. Implementing responsible business practices is essential for securing long-term benefits. As the global economy shifts towards low-carbon alternatives, The Company may encounter regulatory and market challenges, such as evolving consumer preferences, rising product costs, and new government policies and regulations.	The Company is dedicated to combating climate change through effective measures. To reduce its carbon footprint, The Company invests in innovative technologies, utilises renewable energy sources, and enhances manufacturing processes. The Company has expanded its renewable energy footprint with additional installations.	Negative
2	Water	Risk	The Company recognises the scarcity of fresh water and holds a responsibility to ensure its availability and conservation for the benefit of social and ecological systems.	The Company treats wastewater and reuses it in manufacturing processes. Additionally, it is considering introducing methods to minimise water usage and reduce overall water consumption.	Negative

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3	Waste Management	Risk and Opportunity	<p>Waste management poses both risks and opportunities for companies. The primary risks include potential environmental damage, regulatory non-compliance, and reputational harm if waste is not managed properly. Inefficient waste management can lead to increased operational costs and potential legal liabilities. However, effective waste management also presents significant opportunities. Companies can reduce costs through resource efficiency and recycling initiatives, potentially creating new revenue streams from waste by-products. Implementing innovative waste reduction strategies can enhance a company's sustainability profile, attracting environmentally conscious customers and investors.</p>	<p>The Company's approach to waste management at Pennar Industries Ltd embodies the principles of a circular economy: Reduce, Reuse, and Recycle. It adheres to a zero-defect standard in manufactured products to minimise waste generation and maximise reuse and recycling post-manufacturing.</p> <p>Waste at all units is segregated into hazardous and non-hazardous categories and disposed of appropriately, adhering to the applicable safety norms and regulations for each type of waste. Going forward, the Company is committed to reducing landfill waste from Pennar Industries Ltd operations.</p>	Negative
4	Product Stewardship	Opportunity	<p>By taking responsibility for the environmental and social impacts of their products throughout their lifecycle, companies can differentiate themselves in the market and appeal to increasingly conscious consumers. This approach can lead to innovative product designs that are more sustainable, efficient, and aligned with circular economy principles. Such innovations can result in cost savings, reduced environmental impact, and improved brand loyalty.</p>	-	Positive

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9	
Policy and management processes										
1. a. Whether the Company's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
c. Weblink of the policies, if available	https://www.pennarindia.com/corporate-governance.php									
2. Whether the Company has translated the policy into procedures. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
3. Do the enlisted policies extend to the Company's value chain partners? (Yes/No)	No									
4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by the Company and mapped to each principle.	The list of certifications holds by Pennar Industries Ltd. ISO 9001:2015 QMS - Steel, Railways, ECD, Tubes, BIW Bus ISO 14001:2015 EMS - Steel, Railways, ECD, Tubes, BIW Bus ISO 45001:2018 OHSMS - Steel, Railways, ECD, Tubes, BIW Bus ISO 3834-2:2021 WQMS - Railway BU IATF 16949:2016 AQMS - ECD & BIW Bus IATF 16949:2016 AQMS - Tubes BU EN15085-2:2020 RWQMS - PTC Plant - Railway BU EN15085-2:2020 RWQMS - CHN Plant - Railway BU AS9100:2016 ASQMS - Railway BU ISO 22163:2023 RBMS (IRIS) - Railway BU (Note: Recertification done...waiting for renewed certificate) ISO 27001:2013 ISMS - Tech Pennar BU P2 - 100% suppliers to be assessed on supplier code of conduct by 2030 P3 - Encourage employees to participate in 10K Challenge by 2025 Improve employee volunteering by 5% Year on Year To achieve 100% increase in training & development to all employees from the baseline by 2025 Sustain 100% operations of Pennar compliance towards OHSAS certification (Either ISO 18001 / 45001) and ensuring "Zero Incident work culture" P5 - Zero noncompliance to human rights principles and policies P8 - Achieve 10% gender balance by 2027 Implement high impact CSR programs at grass roots in the areas of Education, Health and Community Development P9 - Achieve & sustain 85%+ customer satisfaction rate by 2030 P-2 The Company is in the process of formulating its Supplier Code of Conduct									
5. Specific commitments, goals and targets set by the Company with defined timelines, if any.										
6. Performance of the Company against the specific commitments, goals and targets along with reasons, in case the same are not met.										
Governance, leadership and oversight										
7. Statement by Director, responsible for the Business Responsibility Report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)	Kindly refer to the Managing Director's statement in Annual Report.									

<p>8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).</p>	<p>Name: Mr. Aditya Rao Designation: Vice - Chairman and Managing Director Din No : 01307343 Telephone No:040-43904952 Email Id: corporatecommunications@bennarindia.com As mentioned above</p>
<p>9. Does the Company have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.</p>	

10. Details of review of NGRBCs by the Company:

Subject for review	Indicate whether review was undertaken by Director/ Committee of the Board/any other Committee									Frequency (Annually/Half yearly/Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances																		
	Internal Committee									Quarterly								
11. Has the entity carried out independent assessment / evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No. The Company has in place an internal task force which evaluates the working of this policy																	

12. If answer to question (1) above is 'No' i.e. not all Principles are covered by a Policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principle material to its business (Yes/No) The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) The entity does not have the financial or/human and technical resources available for the task (Yes/No) It is planned to be done in the next financial year (Yes/No) Any other reason (please specify)									

Pennar Industries has policies covering BRSR principles.

Section C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.

Essential Indicator:

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	The Board is updated on ESG/BRSR development at regular intervals		
Key Managerial Personnel	2	2	95%
Employees other than Board of Directors and KMPs	465	56	57%
Workers	560	65	80%

2. Details of fines /penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by Directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year:

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website)

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine					
Settlement			Nil		
Compounding fee					

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment				
Punishment			Nil	

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Nil

4. Does the Company have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

The Company's governance policies are firmly rooted in the principles of ethics, transparency, and timely disclosure. These policies are not merely guidelines, but a shared value that permeates every level of the organisation, from the Board of Directors to Senior Management and all other employees.

The Company encourages all stakeholders to align their actions with its core values and beliefs. This alignment is not only expected but also perceived by all involved. The Code of Conduct, applicable to Directors and Senior Management personnel, encapsulates this ethos. It underscores the importance of acting in the Company's legitimate interest and recognising the Company's responsibility towards its stakeholders as a cornerstone of its long-term success.

In its dealings with vendors and contractors, the Company is committed to engaging with those who uphold and adhere to ethical standards. The Company's stakeholders are regularly informed about these values through various engagement channels. This approach ensures that the Company's commitment to ethical conduct is not just an internal policy, but a value that is communicated and understood by all relevant parties.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY2024	FY2023
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest

	FY2024		FY2023	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	0	0	0
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	0	0	0

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflict of interest.

Not Applicable

8. Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:

	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Number of days of accounts payables	135	111

9. Open-ness of business Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases		
	b. Number of trading houses where purchases are made from		
	c. Purchases from top 10 trading houses as % of total purchases from trading houses		
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	NA	NA
	b. Number of dealers / distributors to whom sales are made	NA	NA
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	NA	NA
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	1%	0%
	b. Sales (Sales to related parties / Total Sales)	3%	5%
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	23%	58%
	d. Investments (Investments in related parties / Total Investments made)	78%	25%

Leadership Indicators-

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics/principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
-	-	-

2. Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes. The Code of Conduct specifies avoidance of conflict of interest. However, this is only a guiding principle and in case of any potential conflict, it will be disclosed, and necessary action will be considered by the Board and the management.

Directors on the Company's Board are prohibited from engaging in any business, relationship, or activity that could potentially conflict with the interests of the Company or the group. Any activity or employment that could interfere with their performance or responsibilities to the Company, or that could be in conflict with or detrimental to the Company, is not permissible. Directors and their immediate families are advised against investing in a company, customer, supplier, developer, or competitor, and should generally abstain from investments that could compromise their responsibilities to the Company. Conducting Company business with a relative (as defined in the Companies Act 1956/2013) or with a firm/company where the director, relative, or related party plays a significant role, should be avoided.

In the event that such a related party transaction is unavoidable, it must be fully disclosed to the Board.

Principle 2: Business should provide goods and services in a manner that is sustainable and safe

Essential Indicator:

- 1 Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investments made by the entity, respectively.

Segment	FY2024	FY2023	Details of improvements in environmental and social impacts
R & D	-	-	-
Capex	-	-	-

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)
 b. If yes, what percentage of inputs were sourced sustainably?

The Company intends to establish a sustainable supply chain programme, which will formalise environmental and social assessments for suppliers.

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

The Company operates an environmental management system with established operational control procedures for the generation, handling, storage, and disposal of various wastes, including plastics, e-waste, hazardous wastes, and other materials. Due to the nature of the business, product reclamation is not applicable.

(a) Plastics (including packaging)	Not Applicable
(b) E-waste	The Company disposes outdated servers, monitors, computers, and other e-waste generated in its operations through e-waste management vendors approved by the government.
(c) Hazardous waste	The hazardous waste generated during operations is disposed through authorised vendors who have the necessary certification/licenses to handle such waste.
(d) Other waste	-

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Extended Producer Responsibility (EPR) is now mandatory for all plastic packaging materials used in businesses. Consequently, the Company is in the process of registering for EPR. The Standard Operating Procedures (SOPs) for recycling plastic waste are currently under development and will be implemented across all operations following the completion of the registration process.

Leadership Indicators –

- Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
----------	---------------------------	---------------------------------	--	--	--

Pennar Industries Ltd manufactures products based on OEM specifications, the Company is in the process of shortlisting few products aligning business demands. Pennar Industries Ltd intends to evaluate the life cycle impact of those products in the near future.

- If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
---------------------------	-----------------------------------	--------------

Pennar Industries Ltd plans to evaluate the life cycle impact of its products in the future. Therefore, this is currently not applicable.

- Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY2024	FY2023
	NA	NA

- Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY2024			FY2023		
	Re-used	Recycled	Safely Disposed	Re-used	Recycled	Safely Disposed
Plastics (including packaging)						
E-waste						
Hazardous waste						
Other waste						

Reclamation of product is not applicable due to the nature of business.

- Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
---------------------------	---

Reclamation of product is not applicable due to the nature of business.

Principle 3: Business should respect and promote the wellbeing of all employees, including those in their value chains
Essential indicators:

1. A. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	1746	1746	100%	1746	100%	NA	NA	0	0	0	0
Female	151	151	100%	151	100%	3	2%	NA	NA	0	0
Total	1897	1897	100%	1897	100%	3	2%	0	0	0	0
Other than Permanent employees											
Male	36	36	100%	36	100%	NA	NA	0	0	0	0
Female	3	3	100%	3	100%	0	0	NA	NA	0	0
Total	39	39	100%	39	100%	0	0	0	0	0	0

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	736	736	100%	736	100%	NA	NA	0	0	0	0
Female	46	46	100%	46	100%	0	0	NA	NA	0	0
Total	782	782	100%	782	100%	0	0	0	0	0	0
Other than Permanent Workers											
Male	2449	2449	100%	2449	100%	NA	NA	0	0	0	0
Female	366	366	100%	366	100%	0	0	NA	NA	0	0
Total	2815	2815	100%	2815	100%	0	0	0	0	0	0

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

	FY24 Current Financial Year	FY 23 Previous Financial Year
Cost incurred on well-being measures as a % of total revenue of the company	0.00090%	0.00080%

2. Details of retirement benefits, for Current and Previous Financial Year.

Benefits	FY2024			FY2023		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	98%	100%	Y	95%	100%	Y
Gratuity	98%	100%	Y	95%	100%	Y
ESI	16%	13%	Y	25%	13%	Y
Others	-	-	-	-	-	-

3. Accessibility of workplaces

Are the premises/offices of the Company accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the Company in this regard.

Pennar Industries Limited is committed to enhancing accessibility for differently abled stakeholders. The Company ensures that its physical infrastructure, including buildings, furniture, facilities, and services, complies with the accessibility standards outlined in the Rights of Persons with Disabilities (RPWD) Act and other applicable regulations. The Company continuously upgrades its existing buildings to maintain strict adherence to these standards. Any new facility that is constructed, renovated, leased, or rented will be assessed for compliance with accessibility standards at various stages of construction. Employees experiencing accessibility issues can report to the facilities team at their location or contact the Head Office.

4. Does the Company have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Company upholds an equal opportunity policy in accordance with the Rights of Persons with Disabilities Act, 2016. Recruitment decisions are based solely on merit, with no discrimination on the basis of race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnicity, disability, or any other category protected by applicable law. The Company ensures an inclusive evaluation process by providing suitable flexibility and accommodation for persons with disabilities, enabling fair assessment. The Company is dedicated to eliminating all forms of unlawful discrimination and strives to provide clear terms of employment, training, development, and performance management.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	NA	NA	NA	NA
Female	NA	NA	NA	NA
Total	NA	NA	NA	NA

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent workers	Yes, Workers can submit their grievances to Welfare Officer.
Other than permanent workers	
Permanent employees	Yes, SLA based Help Desk on HRMS system is in places to receive grievances from employees.
Other than permanent employees	-

The Company has established internal procedures for the grievance redressal of employees and workers. A structured grievance redressal forum monitors and reviews any complaints received. Additionally, the Company has a Safety Committee that interacts with all departments periodically. In compliance with the POSH Act 2013, the Company also maintains an Internal Complaints Committee. Furthermore, a Whistle Blower mechanism is in place to receive, process, and resolve grievances from employees and workers.

7. Membership of employees and workers in association(s) or Unions recognised by the listed entity:

Category	FY2024			FY2023		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (B)	%(B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	%(D/C)
Total Permanent Employees	0	0	NA	0	0	NA
- Male	0	0	NA	0	0	NA
- Female	0	0	NA	0	0	NA
Total Permanent Workers	782	742	95%	853	813	95%
- Male	736	696	95%	805	765	95%
- Female	46	46	100%	48	48	100%

8. Details of training given to employees and workers:

Category	FY2024					FY2023				
	Total (A)	On health and safety measures		On skill upgradation		Total (D)	On health and safety measures		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	1746	1476	85%	0	NA	1792	1329	73%	0	NA
Female	151	89	59%	0	NA	135	56	38%	0	NA
Total	1897	1565	82%	0	NA	1927	1385	70%	0	NA
Workers										
Male	736	736	100%	46	6%	806	805	100%	43	5%
Female	46	46	100%	12	26%	49	48	100%	9	18%
Total	782	782	100%	58	7%	855	853	100%	52	6%

9. Details of performance and career development reviews of employees and workers:

Category	FY2024			FY2023		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	1746	1180	68%	1829	1166	64%
Female	151	96	64%	149	86	58%
Total	1897	1276	67%	1978	1252	63%
Workers						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA

10. Health and Safety Management System:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

The Company has implemented the PIL Occupational Health and Safety policy, ISO 45001:2018, and ISO 14001:2015. To ensure a healthy and safe workplace, the Company has a comprehensive Environment, Occupational Health, and Safety Management System (EOHS) in place. Various precautionary safety measures are integrated into the system.

- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

The Company has established a systematic risk management process to identify and control hazards in manufacturing units and project sites. This process involves five steps: Identification, Assessment, Mitigation, Monitoring, and Reporting. Construction engineers, design and planning engineers, and production in-charges are all involved in risk assessments and the risk management process. All identified risks and risk mitigation plans must be documented, approved, and communicated to all relevant parties involved in the activity.

The Company is certified under ISO 45001 for Occupational Health and Safety. In accordance with this standard, a comprehensive Occupational Health and Safety Management System is implemented. For the identification of work-related hazards and risk assessment, the Company uses a Hazard Identification and Risk Assessment (HIRA) tool. This tool maps the entire work process, identifies associated hazards and probable risks, and calculates the severity of risks using a risk matrix chart. Based on the severity of risks, corrective and preventive actions are defined, followed by operational control procedures. In high-risk zones, Job Hazard Analysis (JHA) or Job Safety Analysis (JSA) is conducted as required.

- c. Whether you have processes for workers to report work related hazards and to remove themselves from such risks. (Y/N)

Yes, the Company encourages its workers to report near-miss incidents and consistently promotes a strong safety culture in the organisation. Also the Company have systems such as incident reporting, near miss reporting system and CAPA by Detailed Investigation Report (DIR) to ensure adhere with safety compliance.

- d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services? (Yes/ No)

Yes, the Company provides its workers and employees with ESI and Mediclaim policy of employees.

11. Details of safety related incidents, in the following format:

Safety Incident /Number	Category	FY2024	FY2023
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.65	1.84
	Workers	2.04	2.1
Total recordable work-related injuries	Employees	0	2
	Workers	0	7
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	2
	Workers	0	5

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Company ensures compliance with all safety-related statutory norms. Safety training is provided to employees and workers immediately upon joining. Department-wise Standard Operating Procedures (SOPs) are in place. All manufacturing locations are certified under ISO 45001 (Occupational Health and Safety System). The comprehensive Environment, Occupational Health and Safety Management System (EOHS) ensures workplace safety for the workforce.

Additionally, the Company has various initiatives and measures to ensure a happy, healthy, and safe workplace for employees. For compliance with safety, the Company employs mechanisms such as:

- Hazard Identification and Risk Assessment (HIRA)
- Accident Analysis and Investigation (AAI)
- Standard Operating Procedures (SOPs)
- Safety Compliance Management (SCM)
- Mock Drills
- Kaizens

13. Number of Complaints on the following made by employees and workers:

	FY2024			FY2023		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions	16	0	0	45	0	0
Health & Safety	2	0	0	1	1	0

14. Assessments for the year:

	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	90%
Working Conditions	100%

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

The Company undertakes the following safety measures:

- Identify and issue suitable safety gear (PPE) to employees based on their work.
- Carry out risk assessment studies.
- Conduct EHS training on various topics.
- Implement work permit systems.
- Identify unsafe conditions and unsafe acts.
- Conduct safety committee meetings periodically.
- Organise safety awareness campaigns to educate employees and implement a reward system.
- Implement statutory requirements.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

- Employee: Yes
- Workers: Yes

2. Provide the measures undertaken by the entity to ensure payment of statutory dues by the value chain partners.

Invoices gets scrutinized and ensures it gets released only on producing the statutory dues are cleared by value chain partners.

3. Provide the number of employees/workers having suffered grave consequences due to work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total No. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY2024	FY2023	FY2024	FY2023
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No) –

The Company consistently allocates resources towards the enhancement of human capital, concentrating on the cultivation of modern skills and capabilities, whilst providing employees with a variety of experiences. The Company extends pension benefits to eligible personnel, adhering to pertinent statutory stipulations.

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	NA
Working Conditions	NA

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

The Company has reviewed the standard operating procedures, taken corrective action based on root causes, increased safety training, and posted safety awareness posters at various work locations.

Principle 4: Business should respect the interests of and be responsive to all its stakeholders
Essential indicators

1. Describe the processes for identifying key stakeholder groups of the Company.

Pennar Industries Limited has implemented systems to promote transparent and positive stakeholder relationships. These methods enhance the company's comprehension of pertinent issues and ascertain the stakeholders' importance in the business landscape, promoting substantial engagement.

Stakeholder engagement enables Pennar Industries Limited to deliver sustainable services and customise strategies for value optimisation. The company actively involves stakeholders in decision-making processes and advancements in products and processes, promoting a mutually advantageous environment.

Pennar Industries Limited gives precedence to stakeholder concerns in its decision-making processes. The company's stakeholder engagement strategy facilitates interaction with stakeholders and addresses their primary concerns. The subsequent table delineates stakeholder groups that interact directly or indirectly with the company, detailing their modes of involvement and primary concerns.

2. List stakeholder groups identified as key for the Company and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as vulnerable & marginalised group (Yes/No)	Channels of communication (Emails, SMS, Newspapers, Pamphlets, Advertisements, Community Meetings, Notice Board, Website, Others)	Frequency of engagement (Annually, Half yearly, quarterly /others- please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Consumers	No	One on One meetings, Exhibitions	Regular Interval	1. Product and delivery timelines, 2. Customer data protection and privacy, 3. Product efficacy, 4. Quality, 5. Sustainable supplies and 6. Safety
Suppliers and business partners	No	Investor calls/presentations, Press releases, publications, Statutory reports, Annual General Meeting and Stock Exchange announcements	Regular Interval	1. Financial performance 2. Business updates 3. Growth plans and product pipeline 4. Sustainability performance
Employees	No	Engagement on a need basis, Participation in forums	Regular Interval	1. Sustainable practices, 2. Compliance and 3. Inclusive growth
Shareholders	No	Formal induction at the time of joining, Technical and nontechnical training programs, Town hall meetings, Operations review meetings, Intranet portal, Grievance redressal mechanism, Programs and competitions for employees and their families and Mailers on Safety, Health especially	Regular Interval	1. Workplace safety, 2. employee welfare, 3. Professional growth, 4. Employee benefits and other facilities, 5. Diversity at the workplace, 6. Leadership connect sessions, 7. Equal opportunities, 8. Wages and benefits and, 9. Work-life balance
Customers	No	Contract agreements, Seminars and Industrial Meets	Regular Interval	1. Payment processing cycles 2. Business ethics and transparency and 3. Sustainability performance

Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The objective is to broaden the scope of the company, whilst preserving the environment and enhancing the local community. It is imperative to consider all stakeholders to generate substantial long-term value: customers, employees, shareholders, business partners, the environment, and above all, society at large. This is referred to as the sustainable multi-stakeholder model of expansion. Interactions are governed by the Code Policies and CoBP with key interested parties. Each interaction is conducted with openness, honesty, ethical integrity, and transparency.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes, stakeholder engagement enables the provision of sustainable services and the optimisation of strategies for maximum value delivery. The Company collaborates with stakeholders, incorporating them into decision-making processes, product development, and process enhancement, thereby cultivating a cooperative environment for superior outcomes.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.

Stakeholder concerns are examined and resolved at a strategic level. The stakeholder engagement framework delineates how the Company liaises with stakeholders and tackles their primary obstacles. The table under Principle 4 identifies the stakeholder groups that have engaged with Laurus Labs, detailing their participation and main concerns.

Principle 5: Business should respect and promote human rights
Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY2024			FY2023		
	Total (A)	No. of employees /workers covered (B)	% (B/A)	Total (C)	No. of employees /workers covered (D)	% (D/C)
Employees						
Permanent	1897	1897	100%	1978	1927	100%
Other than Permanent	39	39	100%	78	85	100%
Total Employees	1936	1936	100%	2056	2012	100%
Workers						
Permanent	782	782	100%	805	805	100%
Other than Permanent	2815	2815	100%	3225	3225	100%
Total Workers	3597	3597	100%	4030	4030	100%

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY2024					FY2023				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	1746	0	NA	1746	100%	1829	0	NA	1829	100%
Female	151	0	NA	151	100%	149	0	NA	149	100%
Other than Permanent										
Male	36	0	NA	36	100%	73	0	NA	73	100%
Female	3	0	NA	3	100%	5	0	NA	5	100%
Workers										
Permanent										
Male	736	0	NA	736	100%	805	0	NA	0	NA
Female	46	0	NA	46	100%	48	0	NA	0	NA
Other than Permanent										
Male	2449	2449	100%	0	NA	2721	2721	100%	0	NA
Female	366	366	100%	0	NA	504	504	100%	0	NA

3. Details of remuneration/salary/wages, in the following format:

- a. The details are provided below:

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)	12	15 LPA	1	16 LPA
Key Managerial Personnel (KMP)	2	53 LPA	0	NA
Employees other than BoD and KMP	1746	4.80 LPA	151	3.86 LPA
Workers	736	4.32 LPA	46	3.93 LPA

- b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY24 Current Financial Year	FY23 Previous Financial Year
Gross wages paid to females as % of total wages	5.00%	5.00%

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

No

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company has implemented a POSH policy, serving as a comprehensive solution for addressing grievances pertaining to human rights issues. Additionally, PIL's Whistle Blower Policy and Code of Conduct provide guidelines for the establishment and operation of a committee in the event of an investigation. Also, The Company has implemented rigorous policies and routinely organises awareness sessions on human rights.

6. Number of Complaints on the following made by employees and workers:

The details are provided below:

	FY2024			FY2023		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	Nil	NA	-	Nil	NA	-
Discrimination at workplace	Nil	NA	-	Nil	NA	-
Child Labour	Nil	NA	-	Nil	NA	-
Forced Labour/Involuntary Labour	Nil	NA	-	Nil	NA	-
Wages	Nil	NA	-	Nil	NA	-
Other Human rights related issues	Nil	NA	-	Nil	NA	-

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	FY24 Current Financial Year	FY23 Previous Financial Year
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	Nil	Nil
Complaints on POSH as a % of female employees / workers	NA	NA
Complaints on POSH upheld	NA	NA

8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Company has established an internal committee in accordance with the POSH policy to address grievances related to discrimination and harassment. The Whistle-blower Policy offers a platform for Directors, Employees, customers, and vendors to voice concerns, reflecting PIL's commitment to the highest standards of ethical, moral, and legal business conduct, as well as open communication. The Code of Conduct addresses grievances related to conduct at work.

9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, the Company gives human rights high importance thereby making it an integral part of its business agreements and contracts.

10. Assessment for the year:

	% of the Company's plants and offices that were assessed (by the Company or statutory authorities or third parties)
Child Labour	-
Forced Labour/Involuntary Labour	-
Sexual Harassment	-
Discrimination at workplace	-
Wages	-
Other- please specify	-

Principle 6: Business should respect and make efforts to protect and restore the environment.
Essential indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A)	35,354.49	13,534.69
Total fuel consumption (B)	Nil	Nil
Energy consumption through other sources (C)	Nil	Nil
Total energy consumed from renewable sources (A+B+C)	35,354.49	13,534.69
From non-renewable sources		
Total electricity consumption (D)	1,39,183.97	85,768.97
Total fuel consumption (E)	7,555.02	1,936.81
Energy consumption through other sources (F)	Nil	Nil
Total energy consumed from non-renewable sources (D+E+F)	1,46,738.99	87,705.78
Total energy consumed (A+B+C+D+E+F)	1,82,093.48	1,01,240.47
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations)	7.41	4.42
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	169.54	101.03
Energy intensity in terms of physical output	-	-
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not applicable. The Company does not come under any sector which comes under PAT scheme.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	60418	58139
(ii) Groundwater	5112	2486
(iii) Third party water	40628	37723
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	106158	98348
Total volume of water consumption (in kilolitres)	106158	96636
Water intensity per rupee of turnover (Total water consumption / Revenue from operations)	4.32	4.22
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	98.84	96.55
Water intensity in terms of physical output	-	-
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Provide the following details related to water discharged:

Parameter	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	NA	
- No treatment		
- With treatment – please specify level of treatment		
(ii) To Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) To Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

5. Has the Company implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

The Company operates a Zero Liquid Discharge (ZLD) plant, which processes two types of effluents: Low TDS Rinse water and spent acid. The Low TDS Rinse water is neutralised to a pH of 9 using a Caustic lye solution, then passed through a filter press to separate suspended solids. These solids, primarily Iron sludge, are sent to co-processing units such as cement factories. The water is then processed through a Reverse Osmosis (RO) system. The purified water is reused in the process, while the reject water is directed to a Multiple Effect Evaporator (MEE) feed tank.

The spent acid effluent is neutralised with a Lime powder solution to a pH of 9 and passed through a filter press to separate suspended solids. The high TDS water is treated in the MEE system. The MEE condensate water is treated through RO and further used in the process. The reject water is passed through an Agitated Thin Film Dryer (ATFD) system to separate solids. These solids are disposed of through a TSDF Telangana Government certified industry, Re-Sustainability Ltd.

6. Please provide details of air emissions (other than GHG emissions) by the Company, in the following format:

Parameter	Unit	FY2024	FY2023
NOx	mg/m ³	28	24
SOx	mg/m ³	12	12
Particulate matter (PM)	mg/m ³	76	59
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others			
• Particulate matter (PM 2.5)	mg/m ³	29	21
• Suspended particulate matter	mg/Nm ³	52	59
• Hydrochloric Acid Concentration	mg/Nm ³	9	12

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

The details are provided below:

Parameter	Unit	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)			
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)			
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)			
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)			
Total Scope 1 and Scope 2 emission intensity in terms of physical output			
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

The Company is in the process of calculating the Scope 1 and Scope 2 GHG emissions.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Not Applicable

8. Does the Company have any project related to reducing Green House Gas emission? If yes, then provide details.

All lightings changed to LED

9. Provide details related to waste management by the Company, in the following format:

The required details are provided below:

Parameter	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
Plastic waste (A)	NA	NA
E-waste (B)	0.09	0.36
Bio-medical waste (C)	0.25	0.25
Construction and demolition waste (D)	NA	NA
Battery waste (E)	32 No's	66 No's
Radioactive waste (F)	NA	50.64
Other Hazardous waste. Please specify, if any. (G) (MEE Salts, PPE, Coolant Oil)	1395.41	1721.48
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector) (Iron Sludge)	269.02	NA
Total (A+B + C + D + E + F + G + H)	1664.77	1772.73
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)	0.068	0.077
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP)	1.55	1.76
Waste intensity in terms of physical output	-	-
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	1395.41	1669.28
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
Total	1395.41	1669.28

Parameter	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	0	0
(ii) Landfilling	269.02	30.64
(iii) Other disposal operations	0	0
Total	269.02	30.64

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

10. Briefly describe the waste management practices adopted in your establishment. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company amasses all generated hazardous waste in-house. This collected waste is stored according to its classification, such as iron sludge-waste, and is disposed of through TSPCB authorised vendors exclusively. Waste management practices are executed in compliance with the ISO 14001 standard, for which the Company holds a valid certification.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection Act and rules thereunder (Y/N).

If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Yes, the Company comply with all applicable environmental laws/regulations				

Leadership Indicators -

1. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

For each facility / plant located in areas of water stress, provide the following information:

- (i) Name of the area - NA
- (ii) Nature of operations – NA

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY24 (Current Financial Year)	FY23 (Previous Financial Year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	Not Applicable	
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
Total volume of water withdrawal (in kilolitres)		
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)		
Water intensity (optional) – the relevant metric may be selected by the entity		
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	Not Applicable	
- No treatment		
- With treatment – please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment – please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment – please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment – please specify level of treatment		
(v) Others		
- No treatment		
- With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY2024	FY2023
Total Scope 3 emissions			
(Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Not Applicable		
Total Scope 3 emissions per rupee of turnover			
Total Scope 3 emission intensity			

Note: Indicate if any independent assessment, evaluation, or assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

3. With respect to the ecologically sensitive areas reported in Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

None of the operations/offices of Pennar industries limited are located in/around ecologically sensitive areas.

4. If the entity provided below taken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
Nil			

5. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The Company is working towards developing a disaster management plan and policy is under formulation. It will be available in the future.

6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

The value chain of Pennar Industries exerts no substantial detrimental effect on the environment. Nonetheless, The Company remains alert and fosters consciousness regarding environmental sustainability.

7. % of Value chain partners (by value of business done with such partners) that were assessed for Environmental Impacts?

Currently, the Company is considering the development of a sustainable supply chain programme to evaluate the social and environmental practices of its suppliers.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential indicators

1. a. Number of affiliations with trade and industry chambers/associations.

The Company is affiliated with 2 trade and industry chambers/associations.

- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the Company is a member of/affiliated to.

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/ National)
1	Confederation of Indian Industry	National
2	Federation of Indian Chamber of Commerce and Industry	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the Company, based on adverse orders from regulatory authorities.

Name of the authority	Brief of the case	Corrective action taken
During the year, there were no adverse orders from regulatory authorities relating to anti-competitive conduct		

Leadership Indicators

1. Details of public policy positions advocated by the Company:

S. No.	Public Policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/ No)	Frequency of Review by Board (Annually/ Half yearly/Quarterly/ Others- please specify)	Web Link, if available
Over this year, Pennar Industries Ltd has not advocated for any particular public policies.					

Principle 8: Businesses should promote inclusive growth and equitable development.

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the Company, based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
During FY 24, the Company has not undertaken any projects that require Social Impact Assessments (SIA).					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by the Company, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amount sent on R&R activities during FY 2023-24 (In INR)
--------	--	-------	----------	---	--------------------------	--

During FY 24, The Company has not undertaken any projects that require Rehabilitation and Resettlement (R&R).

3. Describe the mechanisms to receive and redress grievances of the community.

The Company is dedicated to the development of communities surrounding its sites and to the resolution of their grievances and concerns. Regular engagement with these communities is undertaken to comprehend their concerns. Any specific grievance is appropriately documented, investigated, and addressed.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY2024	FY 2023
Directly sourced from MSMEs/small producers	NA	NA
Directly from Within India		

5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

Location	FY24 Current Financial Year	FY 23 Previous Financial Year
Rural	-	-
Semi-urban	15%	15%
Urban	30%	31%
Metropolitan	55%	54%

(Place to be categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
	NA

2. Provide the following information on CSR projects undertaken by the Company in the designated aspirational districts as identified by government bodies:

S. No	State	Aspirational District	Amount spent (In INR)
1.	Promoting of Education and Health Care	Telangana	84.08
2.	Promoting national recognise sports	Telangana	5

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized/vulnerable groups? - No, The nature of business does not involve sourcing of material from marginalized/vulnerable groups
- (b) From which marginalized/vulnerable groups do you procure? – NA
- (c) What percentage of total procurement (by value) does it constitute? – NA
4. Details of the benefits derived and shared from the intellectual properties owned or acquired by the Company (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/ No)	Benefit shared (Yes/No)	Basis of calculating benefit share
--------	--	---------------------------	-------------------------	------------------------------------

NA

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

Name of authority	Brief of the Case	Corrective action taken
NA		

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized group
1	Bala Vikasa social service society(BVSSS)	-	-

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The customer complaints are monitored and resolved by Pennar Industries Ltd.'s Quality team with each of its business divisions in order to facilitate faster resolution. The Company also keeps track of customer satisfaction with respect to quality on a regular basis.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

3. Number of consumer complaints in respect of the following:

Number of consumer complaints in respect of the following:	FY24(Current Financial Year)		Remarks	FY23(Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-

The existing IT policy of The Company encompasses data privacy and cyber security for all employees and stakeholders. Furthermore, The Company is in the process of refining Personally Identifiable Information (PI), Financial Performance Indicators (FPIs), and other sensitive information of key importance.

4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls		
Forced recalls		

The Company produces safety-critical products, which are directly supplied to both automobile and non-automobile sectors. Additionally, these products are provided to Tier 1 and Tier 2 vendors, who manufacture components for Original Equipment Manufacturers (OEMs).

5. Does the Company have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes, web-link: <https://www.pennarindia.com/corporate-governance.php>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.

During the year, The Company did not identify any significant concerns, complaints, penalties, or regulatory actions. However, should any issues arise, consumers are encouraged to contact The Company through various channels, including phone, e-mail, social media, and WhatsApp. The Company has established a predefined response mechanism and turnaround time for the resolution of complaints.

7. Provide the following information relating to data breaches:

	Provide the following information relating to data breaches:
a. Number of instances of data breaches along-with impact	Nil, there were no instances of reportable data breaches in the current financial year.
b. Percentage of data breaches involving personally identifiable information of customer	NA
c. Impact, if any, of the data breaches	NA

Leadership Indicators

1. Channels/platforms where information on products and services of the Company can be accessed (provide web-link, if available).

Information is disseminated through various platforms, including the Company's website, Annual Report, social media platforms, and media advertisements/publications. Comprehensive details about all products and services offered by the Company can be found on its website. <https://www.pennarindia.com/index.php>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Pennar Industries Limited produces safety-critical components, delivering them directly to sectors both within and outside the automobile industry. These components are additionally supplied to Tier 1 and Tier 2 vendors involved in the manufacture of Original Equipment Manufacturer (OEM) components. The Company undertakes all requisite steps to enlighten and instruct customers about its product offerings.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Pennar Industries places a high priority on open and transparent dialogue with its customers concerning any potential risks of interruption or cessation of critical services. The company has instituted several mechanisms to guarantee that customers are swiftly notified under such circumstances.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as whole? (Yes/No)

Not Applicable

Independent Auditor's Report

To the Members of **Pennar Industries Limited**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Pennar Industries Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2024, and the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report:

Revenue Recognition – (Refer note 2.11 of Standalone Financial Statements):

Company recognises the sale of goods based on the terms and conditions of transactions which varies with different customers.

In respect of sale transactions executed there are significant management judgements and estimations involved in checking whether the control of goods has transferred to the customers and there are no unfulfilled obligations in regard to these sales. Accordingly cut off for revenue is considered as a significant account balance for audit consideration.

How the Key Audit Matter was addressed in our audit: Our audit procedures in respect of this matter included the following but not limited to:

1. Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards.
2. Obtained an understanding of process and tested the design, implementation and operating effectiveness of key controls around the timely and accurate recording of sales transactions.
3. Obtained contracts with customers and basis which revenue is recognised and verified the underlying documents and evidence for transfer of control and fulfilment of performance obligations.
4. Performed analytical procedures on revenue recognised during the year to identify and inquire on unusual variances, if any.
5. Obtained evidence in respect of sales transactions recorded near balance sheet date, to determine appropriateness of timing of revenue recognition, based on underlying documents and evidence for transfer of control and fulfilment of performance obligations.
6. Tested, on sample basis journal entries relating to revenues to identify and inquire on unusual items if any.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's report, Report on Corporate Governance, Business Responsibility and Sustainability Report (hereinafter referred to as the "other information") but does not include the standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Board of Directors for the Standalone Financial Statements

The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 purposes 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, except for the matters stated in the paragraph 2h (vi) below on reporting under Rule 11(g).
 - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

- (e) On the basis of the written representations received from the directors as on March 31, 2024, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2024, 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
- (g) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 2(b) above on reporting under Section 143(3)(b) and paragraph 2h (vi) below on reporting under Rule 11(g).
- (h) 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, 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 on its financial position in its standalone financial statements – Refer Note 29 to the standalone 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.
 - 1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - 2) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - 3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
 - v. The Company has neither declared nor paid any dividend during the year.
 - vi. Based on our examination, the Company has used two accounting software's for maintaining its books of account which has a feature of recording audit trail (edit log) facility; however, the audit trail feature was not enabled for all the relevant transactions in one of the accounting software and audit trail feature was not enabled for other accounting software. Further, the audit trail (edit log) facility was not enabled at the database level for both the accounting software's.
- The audit trail facility, which was enabled, as reported above, has been operated throughout the year during the course of our examination, we did not come across any instance of the audit trail being tampered with.
3. In our opinion, according to information, explanations given to us, the remuneration paid/provided by the Company to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act and the rules thereunder.

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

UDIN: 24205226BKEAJC7465

Place: Hyderabad

Date: May 22, 2024

Annexure A

TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PENNAR INDUSTRIES LIMITED

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of management and Board of Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended March 31, 2024 and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

UDIN: 24205226BKEAJC7465

Place: Hyderabad

Date: May 22, 2024

Annexure B

TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PENNAR INDUSTRIES LIMITED FOR THE YEAR ENDED MARCH 31, 2024

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- i. (a) A The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets.
- (a) B The Company has maintained proper records showing full particulars of intangible assets.
- (b) Property, Plant and Equipment and right of use assets were physically verified by the management according to a phased programme designed to cover all items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of Property, plant and equipment and right of use assets have been physically verified by Management during the year. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the title deeds of immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) as disclosed in the standalone financial statements are held in the name of the Company except for the following:

Sr. No.	Description of Property	Gross carrying value as at Balance sheet date (Rs. in lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held – Indicate range, where appropriate	Reason for not being held in name of Company (also indicate if in dispute)
1	Land	195	Pennar Engineered Building Systems Limited	No	From May 2019 to till Balance sheet date	The said property was transferred vide Scheme of Amalgamation approved by NCLT, Hyderabad. The same is not yet transferred in the name of the Company.
2	Land	27	Pennar Enviro Limited	No	From May 2019 to till Balance sheet date	The said property is in the erstwhile name of the Company, not yet transferred in the current name of the Company.
3	Land	74	Pennar Steels Limited	No	From May 2019 to till Balance sheet date	The said property is in the erstwhile name of the Company, not yet transferred in the current name of the Company.

Further the original title deeds of immovable properties aggregating to Rs. 807 lakhs as at March 31, 2024, are pledged with the banks and are not available with the Company. The same has been independently confirmed by the bank and verified by us.

- (d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) and intangible assets during the year. Accordingly, the provisions stated under clause 3(i)(d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated under clause 3(i)(e) of the Order are not applicable to the Company.
- ii. (a) The inventory (excluding stocks with third parties and stock in transit) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them and in respect of goods in transit, the goods have been received subsequent to the year end. In our opinion, the frequency, coverage and procedure of such verification is reasonable and appropriate, having regard to the size of the Company and the nature of its operations. The discrepancies noticed on physical verification of inventory were not 10% or more in aggregate for each class of inventory.

- ii. (b) During the year the Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from Banks and/ financial institutions on the basis of security of current assets. Based on the records examined by us in the normal course of audit of the standalone financial statements, quarterly returns / statements filed with such Banks/ financial institutions are in agreement with the unaudited books of account of the Company for the quarter ended June 30,2023, September 30,2023 and December 31,2023. The Company is yet to submit the return/statement for the quarter ended March 2024 with the banks.

- iii. (a) According to the information explanation provided to us, the Company has provided loans to other entities. The details of such loan to subsidiary is as follows:

Particulars	Loan (Amount in Lakhs)
Aggregate amount granted during the year-Subsidiaries	-
Balance Outstanding as at balance sheet date in respect of above Cases -Subsidiaries	2,918

The Company has not provided any advances in the nature of loans or security to any other entity during the year.

- (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made are not prejudicial to the interest of the Company. During the year Company has converted the loan given to subsidiary into investment amounting to Rs.6,901 lakhs.

The Company has not provided any advances in the nature of loans or security to any other entity during the year.

- (c) In case of the loans, schedule of repayment of principal and payment of interest have been stipulated and the borrowers have been regular in the payment of the interest and repayment of principal is not due during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no amounts overdue for more than ninety days in respect of the loan, granted to Company.
- (e) According to the information explanation provided to us, the loan granted has not fallen due during the year. Accordingly, the provisions stated under clause 3(iii)(e) of the Order are not applicable to the Company.
- (f) According to the information explanation provided to us, the Company has not any granted loan, including to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013 either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, the provisions stated under clause 3(iii)(f) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.
- v. According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor any amounts which are deemed to be deposits, within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under. Accordingly, the provisions stated under clause 3(v) of the Order is not applicable to the Company. Also, there are no amounts outstanding as on March 31, 2024, which are in the nature of deposits.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products/ services. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues have generally been regularly deposited with the appropriate authorities during the year, though there has been a slight delay in a few cases.

- vii. (b) According to the information and explanation given to us and examination of records of the Company, details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2024, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded Rs. in lakhs	Amount Paid Rs. in lakhs	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1994	Excise duty	143	-	2007-2011	Commissionerate
	Excise duty	165	4	2010-2017	CESTAT
The Finance Act, 1994	Service Tax	4	-	2004-2008	CESTAT
AP Tax on Entry of Goods into local areas Act, 2001	Entry Tax	239	65	2005-2008 2012-2014	High court for the state of Telangana
Telangana Tax on Entry of Goods into local areas Act, 2001	Entry Tax	11	4	2012-2014	High court for the state of Telangana
Telangana State Value Added Tax Act, 2005	CST	2,769	167	2013-2015 2017-2018	High court for the state of Telangana
	VAT	1,127	-	2015-18	Deputy commissioner (CT)
Gujarat Value Added Tax Act, 2003	VAT	144	10	2016-18	Commercial Tax Officer
Central Sales Tax Act, 1956	CST	1,989	-	2015-2018	High court for the state of Telangana
Goods and Service Tax Act, 2017	GST	190	11	2018-19 2020-21	Assistant Commissionerate
	GST	16	-	2018-19	Commercial Officer
	GST	265	-	2018-2021	Commissioner
	GST	69	-	2017-18	Tribunal
	GST	13	-	2022-23	Deputy Commissioner
	GST	996	403	2017-21	Commissioner Appeal
Income Tax Act, 1961	Income Tax	119	2	2017-2019	CIT(A)

- viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessment of the Company. Accordingly, the provision stated under clause 3(viii) of the Order is not applicable to the Company.
- ix. (a) In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised. Refer Note 16 to the standalone financial statements.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Accordingly, reporting under Clause 3(ix)(f) of the order is not applicable to the Company.

- x. (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated under clause 3(x)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Accordingly, the provisions stated under clause 3(x)(b) of the Order are not applicable to the Company.
- xi. (a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company has been noticed or reported during the year in the course of our audit.
- (b) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the provisions stated under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company. Accordingly, the provisions stated under clause 3(xii)(a) to (c) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till the date of our audit report, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with its directors and accordingly, the reporting on compliance with the provisions of Section 192 of the Act, clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 (2 of 1934) and accordingly, the provisions stated under clause 3(xvi)(a) of the Order are not applicable to the Company.
- (b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities during the year and accordingly, the provisions stated under clause 3 (xvi)(b) of the Order are not applicable to the Company.
- (c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the provisions stated under clause 3 (xvi)(c) of the Order are not applicable to the Company.
- (d) According to the information and explanations provided to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Company (as part of its group. Accordingly, the provisions stated under clause 3(xvi)(d) of the order are not applicable to the Company.
- xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the provisions stated under clause 3(xvii) of the Order are not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, the provisions stated under clause 3(xviii) of the Order are not applicable to the Company.

- xix. According to the information and explanations given to us and on the basis of the financial ratios (as disclosed in note 38 to the standalone financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us and based on our verification, the provisions of Section 135 of the Act, are applicable to the Company. The Company has made the required contributions during the year and there are no unspent amounts which are required to be transferred either to a Fund specified in schedule VII of the Act or to a Special Account as per the provisions of Section 135 of the Act read with schedule VII to the Act. Accordingly, reporting under clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

UDIN: 24205226BKEAJC7465

Place: Hyderabad

Date: May 22, 2024

ANNEXURE C

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF PENNAR INDUSTRIES LIMITED

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Pennar Industries Limited on the Financial Statements for the year ended March 31, 2024]

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 with reference to standalone financial statements of Pennar Industries Limited (the "Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Opinion

In our opinion, the Company, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2024, based on the internal control with reference to standalone financial statements 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 (ICAI) (the "Guidance Note").

Managements' and Board of Director's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 with reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls With reference to Standalone Financial Statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls With reference to Standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

UDIN: 24205226BKEAJC7465

Place: Hyderabad

Date: May 22, 2024

Balance Sheet

as at March 31, 2024

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
I ASSETS			
1 Non-current assets			
Property, plant and equipment	3	55,479	57,590
Right-of-use assets	4	4,298	4,457
Capital work-in-progress	36 (iii)	18,068	1,005
Other intangible assets	5	873	1,041
Financial assets			
(a) Investments	6	8,071	885
(b) Trade receivables	11	1,708	3,085
(c) Loans	7	-	9,761
(d) Other financial assets	8	1,224	1,019
Income-tax assets (net)	18 (f)	1,719	1,267
Other non-current assets	9	3,136	1,015
Total Non-current assets		94,576	81,125
2 Current assets			
Inventories	10	79,374	73,664
Financial assets			
(a) Investments	6	1,873	2,697
(b) Trade receivables	11	44,666	36,329
(c) Cash and cash equivalents	12	540	2,309
(d) Bank balances other than cash and cash equivalents	13	5,256	2,961
(e) Loans	7	2,918	-
(f) Other financial assets	8	7,878	6,300
Other current assets	9	8,004	9,488
Total Current assets		1,50,509	1,33,748
Total assets (1+2)		2,45,085	2,14,873
II EQUITY AND LIABILITIES			
1 EQUITY			
Equity share capital	14	6,747	6,747
Other equity	15	72,070	66,358
Total Equity		78,817	73,105
2 LIABILITIES			
Non-current liabilities			
Financial liabilities			
(a) Borrowings	16	13,396	9,760
(a. i) Lease Liabilities	4(b)	2,845	3,512
(b) Other financial liabilities	21	374	563
Provisions	17	1,451	1,201
Deferred tax liabilities (net)	18 (d)	292	567
Other non-current liabilities	19	-	23
Total Non-current liabilities		18,358	15,626
3 Current liabilities			
Financial liabilities			
(a) Borrowings	16	59,859	52,149
(a. i) Lease Liabilities	4(b)	1,080	1,132
(b) Trade payables	20	-	-
Total outstanding dues to micro and small enterprises		815	540
Total outstanding dues of other than micro and small enterprises		73,025	55,255
(c) Other financial liabilities	21	2,042	3,736
Other current liabilities	19	5,663	9,147
Provisions	17	1,580	1,012
Current tax liabilities (net)	18 (f)	3,846	3,171
Total Current liabilities		1,47,910	1,26,142
Total Liabilities (2+3)		1,66,268	1,41,768
Total Equity and Liabilities (1+2+3)		2,45,085	2,14,873
See accompanying notes forming part of the Standalone financial statements	1-44		

In terms of our report attached
For M S K A & Associates

Chartered Accountants

Firm Registration Number : 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

Place: Hyderabad

Date: May 22, 2024

For and on behalf of the Board of Directors
of Pennar Industries Limited
CIN: L27109TG1975PLC001919
Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Shrikant Bhakkad

Chief Financial Officer

Place: Hyderabad

Date: May 22, 2024

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Statement of Profit and Loss

for the year ended March 31, 2024

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
I. INCOME			
Revenue from operations	22	2,45,773	2,28,830
Other income	23	3,772	3,727
Total income		2,49,545	2,32,557
II. EXPENSES			
Cost of materials consumed	24	1,57,552	1,54,354
Purchase of traded goods		1,859	1,376
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24 A	(5,790)	(8,110)
Employee benefits expense	25	15,806	15,374
Finance costs	26	11,402	8,943
Depreciation and amortisation expense	27	5,610	5,598
Other expenses	28	55,128	49,064
Total expenses		2,41,567	2,26,599
III Profit before tax (I- II)		7,978	5,958
IV. Tax expense:	18 (a)		
Current tax		2,255	1,689
Deferred tax		(204)	(151)
		2,051	1,538
V. Profit for the Year (III-IV)		5,927	4,420
VI. Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
- Remeasurements of the net defined benefit liability	17 (c)	(287)	90
- Income tax relating to above items	18 (b)	72	(23)
Total other comprehensive (loss)/Income		(215)	67
VII. Total comprehensive income for the year (V + VI)		5,712	4,487
VIII. Earning per equity share (par value of ₹ 5 each)			
Basic and Diluted (₹)	31	4.39	3.22
See accompanying notes forming part of the Standalone financial statements	1-44		

In terms of our report attached

For M S K A & Associates

Chartered Accountants

Firm Registration Number : 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

For and on behalf of the Board of Directors

of Pennar Industries Limited

CIN: L27109TG1975PLC001919

Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Shrikant Bhakkad

Chief Financial Officer

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Place: Hyderabad

Date: May 22, 2024

Place: Hyderabad

Date: May 22, 2024

Statement of Cash Flow

for the year ended March 31, 2024

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. Cash flow from operating activities:		
Profit before tax	7,978	5,958
Adjustments for:		
Depreciation and amortisation expense	5,610	5,598
Loss on sale/scrap of property, plant and equipments (net)	6	18
Gain on sale of current investments (net)	(130)	(20)
Net gain arising from financial instruments designated as FVTPL	(67)	(46)
Unrealized foreign exchange differences (net)	(154)	(1,137)
Liabilities no longer required written back	(2,248)	(810)
Provision for credit impaired trade receivables	12	1,387
Credit impaired trade receivables written off	1,289	1,867
Finance costs	11,402	8,943
Interest income	(969)	(1,008)
Provision for credit impaired advances and deposits	615	-
Operating profit before working capital changes:	23,344	20,750
Changes in working capital:		
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	20,293	5,054
Other liabilities	(5,412)	315
Provisions	531	97
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(8,107)	2,255
Inventories	(5,710)	(16,013)
Other assets	(1,711)	552
Cash generated from operations	23,228	13,010
Income-tax paid (net of refunds)	(2,032)	(1,346)
Net cash flow from operating activities (A)	21,196	11,664
B. Cash flows from investing activities:		
Purchase of property, plant and equipments, including capital work-in-progress, capital advances and payable on purchase of property, plant and equipments	(21,609)	(3,594)
Proceeds from sale of property, plant and equipments	-	25
Purchase of Long term investments	(284)	-
Investment in subsidiary	(1)	-
Proceeds from sale of current investments (net)	1,021	1,866
Inter-corporate deposits/ loans (net)	(58)	(1,094)
Movement in other bank balances	(2,293)	1,973
Interest received	1,701	437
Net cash used in investing activities (B)	(21,523)	(387)

Statement of Cash Flow

for the year ended March 31, 2024

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
C. Cash flow from financing activities:		
Proceeds from long-term borrowings	9,721	7,500
Repayment of long-term borrowings	(6,299)	(6,207)
Increase in short-term borrowings (net)	7,842	1,786
Buyback of shares including transaction costs	-	(3,723)
Interest and other borrowing costs paid	(10,808)	(8,466)
Interest on lease liabilities	(515)	(446)
Repayment of lease liability	(1,382)	(1,012)
Net cash used in financing activities (C)	(1,441)	(10,568)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(1,769)	709
Cash and cash equivalents at the beginning of the year	2,309	1,600
Cash and cash equivalents at the end of the year (Refer note 12)	540	2,309

See accompanying notes forming part of the Standalone financial statements 1-44

Note: Refer note 40 for borrowings and lease liabilities movements.

In terms of our report attached

For M S K A & Associates

Chartered Accountants

Firm Registration Number : 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

For and on behalf of the Board of Directors

of Pennar Industries Limited

CIN: L27109TG1975PLC001919

Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Shrikant Bhakkad

Chief Financial Officer

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Place: Hyderabad

Date: May 22, 2024

Place: Hyderabad

Date: May 22, 2024

Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

A. Equity share capital

Particulars	No of Shares	Amount
Balance as at April 01, 2022	14,21,62,181	7,108
Shares bought back and extinguished during the year	72,15,950	361
Balance as at March 31, 2023	13,49,46,231	6,747
Balance as at March 31, 2024	13,49,46,231	6,747

B. Other equity

Particulars	Reserves and surplus						Total other equity
	Capital Reserve	Securities premium	General reserve	Profit on forfeiture of shares	Capital redemption reserve	Retained earnings	
Balance as at April 01, 2022	386	10,375	762	6	1,695	52,009	65,233
Profit for the year	-	-	-	-	-	4,420	4,420
Remeasurement defined benefit liability net of tax	-	-	-	-	-	67	67
Buyback of equity shares	-	(2,617)	-	-	-	-	(2,617)
Transaction costs towards Buyback of equity shares	-	(129)	-	-	-	-	(129)
Tax on buy back of equity shares	-	(616)	-	-	-	-	(616)
Amount transferred to capital redemption reserve upon Buyback	-	-	(361)	-	361	-	-
Balance as at March 31, 2023	386	7,013	401	6	2,056	56,496	66,358
Profit for the year	-	-	-	-	-	5,927	5,927
Remeasurement defined benefit liability net of tax	-	-	-	-	-	(215)	(215)
Balance as at March 31, 2024	386	7,013	401	6	2,056	62,208	72,070

See accompanying notes forming part of the Standalone financial statements

1-44

In terms of our report attached

For M S K A & Associates

Chartered Accountants

Firm Registration Number : 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

For and on behalf of the Board of Directors

of Pennar Industries Limited

CIN: L27109TG1975PLC001919

Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Shrikant Bhakkad

Chief Financial Officer

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Place: Hyderabad

Date: May 22, 2024

Place: Hyderabad

Date: May 22, 2024

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

1. Corporate information:

Pennar Industries Limited (the "Company") is a public listed company in India having its registered and corporate office in Hyderabad in State of Telangana and is engaged in manufacturing of cold rolled steel strips, precision tubes, cold rolled formed sections, electrostatic precipitators, profiles, Railway wagons and coach components, press steel components, hydraulics, road safety systems, galvanised products, Solar panels. Design, manufacture, supply, service and installation of pre-engineered steel buildings, building components and erection for industries, warehouses, commercial centres, multi storied buildings, aircraft hangars, defence installations. Design, manufacture, supply, erection and maintenance of water and waste-water treatment plants and manufacture and supply of water treatment chemicals and fuel additives for both solid and liquid fuels. The Company's shares are listed on the Bombay Stock Exchange and National Stock Exchange of India.

2. Material Accounting policies

2.1 Statement of compliance

The financial statements which comprise the Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, and the Statement of Changes in Equity ("financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 (the "Act"), Companies (Indian Accounting Standards) Rules, 2015, as amended, along with relevant amendment rules issued thereafter and other relevant provisions of the Act, as applicable. The Company has consistently applied accounting policies to all periods.

2.2 Basis of preparation and presentation:

These financial statements have been prepared on accrual basis and on the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability of market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Inventories:

Inventories are valued at lower of cost or net realisable value after providing for obsolescence's and other losses, where considered necessary. Cost of inventories is ascertained on a 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the related finished products are expected to be sold at or above cost.

Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost and includes appropriate portion of overheads.

Cost in respect of work-in-progress represents cost incurred up to the stage of completion, cost of materials remaining uncertified / incomplete by the Company.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Goods-in-transit are valued at cost which represents the costs incurred up to the stage at which the goods are in-transit. Scrap material is valued at the net realisable value after providing for obsolescence and other losses (if any).

2.4 Foreign currency translation:

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date. Non-Monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-Monetary items that are measured in terms of historical cost in a foreign currency are not restated.

Exchange differences on monetary items are recognised in the Statement of profit and loss in the period in which they arise.

2.5 Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Company.

2.6 Income taxes:

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

2.7 Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a Lessee:

The Company's significant leasing arrangement are in respect of land, office premises and plant & equipment. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

2.8 Earnings per share:

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

2.9 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a legal or constructive obligation as a result of past event and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation.

Provisions are not recognised for future operating losses. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Provision is made for costs associated with dismantling of the property, plant and equipment. Such dismantling costs are normally incurred at the end of the estimated useful life of the assets. These costs are assessed by the management on an annual basis and are capitalised to the respective block of assets. A corresponding provision is created for the said costs.

The capitalised asset is charged to the statement of profit and loss over the life of the operation through the depreciation of the asset and the provision is increased each period via unwinding the discount on the provision.

Contingent liabilities are not recognised and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognised but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

2.10 Cash and cash equivalents and Cash flow statements:

Cash comprises cash on hand, in bank and demand deposits with banks. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method, whereby profit / (loss) after tax is adjusted for the effects of transaction 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.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

2.11 Revenue:

Revenue is recognised to the extent that it is highly probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract and excluding taxes or duties collected on behalf of the Government.

The Company recognises revenue for supply of goods to customers against orders received. The majority of contracts that Company enters into relate to sales orders containing single performance obligations for the delivery of products as per Ind AS 115. Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

With respect to contracts where revenue is recognised over time, the Company measures the value of services for which control is transferred to the customer over time based on certification of work completed. In cases where the work performed till the reporting date has not reached the milestone specified in the contract, the Company recognises revenue only to the extent that it is highly probable that the customer will acknowledge the same.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs. Due to the uncertainties attached, the revenue on account of extra claims are accounted for at the time of acceptance / settlement by the customers.

Revenue earned but not billed to customers against erection contracts is reflected as "Contract assets" under "Other financial assets". Billings on incomplete contracts in excess of accrued costs and accrued profits are included in other current liabilities as "Contract liabilities".

Due to the uncertainties attached, the revenue on account of extra claims are accounted for at the time of acceptance/ settlement by the customers.

Interest, Dividend and Claims:

Dividend income is recognised when the right to receive payment is established. Interest has been accounted using effective interest rate method. Insurance claims/ other claims are accounted as and when admitted /settled.

Export Benefits:

Export benefits arising on account of entitlement for duty-free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate realisability of such benefits are established.

Government grants, subsidies and export incentives:

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

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

2.12 Property, plant and equipment (PPE):

PPE are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to the acquisition are capitalised until the PPE are ready for use, as intended by management.

The Company depreciates PPE over their estimated useful lives using the straight-line method. Depreciation methods, useful lives and residual values are reviewed periodically including at each financial year-end.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other income in the statement of profit or loss.

The cost of a self-constructed item of PPE comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

2.13 Depreciation and amortization

Depreciation on PPE except as stated below, is provided as per Schedule II of the Companies Act, 2013 on straight line method. Depreciation on upgradation of PPE is provided over the remaining useful life of the assets. No depreciation is charged on Freehold land.

Depreciation on PPE commences when the assets are ready for their intended use. Based on above, the useful lives as estimated for other assets considered for depreciation are as follows:

Category	Useful Life (Years)
Buildings	30-60
Plant and Machinery	15-20
Factory Equipment (Electricals)	3-20
Office Equipment	3-5
Furniture and Fixtures	10
Computers	3-6
Vehicles	8
Intangible Assets	7-20

Depreciation methods, useful lives, residual values are reviewed and adjusted as appropriate, at each reporting date. Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalization.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of buildings, plant and machinery, factory equipment (Electrical), office equipment and computers which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

2.14 Intangibles assets

Intangible assets are stated at cost comprising of purchase price inclusive of duties and taxes less accumulated amount of amortization and impairment losses. Such assets are amortised over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Cost of computer software packages (ERP and others) allocated/amortised over a period of 10 years/ 5 years. License fees, over the duration of license or 10 years whichever is less.

The Company, based on technical assessment made by technical expert and management estimate, amortizes the software packages over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.15 De-recognition of tangible and intangible assets

An item of PPE is de-recognised upon disposal or when no future economic benefits are expected to arise from its use or disposal. Gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

2.16 Impairment of tangible and intangible Assets

Tangible and intangible assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognised in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at an appropriate rate.

Impairment losses recognised earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognised in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that has been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

2.17 Employee benefit plans:

Employee benefits include provided fund, superannuation fund, employee's state insurance scheme, gratuity and compensated absences.

Post Employment Obligations:

Defined Contribution Plans:

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as an expense based on the amount of contribution required to be made and when service are rendered by the employees.

Contributions under the superannuation plan, which is a defined contribution scheme, are made to a fund administered and managed by the Life Insurance Corporation of India and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans Gratuity:

The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date using projected unit credit method. The liability recognised in the balance sheet in respect of the gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

Compensated absences:

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method.

Other short-term employee benefits:

Other Short-term employee benefits, including performance incentives expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders service.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

2.18 Financial instruments

a. Derivative Financial Instruments:

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

b. De-recognition of financial assets and liabilities

Financial assets:

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities:

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realize the asset and settle the liability simultaneously.

c. Foreign exchange gains and losses:

- For foreign currency denominated financial for foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.
- For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in the statement of profit and loss.
- The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

2.19 Determination of fair values:

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

2.20 Impairment of assets

a. Financial assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognised in the statement of profit and loss.

b. Non-financial assets:

Intangible assets, intangible assets under development and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. Intangible assets under development are tested for impairment annually.

If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

c. Non-current Investments:

At each balance sheet date, the Company assesses whether there is any indication that an investment may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the investment exceeds its estimated recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an investment's fair value less costs of disposal and value in use.

2.21 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and, in particular, whether the Company had transferred control over the goods to the buyer.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Key sources of estimation uncertainty

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Items requiring significant estimate	Assumption and estimation uncertainty
Useful lives of property, plant and equipment	The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there has been no change in the life considered for the assets.
Provision for employee benefits	The Company uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return of plan assets, rate of increase in compensation levels and mortality rate.
Provision for taxes	Significant judgements are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.
Provision for credit impaired receivables	The Company makes provision for credit impaired receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates.
Estimation of net realisable value of inventories	Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories in the Company makes an estimate of future selling prices, and costs necessary to make the sale.
Leases	Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use the underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Company considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Company reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

2.22 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle for the purpose of its assets and liabilities as current and non-current.

2.23 Standards (including amendments) issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

3. Property, plant and equipment and capital work-in-progress

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying amount of:		
Land (Refer Note 35)	2,461	2,413
Leasehold improvements	2	7
Buildings	27,702	28,740
Plant and equipment	20,129	21,513
Electrical equipment	4,514	4,166
Computers	64	90
Office equipment	53	92
Furniture and fixtures	228	268
Vehicles	326	301
Total	55,479	57,590
Capital work-in-progress [Refer note (a) and (b) below]	18,068	1,005

Notes:

- Capital work-in-progress includes borrowing cost of ₹ 274 Lakhs (March 31, 2023: ₹ Nil) capitalised during the year. (Refer Note 26)
- Refer Note 36 (iii) for ageing of Capital work-in-progress.
- Refer Notes 16 (a) and 16 (c) for details of charge created on assets.
- The title deeds of all immovable properties are held in the name of the Company except as disclosed in Note 35. The Company has not revalued its Property, plant and equipment.

Movement in the carrying amounts of property, plant and equipment is as below:

Particulars	Land	Leasehold improvements	Buildings	Plant and equipment	Electrical equipments	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
Cost as at April 01, 2022	1,341	45	33,861	40,476	7,378	660	308	553	477	85,099
Additions	1,072	-	2,666	5,820	103	53	51	27	68	9,860
Disposals/adjustments/write offs	-	-	-	(44)	-	(107)	-	-	-	(151)
Dismantling cost	-	-	-	21	-	-	-	-	-	21
Balance as at March 31, 2023	2,413	45	36,527	46,273	7,481	606	359	580	545	94,829
Additions	48	-	96	1,482	758	31	6	3	86	2,510
Disposals/adjustments/write offs	-	-	-	(92)	(3)	(52)	-	-	-	(147)
Dismantling cost	-	-	-	3	-	-	-	-	-	3
Balance as at March 31, 2024	2,461	45	36,623	47,666	8,236	585	365	583	631	97,195
Accumulated depreciation as at April 01, 2022	-	33	6,657	22,110	2,982	551	210	273	189	33,005
Depreciation for the year	-	5	1,130	2,677	333	65	57	39	55	4,361
Disposals/adjustments/write offs	-	-	-	(27)	-	(100)	-	-	-	(127)
Accumulated depreciation as at March 31, 2023	-	38	7,787	24,760	3,315	516	267	312	244	37,239
Depreciation for the year	-	5	1,134	2,864	409	57	45	43	61	4,618
Disposals/adjustments/write offs	-	-	-	(87)	(2)	(52)	-	-	-	(141)
Accumulated depreciation as at March 31, 2024	-	43	8,921	27,537	3,722	521	312	355	305	41,716
Net carrying amount as at March 31, 2024	2,461	2	27,702	20,129	4,514	64	53	228	326	55,479
Net carrying amount as at March 31, 2023	2,413	7	28,740	21,513	4,166	90	92	268	301	57,590

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

4. Right-of-use assets

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying amount of:		
Land	130	144
Buildings	1,121	1,858
Plant and equipment	3,047	2,455
	4,298	4,457

(a) Movement in the carrying amounts of right-of-use assets is as below:

Particulars	Land	Buildings	Plant and equipment	Total
I. Gross Carrying Value				
Cost as at April 01, 2022	169	2,790	2,004	4,963
Additions	-	772	1,221	1,993
Disposals	-	-	-	-
Balance as at March 31, 2023	169	3,562	3,225	6,956
Additions	-	238	847	1,085
Disposals	-	(1,476)	-	(1,476)
Balance as at March 31, 2024	169	2,324	4,072	6,565
II. Accumulated depreciation				
Accumulated depreciation as at April 01, 2022	11	1,132	290	1,433
Depreciation	14	572	480	1,066
Disposals	-	-	-	-
Balance as at March 31, 2023	25	1,704	770	2,499
Depreciation	14	554	255	823
Disposals	-	(1,055)	-	(1,055)
Balance as at March 31, 2024	39	1,203	1,025	2,267
Net Carrying amount as at March 31, 2024	130	1,121	3,047	4,298
Net Carrying amount as at March 31, 2023	144	1,858	2,455	4,457

(b) Lease liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Current	1,080	1,132
Non-current	2,845	3,512
	3,925	4,644

5. Other intangible assets

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying amount of:		
Computer software	201	294
Software license	81	103
Other intangible assets	591	644
Total Other intangible assets	873	1,041

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

5. Other intangible assets (Contd..)

Movement in the carrying amounts of other intangible assets is as below:

Particulars	Computer software	Software license	Other intangible assets	Total
I. Cost				
Balance as at April 01, 2022	746	295	1,126	2,167
Additions	47	11	-	58
Disposals/adjustments/write offs	(41)	-	-	(41)
Balance as at March 31, 2023	752	306	1,126	2,184
Additions	1	-	-	1
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2024	753	306	1,126	2,185
II. Accumulated amortisation				
Balance as at April 01, 2022	384	181	429	994
Amortisation for the year	96	22	53	171
Disposals/write offs	(22)	-	-	(22)
Balance as at March 31, 2023	458	203	482	1,143
Amortisation for the year	94	22	53	169
Disposals/adjustments/write offs	-	-	-	-
Accumulated depreciation as at March 31, 2024	552	225	535	1,312
Net Carrying amount as at March 31, 2024	201	81	591	873
Net Carrying amount as at March 31, 2023	294	103	644	1,041

6. Investments

Particulars	Face Value per share	As at March 31, 2024		As at March 31, 2023	
		No of Shares	Amount	No of Shares	Amount
I. Investments - Non-current					
Unquoted investments (all fully paid):					
(A) Investments in equity shares of subsidiaries at cost					
Pennar Global Inc., USA	USD 0.01 each	5,000	7,763	4,000	862
Enertech Pennar Defense and Engineering Systems Private Limited	₹ 10 each	5,100	1	5,100	1
Pennar GmbH., Germany	Euro 1 each	25,000	20	25,000	20
Pennar Metals Private Limited	₹ 10 each	10,000	1	-	-
			7,785		883
(B) Investments Carried at fair value through other comprehensive income (FVTOCI)					
Mana Effluent Treatment Plant Limited	₹ 1,000 each	200	2	200	2
Invstt TRUST	₹ 100 each	2,84,000	284	-	-
Aggregate value of Unquoted Non-current investments (A+B)			8,071		885
II. Investments - Current					
Unquoted Investment carried at fair value through profit and loss (FVTPL)					
Investments in mutual funds (Refer note below)			1,873		2,697
Aggregate value of unquoted current investments			1,873		2,697

Notes:

- a) The Company has complied with number of layers prescribed under clause 87 of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

6. Investments (Contd..)

b) Details of current-investments (unquoted)

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of units	Amount	No. of units	Amount
Investments in Mutual Funds				
SBI Savings Fund -Direct Plan	-	-	2,67,324	101
ICICI Money Market Fund	-	-	97,162	315
ICICI Ultra Short Term Fund	-	-	4,14,958	105
Tata Money Market Fund-Direct Plan	-	-	11,408	462
ICICI Overnight Fund- Growth- Direct Plan	-	-	20,691	250
Nippon India Money Market Fund-Direct Growth Plan	20,146	770	20,515	728
Nippon India Overnight Fund - Growth Plan	-	-	2,28,600	275
Aditya Birla Sunlife Limited - Money Manager Fund - Growth - Direct	-	-	1,13,330	358
Aditya Birla Sunlife Limited - Overnight Direct Growth	-	-	8,507	103
ICICI Prudential Opportunities Fund	96,511	138	-	-
Axis Money Market Fund-Direct Growth	15,252	200	-	-
HSBC Money Market Fund-Direct Growth	14,07,987	355	-	-
Mirae Asset Money Market Fund	4,843	56	-	-
Baroda BNP Paribas Money Market	19,863	253	-	-
Bandhan Money Manager Fund	2,54,926	101	-	-
Total current investment		1,873		2,697

7. Loans (Unsecured, considered good)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current:		
At amortised cost *		
Loan to related parties [Refer Note 34 (iii)]	-	9,761
Total	-	9,761
Current:		
Loan to related parties (Refer Note 34(iii))	2,918	-
Total	2,918	-

*Percentage of Loans to related parties to the total loans 100% (March 31, 2023: 100%)

8. Other financial assets (Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current:		
Deposits	1,224	1,019
Total	1,224	1,019
Current:		
Interest accrued on deposits	89	50
Interest accrued on loan*	972	821
Unbilled revenue	5,459	2,646
Incentive receivable	8	8
Security deposits	1,328	2,749
Other	112	26
Less: Provision for credit impaired security deposits	(90)	-
Total	7,878	6,300

*Includes interest receivable from related parties [Refer Note 34 (iii)]

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

9. Other assets (Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current		
Capital advances	2,468	412
Balance with Statutory/Government Authorities	668	603
Total	3,136	1,015
Current:		
Advances recoverable in kind or for value to be received	6,100	7,053
Prepaid expenses	1,199	853
Employee advance	55	63
Balance with Statutory/Government Authorities	1,175	1,519
Less: Provision for credit impaired advances	(525)	-
Total	8,004	9,488

10. Inventories (At lower of cost or net realisable value)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw materials	14,244	16,709
Work-in-progress	44,208	40,972
Finished goods	6,067	5,251
Finished goods in- transit	3,461	1,977
Stores and spares	10,431	8,046
Scrap	963	709
Total	79,374	73,664

Note: Refer Note 16 (a) & 16 (c) for details of charge created on assets.

11. Trade receivables

Particulars	As at March 31, 2024	As at March 31, 2023
Non Current		
Unsecured, considered good	1,708	3,085
	1,708	3,085
Current		
Unsecured, considered good*	44,666	36,329
Credit impaired	9,714	9,702
	54,380	46,031
Less: Allowance for credit impaired [Refer note (b) Below]	9,714	9,702
Total	44,666	36,329
Total	46,374	39,414

* Includes dues from related parties [Refer Note 34 (iii)]

Notes:

- Trade receivables includes retention money aggregating to ₹ 7,736 lakhs (March 31, 2023 : ₹ 7,993 lakhs).
- Expected credit loss (ECL):**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit in the normal course of business. Before accepting any new customer, the Company assesses the potential customer's credit quality.

As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL allowance (or reversal) during the year is recognised in the statement of profit and loss.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

11. Trade receivables (Contd..)

The movement in the allowance for Credit loss:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	9,702	8,315
Impairment losses recognised on receivables (net of write off)	1,301	3,254
Amounts written off during the year as uncollectible, provision released	(1,289)	(1,867)
Balance at the end of the year	9,714	9,702

- c. Of the trade receivables balance as at March 31, 2024, ₹ Nil (As at March 31, 2023 : ₹ 5,710 Lakhs) is due from the Company's Largest customers individually representing more than 5% of total trade receivables balance.
- d. Refer Note 36 (ii) for ageing of Trade receivables

12. Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks		
in current accounts	23	554
in cash credit accounts	456	1,255
in deposit accounts	61	500
Total	540	2,309

13. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Earmarked balances with banks		
- in Corporate social responsibility unspent account	53	1
- in preference shares redemption accounts	-	24
- in margin money deposits*	3,339	2,936
- in deposit accounts (maturity greater than 3 months, up to 12 months)	1,864	-
Total	5,256	2,961

*Margin money deposits are provided as a security to various Banks for Cash Credit and other short term borrowing facilities including letter of credit and bank guarantees availed by the Company.

14. Equity share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised share capital:		
Equity shares		
25,20,00,000 (March 31,2023: 25,20,00,000) equity shares of ₹ 5 each	12,600	12,600
Preference Shares:		
Series - A: 5,00,000 (March 31,2023: 5,00,000) cumulative redeemable preference shares of ₹ 100 each	500	500
Series - B: 4,00,00,000 (March 31,2023: 4,00,00,000) cumulative redeemable preference shares of ₹ 5 each	2,000	2,000
	15,100	15,100
Issued, subscribed and paid-up capital:		
Equity shares		
13,49,46,231 (March 31,2023: 13,49,46,231) fully paid up equity shares of ₹ 5 each [Refer note (a) and (d) below]	6,747	6,747
Total	6,747	6,747

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

14. Equity share capital (Contd..)

Notes:

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Number of Shares	Share Capital (Amount)	Number of Shares	Share Capital (Amount)
Opening balance	13,49,46,231	6,747	14,21,62,181	7,108
Less: Shares bought back and extinguished during the year	-	-	72,15,950	361
Balance	13,49,46,231	6,747	13,49,46,231	6,747

b. Details of shares held by each shareholder holding more than 5% shares of the aggregate shares of the company:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No of shares held	% holding of equity shares	No of shares held	% holding of equity shares
Fully paid up equity shares:				
Pennar Holdings Private Limited	2,10,05,455	15.57%	2,10,05,455	15.57%
Aditya Narsing Rao	88,97,753	6.59%	87,72,203	6.50%
J Rajyalakshmi	69,33,038	5.14%	69,33,038	5.14%

c. Rights, preferences and restrictions attached to each class of shares:

Equity Shares: The Company has issued only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

d. Refer Note 16 (c) for details of shares pledged.

e. Shareholding of Promoters as at:

Shares held by Promoters					% change during the year
Particulars	As at March 31, 2024		As at March 31, 2023		
	No. of shares	% of total shares	No. of shares	% of total shares	
Aditya Narsing Rao	88,97,753	6.59%	87,72,203	6.50%	0.09%
Avanti Rao	23,97,951	1.78%	23,97,951	1.78%	0.00%
Bhavana Puljal	16,94,027	1.26%	16,94,027	1.26%	0.00%
Joginpally Nrupender Rao HUF	6,60,114	0.49%	6,60,114	0.49%	0.00%
J Rajyalakshmi	69,33,038	5.14%	69,33,038	5.14%	0.00%
J N Rupender Rao	60,10,786	4.45%	60,10,786	4.45%	0.00%
Jayanthi Puljal	17,91,751	1.33%	17,91,751	1.33%	0.00%
Kalpna Puljal	17,50,091	1.30%	17,50,091	1.30%	0.00%
Pennar Holdings Private Limited	2,10,05,455	15.57%	2,10,05,455	15.57%	0.00%

Shares held by Promoters					% change during the year
Particulars	As at March 31, 2023		As at March 31, 2022		
	No. of shares	% of total shares	No. of shares	% of total shares	
Aditya Narsing Rao	87,72,203	6.50%	84,27,203	5.93%	0.57%
Avanti Rao	23,97,951	1.78%	23,97,951	1.69%	0.09%
Bhavana Puljal	16,94,027	1.26%	16,94,027	1.19%	0.07%
Joginpally Nrupender Rao HUF	6,60,114	0.49%	6,60,114	0.46%	0.03%
J Rajyalakshmi	69,33,038	5.14%	69,33,038	4.88%	0.26%
J N Rupender Rao	60,10,786	4.45%	60,10,786	4.23%	0.22%

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

14. Equity share capital (Contd..)

Particulars	Shares held by Promoters				% change during the year
	As at March 31, 2023		As at March 31, 2022		
	No. of shares	% of total shares	No. of shares	% of total shares	
Jayanthi Puljal	17,91,751	1.33%	20,95,202	1.47%	-0.14%
Kalpana Puljal	17,50,091	1.30%	17,50,091	1.23%	0.07%
Pennar Holdings Private Limited	2,10,05,455	15.57%	2,10,05,455	14.78%	0.79%

15. Other equity

Other equity consist of the following:

Particulars	As at / For the year ended March 31, 2024	As at / For the year ended March 31, 2023
(a) Capital reserve		
Opening balance	386	386
Closing Balance	386	386
(b) Securities premium		
Opening balance	7,013	10,375
Utilised on		
- Buyback of equity shares	-	(2,617)
- Transaction cost related to Buyback of equity shares	-	(129)
- Tax on Buyback of equity shares	-	(616)
Closing Balance	7,013	7,013
(c) General reserve		
Opening balance	401	762
Transfer to capital redemption reserve upon Buyback of equity shares	-	(361)
Closing Balance	401	401
(d) Profit on forfeiture of shares	6	6
(e) Capital redemption reserve		
Opening balance	2,056	1,695
Transfer from general reserve upon Buyback of equity shares	-	361
Closing Balance	2,056	2,056
(f) Retained earnings		
Opening balance	56,496	52,009
Add: Profit for the year	5,927	4,420
Remeasurement of net defined benefit liability net of income tax	(215)	67
Closing Balance	62,208	56,496
Total	72,070	66,358

Nature of reserves:

(a) Capital reserve

Capital Reserve represents the gain on amalgamation. It is the excess of share capital issued and the amount of share capital of the transferor companies. It is made out of capital profits earned by the company which can be used only for special purposes and hence it is not freely available to be distributed among shareholders as the dividend.

(b) Securities premium account

Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

15. Other equity (Contd..)

(c) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

(d) Profit on forfeiture of shares

Profit on forfeiture of shares pertains to profit on redemption of preference shares.

(e) Capital redemption reserve

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

(f) Retained earnings

Retained earnings reflects the Company's undistributed earnings after taxes along with current year profit.

16. Borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Term Loans - Secured - at amortised cost [Refer note (a) below]		
- From banks	3,949	5,808
- From non banking financial companies (NBFC's)	9,447	3,817
	13,396	9,625
Unsecured - at fair value		
Sales tax deferment loan [Refer note (b) below]	-	135
Total	13,396	9,760
Current		
Loans repayable on demand from banks - Secured - at amortised cost [Refer note (c) below]		
(i) Cash credits	7,615	6,465
(ii) Working capital demand loans	24,846	19,837
(iii) Credit Cards and bills discounting	21,396	19,690
Current maturities from long term borrowings		
Term Loans-Secured [Refer note (a) below]		
- From banks	3,311	4,001
- From non banking financial companies (NBFC's)	2,500	1,821
Unsecured		
Sales tax deferment loan [Refer note (b) below]	191	335
Total current borrowing	59,859	52,149
Total Borrowings	73,255	61,909

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

16. Borrowings (Contd..)

Notes:

(a) Summary of borrowings arrangements

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2024	March 31, 2023	
From Banks:						
HDFC Bank Limited	48 equal monthly instalments of ₹ 48.46 lakhs each commencing from April 2022	Extension of second ranking charge over existing primary collateral securities including mortgages of created in favour of the bank and 100% Credit guarantee by National Credit guarantee Trust Company Limited(NCGTC)	5,116	2,732	4,011	7.00% to 8.55% p.a
ICICI Bank Limited	16 equal quarterly instalments of ₹ 312.5 lakhs each, after a moratorium period of 1 year, Commencing from March 2020	First charge on all the fixed assets of the Velchal Plant (except solar power asset) and personal guarantee from Aditya Rao (Vice-Chairman & Managing Director).	5,000	-	750	9.50% to 9.80% p.a
	48 equal monthly instalments of ₹ 13.95 each, after a moratorium period of 1 year, commencing from April 2022	Extension of second ranking charge over existing primary collateral securities including mortgages of created in favour of the bank 100% Credit guarantee by national Credit guarantee Trust Company Limited (NCGTC)	670	335	503	7.95% to 8.50% p.a
Yes Bank Limited	16 equal quarterly instalments of ₹ 156.25 lakhs each, commencing from September 2020	First charge on entire Fixed Assets pertaining to plant located in kannigaipair village Chennai with minimum asset cover of 1.33x and personal Guarantee from Aditya Rao (Vice Chairman & Managing Director)	2,500	156	781	9.25% to 11.55% p.a.
	60 equal monthly instalments commencing from August 2018	First charge by way of hypothecation of the vehicle for which the loan was taken.	66	-	13	8.77%
	48 equal monthly instalments of ₹ 18.07 lakhs each commencing from March 2021	Extension of second ranking charge over existing primary collateral securities including mortgages of created in favour of the bank 100% Credit guarantee by national Credit guarantee Trust Company Limited(NCGTC)	867	434	651	9.15% to 9.25% p.a.
	48 equal monthly instalments commencing from August 2018	First charge by way of hypothecation of the vehicle for which the loan was taken.	54	38	50	8.77%

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

16. Borrowings (Contd..)

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2024	March 31, 2023	
State Bank of Mauritius Limited	16 equal quarterly instalments of ₹ 187.50 lakhs each commencing from September 2022	First charge on entire Fixed Assets pertaining to plant located in kannigaipair village Chennai with minimum asset cover of 1.33x and personal Guarantee from Aditya Rao (Vice Chairman & Managing Director)	3,000	1,688	2,438	9.60%
Bandhan Bank Limited	24 equal quarterly instalments of ₹ 41.64 lakhs each commencing from January 2020	First charge on fixed assets (excluding land) created out of Bandhan bank term loan for solar PV module manufacturing unit. DSRA of ₹ 58 with exclusive charge for the term loan of Bandhan Bank Ltd. and personal guarantee of Mr. Aditya Rao (Vice Chairman & Managing Director).	999	375	541	10.70%
Bank of Baroda	72 equal monthly instalments of ₹ 107.43 lakhs each commencing from December 2024	Exclusive first charge by way of Mortgage of land at village Rampur Dist. , Raebareli - 13.76 Acres First charge by way of EM of all the piece and parcel of industrial land situated at Velchal village - 107 acres 36 guntas Exclusive first charge on the entire fixed assets to be created out of Bank Finance	7,735	1,450	-	9.25%
Axis Bank Limited	60 equal monthly instalments commencing from August 2020	First charge by way of hypothecation of the vehicle for which the loan was taken.	101	52	71	7.46%
Total			26,108	7,260	9,809	
From Non Banking Financial Institutions:						
Tata Capital Financial Services Limited	60 months equal instalments of ₹ 30 lakhs each commencing from October 2021.	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	1,800	713	1,163	10.85% to 13.00% p.a
Siemens Financial Services Private Limited	48 equal months instalments of ₹ 8.89 lakhs each commencing from March 2021	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	427	130	250	11.30% to 12.75% p.a
Tata Capital Financial Services Limited	24 equal months instalments of ₹ 11.12 lakhs each commencing from December 2021	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	267	-	89	9.50% to 11.50% p.a

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

16. Borrowings (Contd..)

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2024	March 31, 2023	
Volkswagen Finance Private Limited	84 equal monthly instalments commencing from October 2017	First charge by way of hypothecation of the vehicle for which the loan was taken.	49	3	11	8.50%
Axis Financial Services Private Limited	20 equal quarterly instalments of ₹ 125 lakhs each commencing from September 2022	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	2,500	1,625	2,125	10% to 11.35%
Oxyzo Financial Services Private Limited	36 equal months instalments of ₹ 55.55 lakhs each commencing from April 2023	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	2,000	1,472	2,000	13.00%
Axis Financial Services Private Limited	8 equal quarterly instalments of ₹ 72 lakhs and 32 equal quarterly instalments of ₹ 132 lakhs each commencing from December 2023	First charge by way of registered mortgage on the entire land & building located at Serilingampally Manda, Hyderabad (MV Rs.90 Cr) First charge by way of hypothecation of all the movable assets both present and future pertaining located at Serilingampally Mandal, Hyderabad (MV Rs.20 Cr)	4,800	4,056	-	9.60%
Aditya Birla Finance Limited	8 equal quarterly instalments of ₹ 60 lakhs and 32 equal quarterly instalments of ₹ 110 lakhs each commencing from December 2023	Personal guarantee of Mr. Aditya Rao (NW - Rs.23 Cr)	4,000	3,880	-	9.60%
Toyota Financial services Limited	60 equal monthly instalments commencing from August 2018	First charge by way of hypothecation of the vehicle for which the loan was taken.	70	68	-	6.21%
Total			15,913	11,947	5,638	

- (b) The Company availed an interest free sales tax deferment loan for a period of 14 years starting from 1997 - 98 amounting to ₹ 2,486 lakhs from the Commercial tax department. Out of this, amount aggregating ₹ 1,937 lakhs was paid during earlier years, an amount of ₹ 335 lakhs paid in the financial year 2023-24 and amount of ₹ 214 lakhs Payable in the financial year 2024-25 which is classified under the head "Current borrowings". Further ₹ 23 lakhs (As at March 31, 2023 - ₹ 80 lakhs) considered under Unearned government grant has been classified under the head "Other liabilities" which is discounted to present value.

The Sales tax deferment loan is repayable as under:

Year of Repayment	₹ in lakhs
2024-25	214
Total	214

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

16. Borrowings (Contd..)

(c) Cash Credit and Working capital facilities sanctioned by consortium of bankers comprising State bank of India, Axis Bank, Yes Bank, ICICI Bank, HDFC Bank, Indian Bank, Punjab National Bank and SBM Bank are secured by first pari passu charge on the entire current assets and second charge on fixed assets of the company along with other working capital lenders under consortium, and for SBI, exclusive pledge of 15,00,000 shares (March 31, 2023: Nil shares) of ₹ 5 each of Pennar Industries Limited held by Pennar Holdings Private Limited (Promoter Company). These facilities are further secured by personal guarantee from Aditya N Rao (Vice – Chairman and Managing Director). These borrowings carried interest rate of 9.50% to 10.95% (March 31, 2023: 9.25% to 10.70%).

(d) Details of borrowings guaranteed by Directors :

Particulars	As at March 31, 2024	As at March 31, 2023
Aditya Narsing Rao (Vice Chairman and Managing Director)	1,54,192	1,37,424

(e) The Company has used the borrowings for the purposes for which it was taken. there are no unutilized amount which require separate disclosure.

(f) The returns of current assets for the quarter ended June 2023, September 2023 and December 2023 filed by the Company with banks are in agreement with the books of account. Company is yet to file return for the quarter ended March 2024.

17. Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Provision for gratuity [Refer note c (iii) below]	551	233
Provision for compensated absences	447	576
Asset retirement obligation	453	392
Total	1,451	1,201
Current		
Provision for gratuity [Refer note c (iii) below]	958	756
Provision for compensated absences	622	256
Total	1,580	1,012
Total Provisions	3,031	2,213

Notes:

Post Retirement Employee Benefits

(a) Post retirement benefit - Defined contribution

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The Company has recognised as an expense aggregating to ₹ 772 lakhs (2022-23: ₹ 748 lakhs) in respect of the defined contribution plans.

(b) Post retirement benefit - Defined benefit

The employee's gratuity fund scheme managed by Life Insurance Corporation of India and Birla sun life insurance are defined benefit plan. The present value of obligation is determined bases on actuarial valuation using the projected unit credit method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

17. Provisions (Contd..)

(c) Gratuity (funded):

Particulars	As at March 31, 2024	As at March 31, 2023
i) Change in Defined Benefit Obligation (DBO) during the year:		
Present Value of DBO at the beginning of the year	2,613	2,528
Interest cost	189	161
Current service cost	243	248
Actuarial loss on obligation	269	(34)
Benefits paid	(311)	(290)
Present Value of DBO at the end of the year	3,003	2,613
ii) Changes in the Fair Value of Plan Asset during the year		
Fair value of Plan Assets at the beginning of the year	1,624	1,606
Return on Plan Assets	(27)	22
Interest Income	118	100
Contributions paid	81	186
Benefits paid	(302)	(290)
Fair value of Plan Assets at the end of the year	1,494	1,624
iii) Amount Recognized in Balance Sheet		
Present Value of DBO of the year	(3,003)	(2,613)
Fair value of Plan Assets at the end of the year	1,494	1,624
Net Liability recognized in the balance sheet	(1,509)	(989)
- Non Current	(551)	(233)
- Current	(958)	(756)
iv) Components of employer expense		
Current service cost	243	248
Interest income on net defined benefit obligation	71	60
Expense recognised in Statement of Profit and Loss	314	308
v) Remeasurement on the net defined benefit obligation		
Actuarial (gain) / loss due to financial assumptions change in Defined Benefit Obligation	27	(173)
Actuarial loss due to experience on Defined Benefit Obligation	233	104
Return on Plan Assets excluding Interest Income	27	(21)
Remeasurements recognised in other comprehensive income	287	(90)
Total defined benefit cost recognised	601	218

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2024	Valuation as at March 31, 2023
Mortality	IALM (2012-14) Ult.	
Interest/Discount Rate	7.10%-7.15%	7.15%-7.25%
Rate of increase in compensation	8-9%	8-9%
Expected average remaining service	20.02	20.25
Employee Attrition rate	19%	19%

Sensitivity Analysis

Particulars	Change in assumption	Effect in Gratuity Obligation
Discount rate	1%	2,898
	(-1%)	(3,116)
Salary Escalation rate	1%	3,112
	(-1%)	(2,899)
Attrition rate	1%	2,950
	(-1%)	(3,100)
Mortality rate	1%	3,003
	(-1%)	(3,003)

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

17. Provisions (Contd..)

Estimate of expected benefit payout (in absolute terms i.e. undiscounted)

Particulars	2023-24	2022-23
Within 1 year	851	780
2 to 5 Years	1,868	1,696
6 to 10 Years	903	672
> 10 years	403	308

(d) Compensated absences:

The obligation for compensated absences is recognised in the same manner as gratuity except that the remeasurement benefit is treated as part of OCI. The actuarial liability of compensated absence (unfunded) of accumulated privileged leaves of the employees of the Company is given below.

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2024	Valuation as at March 31, 2023
Mortality	IALM (2012-14) Ult.	
Interest/Discount Rate	7.10%-7.15%	7.15%-7.25%
Rate of increase in compensation	8-9%	8-9%
Expected average remaining service	20.02	20.15
Employee Attrition rate	19%	19%

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at year-end as per Company's policy. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to Statement of Profit and Loss in the period determined.

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion, past experience and other relevant factors such as demand and supply in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

18. Income taxes

a. Income tax expense recognized in the statement of profit and loss

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current tax	2,255	1,689
Deferred tax	(204)	(151)
	2,051	1,538

b. Income tax expense recognized directly in other comprehensive income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Tax effect on actuarial losses on defined benefit obligations (Items that will not be reclassified to profit or loss)	72	(23)
	72	(23)

c. Reconciliation of effective tax rate

The following is the reconciliation of the Company's effective tax rates for the year ended March 31, 2024 and March 31, 2023.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Accounting Profit before tax	7,978	5,958
Enacted rate in India	25.17%	25.17%
Tax expense at statutory tax rate of 25.17% (2023: 25.17%)	2,008	1,500
Add: Effect of disallowed expenses such that CSR, Interest on Income etc.	43	38
Reported in statement of profit and loss	2,051	1,538

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

18. Income taxes (Contd..)

d. Deferred tax liabilities (net)

The following is the analysis of deferred tax (assets) / liabilities presented in the balance sheet:

Particulars	As at	
	March 31, 2024	March 31, 2023
Deferred tax assets	(4,707)	(4,405)
Deferred tax liabilities	4,999	4,972
	292	567

e. Movement in deferred tax assets and liabilities:

2023-24	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities / (assets) in relation to:				
Liabilities				
Property, plant and equipment and intangible assets	4,972	27	-	4,999
Assets				
Provision for employee benefits	(703)	(161)	(72)	(936)
Provision for credit impaired trade receivables	(3,133)	(158)	-	(3,291)
Provision for loss on onerous contracts	(107)	-	-	(107)
Provision for dismantling cost	(87)	(15)	-	(102)
Provision for ROU and lease liability	(95)	103	-	8
Others	(280)	-	-	(280)
Total	567	(204)	(72)	292

2022-23	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Liabilities				
Property, plant and equipment and Intangible assets	4803	169	-	4972
Assets				
Provision for employee benefits	(909)	183	23	(703)
Provision for credit impaired trade receivables	(2,784)	(349)	-	(3,133)
Provision for loss on onerous contracts	(6)	(101)	-	(107)
Provision for dismantling cost	(76)	(11)	-	(87)
Provision for ROU and Lease liability	(57)	(38)	-	(95)
Others	(276)	(4)	-	(280)
Total	695	(151)	23	567

f. Income-tax assets and liabilities

Particulars	As at	
	March 31, 2024	March 31, 2023
Income-tax assets [net of provisions]	1,719	1,267
Current tax liabilities [net of advance tax]	(3,846)	(3,171)
	(2,127)	(1,904)

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

19. Other liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Unearned government grants [Refer Note 16 (b)]	-	23
	-	23
Current		
Advances from customers	4,829	7169
Unearned revenue	811	1921
Unearned government grants [Refer Note 16 (b)]	23	57
Total	5,663	9,147
Total other liabilities	5,663	9,170

20. Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
Acceptances	36,028	25,033
Other than acceptances	37,812	30,762
Total	73,840	55,795
Of the above:		
i) Dues to micro, small and medium enterprises*	815	540
ii) Outstanding dues of creditors other than micro enterprises and small enterprises**	73,025	55,255

*Dues to MSME have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. Refer Note 32

**Includes amount payable to related parties. Refer Note 34 (iii)

Note: Refer Note 36 (i) for ageing of trade payables.

21. Other financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Retention money payable	374	563
	374	563
Current		
Preference share capital payable	-	24
Interest accrued on borrowings and others	151	154
Statutory liabilities	582	664
Payables on purchase of property, plant and equipment	630	606
Other payables (including employee related payables)	679	2,288
Total other financial liabilities	2,042	3,736

22. Revenue from operations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations (Refer note below)		
- Sale of products	2,21,160	2,06,121
- Revenue from contracts	6,867	8,184
- Sale of services	7,492	5,930
- Scrap Sales	9,898	8,595
Other operating revenue		
- Export Incentive	356	-
Total	2,45,773	2,28,830

Note: There is no single customers contributing 10% or more to the Company's revenue (2022-23: Nil).

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

23. Other income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest income earned on financial assets		
- Bank deposits	390	113
- Other interest income	579	895
Other non operating income		
Net gain arising from financial instruments designated as fair value through Profit and Loss	67	46
Gain on sale of current investments (net)	130	20
Net gain on foreign currency transactions and translation	219	1,510
Liabilities no longer required written back	2,248	810
Others	139	333
Total	3,772	3,727

24. Cost of materials consumed

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cost of materials consumed	1,57,552	1,54,836
Less:- Capitalization of Captive consumption	-	(482)
Total	1,57,552	1,54,354

24 A. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening stock of inventories		
Work-in-progress	40,972	30,362
Finished goods	7,228	9,602
Scrap	709	835
Total	48,909	40,799
Closing stock of inventories		
Work-in-progress	44,208	40,972
Finished goods	9,528	7,228
Scrap	963	709
Total	54,699	48,909
Increase in inventories of finished goods, work-in-progress and stock-in-trade	(5,790)	(8,110)

25. Employee benefits expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	14,152	13,474
Contribution to provident and other funds	1,086	1,056
Staff welfare expenses	854	898
	16,092	15,428
Less: Capitalization of salaries	286	54
Total	15,806	15,374

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

26. Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest:		
Term loans	1,366	1,462
Working capital demand loans	3,983	3,056
Interest on leases	515	446
Others	995	836
Bill discounting charges	1,455	1,455
Other bank charges	3,362	1,688
	11,676	8,943
Less: Capitalization Interest	274	-
Total	11,402	8,943

27. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation on property, plant and equipment (Refer note 3)	4,618	4,361
Depreciation on right-of-use assets (Refer note 4)	823	1,066
Amortisation of intangible assets (Refer note 5)	169	171
Total	5,610	5,598

28. Other Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Job work and processing charges	11,136	9,470
Sub-contract expenses	2,922	2,367
Erection expenses	5,672	5,439
Stores and spares consumed	15,763	12,844
Power and fuel	2,698	2,383
Repairs and maintenance		
- Plant and equipment	330	304
- Buildings	31	68
- Others	206	193
Rent	426	316
Travel and conveyance	1,068	1,152
Printing and Stationery	37	67
Communication and Internet expenses	121	97
Carriage and freight	5,443	5,142
Office expenses	572	592
Legal and professional	1,620	1,269
Auditors remuneration (Refer note below)	65	84
Rates and Taxes	307	261
Marketing and selling Expenses	1,223	887
Commission	746	82
Loss on sale of property, plant and equipment	6	18
Expenditure for Corporate social responsibility	57	59
Credit impaired trade and other receivables written off	1,289	1,867
Provision for credit impaired trade receivables	12	1,387
Provision for credit impaired advances and deposits	615	-
Miscellaneous expenses	2,763	2,716
Total	55,128	49,064

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

28. Other Expenses (Contd..)

Note: Auditors remuneration

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Audit fee	40	40
Limited review	15	15
Certificates	6	26
Out of pocket expenses	4	3
Total	65	84

Note: Amounts given above excludes Goods and Service tax.

29. Contingent liabilities and commitments

Particulars	As at March 31, 2024	As at March 31, 2023
a) Claims against the company not acknowledged on debt:		
i) Sales Tax	6,029	6,823
ii) Excise duty and service tax	312	312
iii) Goods and Services Tax #	1,549	2,143
iv) Entry tax	250	250
v) Income-tax	119	119
Total	8,259	9,647

The amount disclosed above represents best estimates and the uncertainties are depended on the outcome of the legal proceedings initiated by the Company or the claimant as the case may be.

The aforesaid amount does not include certain orders, for which final orders received by the Company subsequent to the balance sheet date with no liability .

(b) The Company has provided Corporate Performance Guarantee to Mega wide infrastructure India Private Limited in February 2024 for a value not exceeding Rs.349 Lakhs with regards to contractual liabilities under applicable agreements/contracts entered by company with Mega wide Infrastructure Private Limited. The Guarantee is valid up to January 05, 2025.

(c) Capital and other commitments:

Particulars	As at March 31, 2024	As at March 31, 2023
Capital commitment-Estimated Amount of contracts remaining to be executed on capital account (Net of Advances)	4,445	2,311
Other commitment-Investments	1,218	1,800

30. Corporate social Responsibility

As per Section 135 of the Companies Act, 2013, a Company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The permitted activities are as per Schedule VII of the Companies Act, 2013, which are specifically identified and approved by CSR Committee. The funds were utilised through the year on these activities.

The Company contributes towards Corporate Social Responsibility (CSR) activities as per the provisions of per Section 135 of the Companies Act, 2013. The Company constituted committee of Board and approved CSR policy. As per the said policy, Company has incurred ₹57 lakhs (2022-23 - ₹ 59 lakhs) during the year. The nature of CSR activities undertaken by the Company includes promoting education, health care including preventive health care, sanitation, animal welfare, rural development and sports.

a) Gross amount required to be spent by the Company during the year is ₹ 57 lakhs (2022-23 : ₹ 59 lakhs)

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

30. Corporate social Responsibility (Contd..)

b) Amount spent during the year on:

Details of expenditure on corporate social responsibility expenditure

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Construction / acquisition of any asset	25	29
(ii) On purposes other than (i) above	32	30

c) Details of amount unspent:

Opening Balance		Amount required to be spent during the year	Amount Spent during the year		Closing Balance
With Company	In separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	In Separate CSR Unspent A/c#
-	88	57	58	34	53

d) Contribution to Related Parties/ CSR Expenditure incurred with Related Parties

Name	Nature of Relationship	2023-24	2022-23
Pennar Foundation	Trust in which KMP's are trustees	92	135

31. Earnings per Share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit after tax	5,927	4,420
Weighted average number of equity shares	13,49,46,231	13,73,31,427
Face value per share	5	5
Basic and Diluted earnings per Equity Share	4.39	3.22

Note: No potential equity shares are outstanding as on March 31, 2024 / 2023, and there are no items giving rise to dilutive equity shares. Hence basic EPS is considered diluted EPS.

32. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006: The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006' has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors. The disclosures relating to Micro, Small and Medium Enterprises are as under:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Principal amount remaining unpaid to suppliers at the end of the year	815	540
(b) Interest due there on remaining unpaid to suppliers at the end of the year	43	49
(c) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amount of the payment made to the suppliers beyond the appointed day during each accounting year	72	68
(d) Interest paid to the suppliers under MSMED Act (other than section 16)	-	-
(e) Interest paid to the suppliers under MSMED Act (Section 16)	-	-
(f) Interest due and payable to suppliers under MSMED Act for payments already made	-	-
(g) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act [(b)+(f)].	43	49

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

33. Financial Instruments

a. Capital Management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents and investment in mutual funds.

The Company's Management reviews the capital structure of the Company on monthly basis. As part of this review, the Management considers the cost of capital and the risks associated with each class of capital.

The table below summarises the total equity, net debt and net debt to equity ratio of the Company:

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Equity share capital	6,747	6,747
Other equity	72,070	66,358
Total Equity (A)	78,817	73,105
Non-current borrowings	13,396	9,760
Short term borrowings	53,857	45,992
Current maturities of long-term borrowings	6,002	6,157
Gross Debt	73,255	61,909
Less: Current investments	(1,873)	(2,697)
Less: Cash and cash equivalents	(540)	(2,309)
Less: Bank balances other than cash and cash equivalents	(5,256)	(2,961)
Net debt (B)	65,586	53,942
Net debt to equity (B/A)	0.83	0.74

b. Financial instruments by category

Particulars	Carrying value as at	
	March 31, 2024	March 31, 2023
Financial assets		
Measured at amortised cost		
Other financial assets	9,102	7,319
Loans	2,918	9,761
Trade receivables	46,374	39,414
Cash and cash equivalents	540	2,309
Bank balances other than cash and cash equivalents	5,256	2,961
Non-current investments	8,071	885
Total financial assets measured at amortised cost (A)	72,261	62,649
Measured at fair value through profit and loss		
Investments in mutual funds	1,873	2,697
Total financial assets at fair value through profit and Loss (B)	1,873	2,697
Total Financial Assets (A+B)	74,134	65,346
Financial Liabilities		
Measured at amortised cost		
Long-term borrowings	13,396	9,625
Short-term borrowings	59,668	51,814
Trade payables	73,840	55,795
Other financial liabilities	2,416	4,299
Total financial liabilities carried at amortised cost (A)	1,49,320	1,21,533

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

33. Financial Instruments (Contd..)

Particulars	Carrying value as at	
	March 31, 2024	March 31, 2023
Measured at fair value through Profit and Loss		
Sales tax deferment loan	191	470
Lease Liabilities	3,925	4,644
Financial liabilities at fair value through Profit and Loss (B)	4,116	5,114
Total Financial Liabilities (A+B)	1,53,436	1,26,647

The Management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced or a liquidation sale.

Investments in other equity instruments (quoted and unquoted) are measured at cost through initial designation in accordance with Ind-AS 109 - Financial Instruments.

Investments in mutual funds are mandatorily measured at fair value.

c. Financial risk management

The Board oversees the risk management frame work, develops and monitors the company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of the risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and company's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management frame work in relation to the risk faced by the Company.

The Management policies aims to mitigate the following risks arising from the financial instruments

1. Market Risk
2. Credit Risk
3. Liquidity Risk

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of its business to risk related to changes in foreign currency exchange rates, commodity prices and interest rates.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the management and the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivatives for speculative purposes.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

33. Financial Instruments (Contd..)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company generates sufficient cash flow for operations, which together with the available cash & cash equivalents and short term investments provide liquidity in the short term and long term. The Company has established an appropriate liquidity risk management framework for the management of the Company's short term, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Foreign Currency Exchange Risk

The Company's functional currency is Indian National Rupees (INR). The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Fluctuation in exchange rates affects the Company's revenue from export markets and the cost of imports, primarily in relation to capital goods.

The carrying amounts of the Company's monetary assets and monetary liabilities at the end of reporting period as follows:

Currency exposure as at March 31, 2024

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	AED (in equivalent INR)	Other Currencies* (in equivalent INR)	Total (INR)
Trade receivables	5,486	1,286	42	258	7,072
Loans	2,918	-	-	-	2,918
Interest Receivable	972	-	-	-	972
Trade payables	784	-	-	-	784
Total	10,160	1,286	42	258	11,746

*Others include currencies such as Qatari Rial, Malaysian Ringgit, and Oman rial.

Currency exposure as at March 31, 2023

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	AED (in equivalent INR)	Other Currencies* (in equivalent INR)	Total (INR)
Trade receivables	6,638	808	104	252	7,802
Loans	9,761	-	-	-	9,761
Interest Receivable	821	-	-	-	821
Trade payables	(1,425)	(528)	-	1	(1,952)
Total	15,795	280	104	253	16,432

*Others include currencies such as Qatari Rial, Malaysian Ringgit, Singapore Dollars etc

Unhedged foreign currency exposure

Amounts receivable/(payable) in foreign currency

Particulars	As at March 31, 2024			
	USD (In Lakhs)	Euro (In Lakhs)	AED (In Lakhs)	Others (In Lakhs)
Trade receivables	65.79	14.25	2.00	12.16
Loans	35.00	-	-	-
Interest Receivable	11.66	-	-	-
Trade payables	9.40	-	-	-

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

33. Financial Instruments (Contd..)

Amounts receivable/(payable) in foreign currency

Particulars	As at March 31, 2023			
	USD (In Lakhs)	Euro (In Lakhs)	AED (In Lakhs)	Others (In Lakhs)
Trade receivables	80.78	9.01	4.65	11.76
Loans	118.72	-	-	-
Interest Receivable	9.99	-	-	-
Trade payables	(16.74)	(5.89)	-	-

Sensitivity analysis:

The Company is mainly exposed to fluctuations in US Dollar. The following table details the Company's sensitivity to a ₹ 1 increase and decrease against the US Dollar. ₹ 1 is the sensitivity used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ₹ 1 change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by ₹ 1 against the US Dollar. For a ₹ 1 weakening against the US Dollar, there would be a comparable impact on the profit or equity.

Particulars	Impact on profit and loss	
	March 31, 2024	March 31, 2023
Strengthening	121.85	192.75
Weakening	(121.85)	(192.75)

Commodity price risk

The Company's revenue is exposed to the market risk of price fluctuations related to the purchase of steel products used as Raw Material in manufacture of Finished Goods. The company manages the risk by forecasting its production and the manufacturing plan. Raw Material purchases are made based on the evaluation of the steel prices aligned to such production plans.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees with mix of fixed and floating rates of interest. The Company has exposure to interest rate risk, arising principally on changes in base lending rates. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirement for its day to day operations like short term loans. The risk is managed by Company by maintaining an appropriate mix between fixed and floating rate borrowings, ensuring the most cost-effective strategies are applied.

Working Capital position

Particulars	As at March 31, 2024	As at March 31, 2023
Current assets	1,50,509	1,33,748
Current liabilities	(1,47,910)	(1,26,142)
Working capital	2,599	7,606

Sensitivity analysis:

Particulars	Impact on profit and loss	
	March 31, 2024	March 31, 2023
1% increase in interest rate	(26)	(76)
1% decrease in interest rate	26	76

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

33. Financial Instruments (Contd..)

Liquidity Risk

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables details the company's remaining contractual maturity for its non derivative financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on earliest date on which the Company can be required to pay.

(i) Liquidity exposure as at March 31, 2024

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	-	13,396	-	13,396
Short-term Borrowings	59,859	-	-	59,859
Trade payables	73,840	-	-	73,840
Lease Liabilities	1,080	2,845	-	3,925
Other financial liabilities	2,042	374	-	2,416
	1,36,821	16,615	-	1,53,436

(ii) Liquidity exposure as at March 31, 2023

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	-	9,760	-	9,760
Short-term Borrowings	52,149	-	-	52,149
Trade payables	55,795	-	-	55,795
Lease Liabilities	1,132	3,512	-	4,644
Other financial liabilities	3,736	563	-	4,299
	1,12,812	13,835	-	1,26,647

Refer note 16 for the details of collateral security against the above mentioned banking facilities.

d. Fair value hierarchy

Valuation technique and key inputs

Level 1 - Quoted prices (unadjusted) in an active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2023.

(i) Level wise disclosure of Financial instruments as at March 31, 2024 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current Investments	1,873	1,873	-	-
Financial liabilities				
Lease Liabilities	3,925	-	3,925	-
Sales tax deferment loan	191	-	-	191

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

33. Financial Instruments (Contd..)

(ii) Level wise disclosure of Financial instruments as at March 31, 2023 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current Investments	2,697	2,697	-	-
Financial liabilities				
Lease Liabilities	4,644	-	4,644	-
Sales tax deferment loan	470	-	-	470

(iii) Level wise disclosure of Financial instruments as at March 31, 2024 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current Investments	8,069	-	8,069	-
Trade receivables	46,374	-	46,374	-
Cash and cash equivalents	540	-	540	-
Bank balances other than cash and cash equivalents	5,256	-	5,256	-
Loans	2,918	-	2,918	-
Other financial assets	9,102	-	9,102	-
Financial liabilities				
Borrowings	73,064	-	73,064	-
Trade payables	73,840	-	73,840	-
Other financial liabilities	2,416	-	2,416	-

(iv) Level wise disclosure of Financial instruments as at March 31, 2023 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current Investments	883	-	883	-
Trade receivables	39,414	-	39,414	-
Cash and cash equivalents	2,309	-	2,309	-
Bank balances other than cash and cash equivalents	2,961	-	2,961	-
Loans	9,761	-	9,761	-
Other financial assets	7,319	-	7,319	-
Financial liabilities				
Borrowings	61,439	-	61,439	-
Trade payables	55,795	-	55,795	-
Other financial liabilities	4,299	-	4,299	-

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

34. Related parties disclosures:

(i) List of related parties and nature of relationship:

Details of Subsidiaries	Nature of Relationship	Country of incorporation	Percentage of holding as at	
			March 31, 2024	March 31, 2023
Enertech Pennar Defense and Engineering Systems Private Limited	Subsidiary Company	India	51%	51%
Pennar Global Inc.	Subsidiary Company	USA	100%	100%
Pennar GmbH	Subsidiary Company	Germany	100%	100%
Pennar Global Metals, LLC	Step-down Subsidiary	USA	100%	100%
Ascent Buildings, LLC	Step-down Subsidiary	USA	100%	100%
Cadnum SARL	Step-down Subsidiary	France	100%	100%
Pennar global Investments LLC	Step-down Subsidiary	USA	100%	100%
Pennar Metals Private Limited (w.e.f June 22, 2023)	Subsidiary Company	India	100%	-

Details of other related parties	Relationship
Pennar Holdings Private Limited	Promoter Company
Pennar Foundation	Trust in which KMP's are trustees
Joginapally Venkata Nrupender Rao	Chairman (till August 09, 2023)
Ravi Venkata Siva Ramakrishna	Chairman (w.e. f. August 10, 2023)
Aditya Narsing Rao	Vice Chairman and Managing Director
Lavanya Kumar Rao Kondapalli	Whole Time Director
Potluri Venkateswara Rao	Non Executive Director
Eric James Brown	Non Executive Director
Bhandari Kamalakar Rao	Non Executive and Independent Director (Till February 09, 2024)
Vankipuram Srinivasa Parthasarathy	Non Executive and Independent Director(w.e.f February 09, 2024)
Manish Sabharwal	Non Executive and Independent Director (Till March 31, 2024)
Chandra Sekhar Sripada	Non Executive and Independent Director
Virginia Sharma	Non Executive and Independent Director
Joginapally Venkata Nrupender Rao	Relative of KMP (w.e.f August 10,2023)
Shrikant Bhakkad	Chief Financial Officer (w.e.f. May 25 ,2023)
JS Krishna Prasad	Chief Financial Officer (till May 24 ,2023)
Mirza Mohammed Ali Baig	Company Secretary
Kondapalli Siddharth Rao	Relative of KMP

(ii) Details of transactions with related parties during the year:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of goods and services		
Pennar Global Inc.	5,859	8,575
Enertech Pennar Defense and Engineering Systems Private Limited	689	-
Pennar GmbH	1,371	1,147
Pennar Global Metals, LLC	47	1,939
Cadnum SARL	65	-
Total	8,031	11,661
Purchase of goods and services		
Pennar Global Inc.	164	123
Enertech Pennar Defense and Engineering Systems Private Limited	1,211	387
Pennar Metals Private Limited	1	-
Pennar Holdings Private Limited	1	-
VP Synergic Weld Solution Private Limited	60	-
Total	1,437	510
Professional charges		
Kondapalli Siddharth Rao	11	10

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

34. Related parties disclosures: (Contd..)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Intercorporate deposits / Loans given to:		
Pennar Global Inc.	-	1,233
Loan converted into Investment in subsidiary:		
Pennar Global Inc.	6,901	-
Interest income on intercorporate deposits / Loans given:		
Enertech Pennar Defense and Engineering Systems Private Limited	-	3
Pennar Global Inc.	407	707
Paid towards corporate social responsibility		
Pennar Foundation	92	135
Director's remuneration (Including Perquisites, Contribution to Funds and Commission)		
Joginapally Venkata Nrupender Rao(till August 9, 2023)	64	155
Joginapally Venkata Nrupender Rao Chairman Emeritus (w.e.f. August 10, 2023)	104	-
Aditya Narsing Rao	105	124
Lavanya Kumar Rao Kondapalli	128	124
Chandra Sekhar Sripada	12	5
Ravi Venkata Siva Ramakrishna	12	5
Virginia Sharma	12	5
Vankipuram Srinivasa Parthasarathy	3	-
JS Krishna Prasad (Chief Financial Officer Till May 24,2023)	6	47
Shrikant Bhakkad(Chief Financial Officer w.e.f May 25, 2023)	90	-
Mirza Mohammed Ali Baig (Company Secretary)	16	15
Directors sitting fees		
Bhandari Kamalakar Rao	5	5
Varun Chawla (till March 7, 2023)	-	4
Manish Sabharwal	4	4
Chandra Sekhar Sripada	3	3
Potluri Venkateswara Rao	4	4
Ravi Venkata Siva Ramakrishna	5	4
Vankipuram Srinivasa Parthasarathy	1	-
Virginia Sharma	4	2

(iii) Balances with related parties:

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables		
Pennar Global Inc.	192	67
VP Synergic weld solution private Limited	60	-
Kondapalli Siddharth Rao	3	2
Managerial Remuneration Payable		
Joginapally Venkata Nrupender Rao(till August 9, 2023)	13	13
Managerial Commission payable	36	16
Trade receivables		
Enertech Pennar Defense and Engineering Systems Private Limited	1,393	1,489
Pennar Global Inc.	1,691	902
Pennar Global Metals, LLC	1,727	3,063
Pennar GmbH	1,335	771
Ascent Buildings, LLC	65	65
Cadnum SARL	71	36
Advances to suppliers and others		
Enertech Pennar Defense and Engineering Systems Private Limited	370	651
Cadnum SARL	23	-

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

34. Related parties disclosures: (Contd..)

Particulars	As at March 31, 2024	As at March 31, 2023
Investment in subsidiary companies		
Enertech Pennar Defense and Engineering Systems Private Limited	1	1
Pennar Global Inc.	7,763	862
Pennar GmbH	20	20
Pennar Metals Private Limited	1	-
Loans / Inter corporate deposits receivable		
Pennar Global Inc	2,918	9,761
Interest on Inter corporate deposits receivable		
Pennar Global Inc	972	821

Note: Refer note 16 (d) for details of borrowings guaranteed by Directors.

35. Details of title Deeds of Immovable property not held in Company's name in respect of Property, plant and equipment - Land are given below:

Title deeds held in the name of	Gross carrying value as at March 31, 2024 (₹ lakhs)	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the Company
Pennar Engineered Building Systems Limited	195	No	May 2019 till Balance sheet date	The said Land was transferred vide scheme of Amalgamation approved by NCLT, Hyderabad. Same is pending to be transferred in the name of the Company.
Pennar Enviro Limited	27	No	May 2019 till Balance sheet date	
Pennar Steels Limited	74	No	April 1986 till Balance sheet date	The said Land is in the erstwhile name of the Company, not yet transferred in the new name of Company.

36. Ageing schedules

(i) Trade Payables

As at March 31, 2024	Not Due	Unbilled	Outstanding for following periods from due date of payment				Total
			<1 year	1-2 years	2-3 years	> 3 years	
(i) MSME	-	-	815	-	-	-	815
(ii) Others	36,028	6,566	28,437	1,028	466	500	73,025
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	36,028	6,566	29,252	1,028	466	500	73,840

As at March 31, 2023	Not Due	Unbilled	Outstanding for following periods from due date of payment				Total
			<1 year	1-2 years	2-3 years	> 3 years	
(i) MSME	245	-	269	14	12	-	540
(ii) Others	25,033	5,298	21,015	1,744	1,248	917	55,255
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	25,278	5,298	21,284	1,758	1,260	917	55,795

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

36. Ageing schedules (Contd..)

(ii) Trade Receivables (Current & Non-current)

As at March 31, 2024	Outstanding for following periods from due date of payment						Total
	Not Due	<6 months	6 months -1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed trade receivables - considered good	33,812	11,133	1,429	-	-	-	46,374
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	1,217	1,895	2,175	3,647	8,934
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	780	780
Less: Provision for Credit impaired receivable	-	-	(1,217)	(1,895)	(2,175)	(4,427)	(9,714)
Total	33,812	11,133	1,429	-	-	-	46,374

As at March 31, 2023	Outstanding for following periods from due date of payment						Total
	Not Due	<6 months	6 months -1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed trade receivables - considered good	27,060	10,601	1,753	-	-	-	39,414
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	1,124	1,907	2,565	3,238	8,834
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	28	840	868
Less: Provision for Credit impaired receivable	-	-	(1,124)	(1,907)	(2,593)	(4,078)	(9,702)
Total	27,060	10,601	1,753	-	-	-	39,414

(iii) Capital-Work-in progress (CWIP)

(a) For Capital-work-in progress as at March 31, 2024, following is the ageing schedule :

As at March 31, 2024	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	18,068	-	-	-	18,068
Total	18,068	-	-	-	18,068

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

36. Ageing schedules (Contd..)

(b) For Capital-work-in progress as at March 31, 2023, following is the ageing schedule :

As at March 31, 2023	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	1,005	-	-	-	1,005
Projects temporarily suspended	-	-	-	-	-
Total	1,005	-	-	-	1,005

37. Other Statutory Information

- (i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (iii) The Company does not have any charges which is yet to be registered with ROC beyond the statutory period. In respect of satisfaction of charges (beyond the statutory period) relating to certain borrowings with 2 bankers amounting to ₹ 1,00,424 lakhs (March 31, 2023: with 4 bankers amounting to ₹ 106,751 lakhs) are yet to be filed with the ROC, as the Company is in awaiting for no objection certificates from the respective banker. Subsequent to year end the Company has received no objection certificate from one of the banker and satisfaction of charge has been filed with ROC for the same for amounting to ₹ 1,00,422 lakhs.
- (iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (vii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (viii) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

38. Financial Ratios

Sl no	Particulars	As at March 31, 2024	As at March 31, 2023	Absolute Change	Variation	Reasoning > 25%
a	Current Ratio (in times)	1.02	1.06	(0.04)	(4%)	No Major change
b	Debt-Equity Ratio (in times)	0.98	0.91	0.07	8%	No Major change
c	Debt Service Coverage Ratio (in times)	1.12	1.21	(0.09)	(7%)	No Major change
d	Return on Equity Ratio (in %)	8%	6%	2%	2%	No Major change
e	Inventory turnover ratio (in times)	3.65	3.90	(0.25)	(6%)	No Major change

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

38. Financial Ratios (Contd..)

Sl no	Particulars	As at March 31, 2024	As at March 31, 2023	Absolute Change	Variation	Reasoning > 25%
f	Trade Receivables turnover ratio (in times)	5.73	5.45	0.28	5%	No Major change
g	Trade payables turnover ratio (in times)	2.70	3.29	(0.59)	(18%)	No Major change
h	Net capital turnover ratio (in times)	94.56	30.09	64.47	214%	Improvement in the ratio is mainly on account of decrease in net working capital during the year.
i	Net profit ratio (in %)	2%	2%	-	0%	No Major change
j	Return on Capital employed (in %)	12%	4%	8%	8%	No Major change
k	Return on investment (in %)	9%	2%	7%	7%	No Major change

Ratio	Numerator	Denominator
a	Current Assets	Current liabilities
b	Total Debt consists borrowings (including Lease liability)	Shareholders equity
c	Earning for Debt Service = Net Profit after taxes + Interest + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments (only long-term repayments)
d	Profit after tax	Average Shareholders equity
e	Sales (Revenue from operations)	Average inventory
f	Net credit sales consist of gross credit sales minus sales return.	Average account receivables
g	Net credit purchases (Cost of goods sold adjusted with increase / decrease in stocks)	Average Trade payables
h	Sales (Revenue from operations)	Working Capital= Current Assets -Current Liabilities
i	Profit after tax	Net Sales (Operating Revenue)
j	Profit before Interest and tax	Capital Employed = Net worth + Lease Liabilities + Total Debt + Deferred tax liabilities
k	Income from the Investment	Average Investment

39 Movement in borrowings and lease liabilities:

Year ended March 31, 2024

Particulars	Opening Balance	Proceed from borrowings / Addition during the year	Interest added during the year/ Other Adjustments	Repayment of Borrowings / lease payments	Closing Balance
Short-term borrowings*	45,992	7,842	23	-	53,857
Long-term borrowings	15,917	9,721	59	(6,299)	19,398
Lease liabilities	4,644	148	515	(1,382)	3,925
Total	66,553	17,711	597	(7,681)	77,180

Notes Forming Part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

39 Movement in borrowings and lease liabilities: (Contd..)

Year ended March 31, 2023

Particulars	Opening Balance	Proceed from borrowings / Addition during the year	Interest added during the year/ Other Adjustments	Repayment of Borrowings / lease payments	Closing Balance
Short-term borrowings*	44,203	1,786	3	-	45,992
Long-term borrowings	14,545	7,500	79	(6,207)	15,917
Lease liabilities	3,664	1,992	446	(1,458)	4,644
Total	62,412	11,278	528	(7,665)	66,553

* Net of payment / receipt disclosed for short-term borrowings.

40 Subsequent Events

The Management has assessed, the subsequent events to the year end and is of the view that there are no material events which require adjustment or disclosure in the financial statements except as disclosed in financial statements.

41 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

42 In accordance with Ind AS 108 "Operating segments", segment information has been given in the consolidated financial statements of Pennar Industries Limited and therefore no separate disclosure on segment information is given in these financial statements.

43 The erstwhile subsidiary Company Pennar Engineered Building Systems Limited (PEBS) has raised funds through Initial public offer (IPO) during financial year 2015-16 use of the net proceeds of the IPO is intended for the business purposes such as repayment / prepayment of certain working capital facilities availed by the Company, financing the procurement of infrastructure, general corporate purposes and share issue expense. As on March 31, 2024 an amount of ₹ 425 lakhs (March 31, 2023: ₹ 425 Lakhs) are unutilized funds which have been temporarily invested in mutual funds.

44 These financial statements were approved for issue by the Company's Board of Directors on May 22, 2024.

In terms of our report attached

For M S K A & Associates

Chartered Accountants

Firm Registration Number : 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

For and on behalf of the Board of Directors

of Pennar Industries Limited

CIN: L27109TG1975PLC001919

Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Shrikant Bhakkad

Chief Financial Officer

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Place: Hyderabad

Date: May 22, 2024

Place: Hyderabad

Date: May 22, 2024

Independent Auditor's Report

To the Members of **Pennar Industries Limited**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Pennar Industries Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2024, and the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate / consolidated financial statements and on the other financial information of subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2024, of consolidated profit including other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and on consideration of audit reports of other auditors referred to in the "Other Matter" section below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended March 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined the matter described below to be the key audit matter to be communicated in our report:

Revenue Recognition (Refer note 2.11 of Consolidated financial statements)

The Holding Company recognises the sale of goods based on the terms and conditions of transactions which varies with different customers.

In respect of sale transactions executed there are significant management judgements and estimations involved in checking whether the control of goods has transferred to the customers and there are no unfulfilled obligations in regard to these sales. Accordingly cut-off of revenue is considered as a significant account balance for audit consideration.

How the Key Audit Matter was addressed in our audit: Our audit procedures in respect of this matter included the following but not limited to:

1. Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards.
2. Obtained an understanding of process and tested the design, implementation and operating effectiveness of key controls around the timely and accurate recording of sales transactions.
3. Obtained contracts with customers and basis which revenue is recognised and verified the underlying documents and evidence for transfer of control and fulfilment of performance obligations.
4. Performed analytical procedures on revenue recognised during the year to identify and inquire on unusual variances, if any.

5. Obtained evidence in respect of sales transactions recorded near balance sheet date, to determine appropriateness of timing of revenue recognition, based on underlying documents and evidence for transfer of control and fulfilment of performance obligations.
6. Tested, on sample basis journal entries relating to revenues to identify and inquire on unusual items, if any.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Director's report, Report on Corporate Governance, Business Responsibility and Sustainability Report (hereinafter referred to as the "other information") but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

Other Matter

We did not audit the financial statements of Eight subsidiaries, whose financial statements reflect total assets of Rs. 37,568 lakhs as at March 31, 2024, total revenues of Rs. 77,421 lakhs and net cash outflow amounting to Rs. 3,664 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the Separate / Consolidated Financial Statements of the subsidiaries referred to in the Other Matter section above we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the matters stated in the paragraph 1h(vi) below on reporting under Rule 11(g).
 - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group, incorporated in India and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**".
 - g. The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 1(b) above on reporting under Section 143(3)(b) and paragraph 1h(vi) below on reporting under Rule 11(g).
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 28 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.
 - iv. 1) The respective Managements of the Holding Company and its subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, or in any other person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- 2) The respective Managements of the Holding Company and its subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, to the best of their knowledge and belief, no funds have been received by the Holding Company or any of such subsidiaries, from any person(s) or entity(ies), including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company or any of such subsidiaries, shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - 3) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act, and according to the information and explanations provided to us by the Management of the Holding company in this regard nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
- v. The Holding company and its subsidiary which is company incorporated in India, whose financial statements have been audited under the Act, have not declared nor paid any dividend during the year and have not proposed final dividend for the year.
 - vi. (a) Based on our examination, the Holding Company has used two accounting software's for maintaining its books of account which has a feature of recording audit trail (edit log) facility, however, the audit trail feature was not enabled for all the relevant transactions in one of the accounting software and audit trial feature was not enabled for other accounting software. Further, the audit trail (edit log) facility was not enabled at the database level for both the accounting software's. The audit trail facility, which was enabled, as reported above, has been operated throughout the year during the course of our examination, we did not come across any instance of the audit trail being tampered with.
 - (b) In respect of one subsidiary, based on the other auditor's reports of its subsidiary company, incorporated in India whose financial statements have been audited under the Act, has used accounting software for maintaining their respective books of account for the year ended March 31, 2024, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s), and further, they did not come across any instance of audit trail feature being tampered with.
2. In our opinion, according to information, explanations given to us, the remuneration paid/provided by the Group, to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act and the rules thereunder.
 3. According to the information and explanations given to us and based on the CARO reports issued by us for the Holding Company and on consideration of CARO reports issued by the statutory auditors of subsidiaries, included in the consolidated financial statements of the Group to which reporting under CARO is applicable, we report that there are no Qualifications/ adverse remarks.

For M S K A & Associates**Chartered Accountants**

ICAI Firm Registration No. 105047W

Ananthkrishnan Govindan

Partner

Membership No. 2025226

UDIN: 24205226BKEAJB6560

Place: Hyderabad

Date: May 22, 2024

Annexure A To the Independent Auditor's Report on even date on the Consolidated Financial Statements of Pennar Industries Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and Board of Directors.
- Conclude on the appropriateness of the management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended March 31, 2024 (current year) and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Ananthkrishnan Govindan

Partner

Membership No. 2025226

UDIN: 24205226BKEAJB6560

Place: Hyderabad

Date: May 22, 2024

Annexure B To the Independent Auditor's Report of even date on the Consolidated Financial Statements of Pennar Industries Limited

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Pennar Industries Limited on the consolidated Financial Statements for the year ended March 31, 2024

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls reference to consolidated financial statements of Pennar Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group"), which are companies incorporated in India, as of that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2024, based on the internal financial controls with reference to consolidated financial statements criteria established by the respective companies 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 (the "ICAI").

Management and Board of Director's Responsibility for Internal Financial Controls

The respective Management and the Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. 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 the respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies, which are companies incorporated in India, 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") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company, which is the company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India. Our opinion is not modified in respect of this matter.

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Ananthkrishnan Govindan

Partner

Membership No. 2025226

UDIN: 24205226BKEAJB6560

Place: Hyderabad

Date: May 22, 2024

Consolidated Balance Sheet

as at March 31, 2024

(All amounts in Indian H lakhs, except share and per share data and where otherwise stated)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
I ASSETS			
1 Non-current assets			
Property, plant and equipment	3	60,833	62,825
Right-of-use assets	4	7,928	8,142
Capital work-in-progress	33 (iii)	21,763	1,825
Other intangible assets	5	960	1,088
Financial assets			
(a) Investments	6	286	2
(b) Trade receivables	10	1,708	3,085
(c) Other financial assets	7	1,966	1,876
Income-tax assets (net)	17 (f)	1,787	1,289
Other non-current assets	8	3,136	1,845
Total Non-current assets		1,00,367	81,977
2 Current assets			
Inventories	9	82,517	78,270
Financial assets			
(a) Investments	6	1,873	2,697
(b) Trade receivables	10	49,455	36,346
(c) Cash and cash equivalents	11	8,978	14,298
(d) Bank balances other than cash and cash equivalents	12	5,256	2,961
(e) Other financial assets	7	6,925	5,493
Other current assets	8	8,635	9,780
Total Current assets		1,63,639	1,49,845
Total assets (1+2)		2,64,006	2,31,822
II EQUITY AND LIABILITIES			
1 EQUITY			
Equity share capital	13	6,747	6,747
Other equity	14	80,903	71,055
Equity attributable to shareholders of the company		87,650	77,802
Non-controlling interest		97	96
Total Equity		87,747	77,898
2 LIABILITIES			
Non-current liabilities			
Financial liabilities			
(a) Borrowings	15	13,482	9,881
(a.i) Lease liabilities	4(b)	3,443	4,779
(b) Other financial liabilities	20	374	563
Provisions	16	1,451	1,201
Deferred tax liabilities (net)	17 (d)	256	567
Other non-current liabilities	18	-	23
Total Non-current liabilities		19,006	17,014
3 Current liabilities			
Financial liabilities			
(a) Borrowings	15	59,913	52,238
(a.i) Lease liabilities	4(b)	1,710	1,626
(b) Trade payables	19		
Total outstanding dues to micro and small enterprises		815	540
Total outstanding dues of other than micro and small enterprises		78,268	57,857
(c) Other financial liabilities	20	3,881	7,905
Other current liabilities	18	6,437	11,528
Provisions	16	1,580	1,012
Current tax liabilities (net)	17 (f)	4,649	4,204
Total Current liabilities		1,57,253	1,36,910
Total Liabilities (2+3)		1,76,259	1,53,924
Total Equity and Liabilities (1+2+3)		2,64,006	2,31,822
See accompanying notes forming part of the Consolidated financial statements	1 to 39		

In terms of our report attached**For M S K A & Associates**

Chartered Accountants

Firm Registration Number : 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

For and on behalf of the Board of Directors**of Pennar Industries Limited****CIN: L27109TG1975PLC001919****Aditya N Rao**

Vice Chairman & Managing Director

(DIN: 01307343)

Shrikant Bhakkad

Chief Financial Officer

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Place: Hyderabad

Date: May 22, 2024

Place: Hyderabad

Date: May 22, 2024

Consolidated Statement of Profit and Loss

for the year ended March 31, 2024

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
I. INCOME			
Revenue from operations	21	3,13,057	2,89,462
Other income	22	4,031	3,343
Total income		3,17,088	2,92,805
II. EXPENSES			
Cost of materials consumed	23	1,94,930	1,76,631
Purchase of traded goods		2,901	10,116
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23 A	(4,059)	(6,607)
Employee benefits expense	24	30,997	31,031
Finance costs	25	11,536	9,121
Depreciation and amortisation expense	26	6,650	6,497
Other expenses	27	60,991	56,172
Total expenses		3,03,946	2,82,961
III. Profit before tax (I- II)		13,142	9,844
IV. Tax expense:	17 (a)		
Current tax		3,546	2,449
Deferred tax		(239)	(148)
		3,307	2,301
V. Profit for the Year (III-IV)		9,835	7,543
Profit for the year attributable to:			
Shareholders of the Company		9,834	7,542
Non-controlling Interest		1	1
VI. Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
- Remeasurements of the net defined benefit liability	16 (c)	(287)	90
- Income tax relating to above items	17 (b)	72	(23)
Items that will be reclassified subsequently to profit or loss:			
Exchange difference in translating the financial statements of foreign operations		229	397
Total other comprehensive Income		14	464
VII. Total comprehensive income for the year (V + VI)		9,849	8,007
Total comprehensive income attributable to			
Shareholders of the Company		9,848	8,006
Non-controlling Interest		1	1
VIII. Earning per equity share (par value of ₹ 5 each)			
Basic and Diluted (₹)	29	7.29	5.49
See accompanying notes forming part of the Consolidated financial statements	1 to 39		

In terms of our report attached
For M S K A & Associates

Chartered Accountants

Firm Registration Number : 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

Place: Hyderabad

Date: May 22, 2024

For and on behalf of the Board of Directors
of Pennar Industries Limited

CIN: L27109TG1975PLC001919

Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Shrikant Bhakkad

Chief Financial Officer

Place: Hyderabad

Date: May 22, 2024

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Consolidated Statement of Cash Flow

for the year ended March 31, 2024

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. Cash flow from operating activities:		
Profit before tax	13,142	9,844
Adjustments for:		
Depreciation and amortisation expense	6,650	6,497
Loss on sale/scrap of property, plant and equipments (net)	6	18
Gain on sale of current investments (net)	(130)	(20)
Net gain arising from financial instruments designated as FVTPL	(67)	(46)
Unrealised foreign exchange differences (net)	(111)	(513)
Liabilities no longer required written back	(2,248)	(810)
Provision for credit impaired trade receivables	12	1,387
Credit impaired trade receivables written off	1,307	1,923
Provision for credit impaired advances and deposits	615	-
Finance costs	11,536	9,121
Interest income	(574)	(420)
Operating profit before working capital changes:	30,138	26,981
Changes in working capital:		
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	22,892	4,791
Other liabilities	(9,348)	4,775
Provisions	539	471
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(12,889)	2,252
Inventories	(4,247)	(13,985)
Other assets	(1,014)	476
Cash generated from operations	26,071	25,761
Income-tax paid (net of refunds)	(3,599)	(1,349)
Net cash flow from operating activities (A)	22,472	24,412
B. Cash flows from investing activities:		
Purchase of property, plant and equipments, including capital work-in-progress, capital advances and payable on purchase of property, plant and equipments	(24,661)	(7,131)
Proceeds from sale of property, plant and equipments	14	25
Purchase of Long term Investments	(284)	-
Proceeds from sale of current investments (net)	1,021	1,866
Movement in other bank balances	(2,295)	1,973
Interest received	530	469
Net cash used in investing activities (B)	(25,675)	(2,798)

Consolidated Statement of Cash Flow

for the year ended March 31, 2024

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
C. Cash flow from financing activities:		
Proceeds from long term borrowings	9,722	7,500
Repayment of long term borrowings	(6,299)	(6,207)
Proceed from short-term borrowings (net)	7,772	1,975
Payment towards buyback of shares including transaction costs	-	(3,723)
Interest and other borrowing costs paid	(10,833)	(8,515)
Interest on lease liabilities	(624)	(576)
Repayment of lease liability	(1,968)	(1,713)
Net cash used in financing activities (C)	(2,230)	(11,259)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(5,433)	10,355
Cash and cash equivalents at the beginning of the year	14,298	3,777
Effect of exchange differences on translation of foreign currency cash and cash equivalents	113	166
Cash and cash equivalents at the end of the year (Refer note 11)	8,978	14,298

See accompanying notes forming part of the Consolidated financial statements 1 to 39

Note: Refer note 36 for borrowings and lease liabilities movements.
In terms of our report attached
For M S K A & Associates

Chartered Accountants

Firm Registration Number : 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

Place: Hyderabad

Date: May 22, 2024

For and on behalf of the Board of Directors
of Pennar Industries Limited
CIN: L27109TG1975PLC001919
Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Shrikant Bhakkad

Chief Financial Officer

Place: Hyderabad

Date: May 22, 2024

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

A. Equity share capital

Particulars	No of Shares	Amount
Balance as at April 01, 2022	14,21,62,181	7,108
Shares bought back and extinguished during the year	72,15,950	361
Balance as at March 31, 2023	13,49,46,231	6,747
Balance as at March 31, 2024	13,49,46,231	6,747

B. Other equity

Particulars	Reserves and surplus						Items of other comprehensive income	Total	Non-controlling Interest	Total other equity
	Capital Reserve	Securities premium	General reserve	Profit on forfeiture of shares	Capital redemption reserve	Retained earnings				
Balance as at April 01, 2022	386	10,375	762	6	1,695	53,271	(85)	66,410	95	66,505
Profit for the year	-	-	-	-	-	7,542	-	7,542	1	7,543
Remeasurement defined benefit liability net of tax	-	-	-	-	-	-	67	67	-	67
Buyback of equity shares	-	(2,617)	-	-	-	-	-	(2,617)	-	(2,617)
Transaction costs towards Buyback of equity shares	-	(129)	-	-	-	-	-	(129)	-	(129)
Tax on buy back of equity shares	-	(615)	-	-	-	-	-	(615)	-	(615)
Amount transferred to capital redemption reserve upon Buyback	-	-	(361)	-	361	-	-	-	-	-
Exchange difference in translation of Foreign operations	-	-	-	-	-	-	397	397	-	397
Balance as at Mar 31, 2023	386	7,014	401	6	2,056	60,813	379	71,055	96	71,151
Profit for the year	-	-	-	-	-	9,834	-	9,834	1	9,835
Remeasurement defined benefit liability net of tax	-	-	-	-	-	-	(215)	(215)	-	(215)
Buyback of equity shares	-	-	-	-	-	-	-	-	-	-
Exchange difference in translation of Foreign operations	-	-	-	-	-	-	229	229	-	229
Balance as at Mar 31, 2024	386	7,014	401	6	2,056	70,647	393	80,903	97	81,000

See accompanying notes forming part of the Consolidated financial statements 1 to 39

In terms of our report attached

For M S K A & Associates

Chartered Accountants

Firm Registration Number : 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

For and on behalf of the Board of Directors

of Pennar Industries Limited

CIN: L27109TG1975PLC001919

Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Shrikant Bhakkad

Chief Financial Officer

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Place: Hyderabad

Date: May 22, 2024

Place: Hyderabad

Date: May 22, 2024

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

1. Corporate information:

Pennar Industries Limited (the "Company") is a public listed company in India having its registered and corporate office in Hyderabad in State of Telangana and is engaged in manufacturing of cold rolled steel strips, precision tubes, cold rolled formed sections, electrostatic precipitators, profiles, Railway wagons and coach components, press steel components, hydraulics, road safety systems, galvanised products, Solar panels. Design, manufacture, supply, service and installation of pre-engineered steel buildings, building components and erection for industries, warehouses, commercial centres, multi storied buildings, aircraft hangars, defence installations. Design, manufacture, supply, erection and maintenance of water and waste-water treatment plants and manufacture and supply of water treatment chemicals and fuel additives for both solid and liquid fuels. The Company's shares are listed on the Bombay Stock Exchange and National Stock Exchange of India.

These consolidated financial statements relate to Pennar Industries Limited and its subsidiaries (collectively hereinafter to as the "Group").

2. Material Accounting policies

2.1.1 Statement of compliance

The Consolidated financial statements which comprise the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, and the Consolidated Statement of Changes in Equity ("Consolidated financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015, as amended, along with relevant amendment rules issued thereafter and other relevant provisions of the Act, as applicable. The Group has consistently applied accounting policies to all periods.

2.1.2 Basis of preparation and presentation:

These Consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability of market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Consolidation Procedure

The consolidated financial statements have been prepared in accordance with principles laid down in Ind AS 110 on "consolidated financial statements", as notified vide Companies (Accounting standards) Rules, 2015 (as amended).

Subsidiaries

- I. Subsidiaries are entities over which the Group has control and the control is achieved when Group is exposed, or has rights, to variable returns from its involvement with investee and has the ability to affect those returns through its:
 - Power over the investee
 - Exposure or rights to variable returns from its involvement with the investee
 - The ability to use its power over the investee to affect its returns.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Subsidiaries are consolidated from the date control over the subsidiary is acquired and they are discontinued from the date of cessation of control.

The Group combines the financial statements of the Company and its subsidiaries based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra group balances, Intra group transactions and the unrealised profits on stocks arising out of intra group transactions have been eliminated.

- II. The consolidated financial statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.
- III. The difference between the cost of investment in the subsidiaries, over the net of assets at the time of acquisition of shares in the subsidiaries is recognised in the consolidated financial statements as Goodwill or Capital reserve as the case may be. The said goodwill is not amortised, however it is tested for impairment at each balance sheet date and impairment loss, if any is recognised in the consolidated financial statements.
- IV. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests.
- V. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- VI. Non-controlling interest's share of net profit of subsidiaries for the year is identified and adjusted against the revenue of the Group in order to arrive at the net revenue attributable to the owners of the Company. The excess of loss for the year over the non-controlling interest is adjusted in owner's interest.
- VII. Non-controlling interest's share of net assets of subsidiaries is identified and presented in the consolidated Balance sheet separate from liabilities and the equity of the Company's shareholders.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The Group has following investments in subsidiaries:

Name of the Entity	Principal Place of business and country of Incorporation	Investee relationship		Proportion / Ownership Interest	
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Pennar Metals Private Limited (w.e.f. June 22, 2023)	India	Subsidiary	-	100%	-
Enertech Pennar Defense and Engineering systems Private Limited	India	Subsidiary	Subsidiary	51.00%	51.00%
Pennar Global Inc.	USA	Subsidiary	Subsidiary	100%	100%
Pennar Global Metals LLC	USA	Subsidiary	Subsidiary	100%	100%
Ascent Building LLC	USA	Subsidiary	Subsidiary	100%	100%
Pennar GmbH.	Germany	Subsidiary	Subsidiary	100%	100%
Cadnum SARM, France	France	Subsidiary	Subsidiary	100%	100%
Pennar Global Investments LLC	USA	Subsidiary	Subsidiary	100%	100%

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Non-controlling Interest

Non-controlling interests represent the proportion of income, other comprehensive income and net assets in subsidiaries that is not attributable to the Company's owners.

Non-controlling interest are initially measured at proportionate share on the date of acquisition of the recognised amounts of the acquiree's identifiable net assets. Subsequent to the acquisition, the carrying amount of the non-controlling interests is the amount of the interest at initial recognition plus the proportionate share of subsequent charges inequity.

2.3 Inventories:

- Inventories are valued at lower of cost or net realizable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the related finished products are expected to be sold at or above cost.
- Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost in respect of finished goods represents prime cost and includes appropriate portion of overheads.
- Cost in respect of process stock represents cost incurred up to the stage of completion.
- Cost in respect of work-in-progress represents cost of materials remaining uncertified / incomplete by the Company.
- Goods-in-transit are valued at cost which represents the costs incurred up to the stage at which the goods are in-transit. Scrap material is valued at the net realizable value after providing for obsolescence and other losses (if any).

2.4 Foreign currency translation:

In preparing the Consolidated financial statements of the Company, transaction in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rate prevailing at that date. Non-Monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

2.5 Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Company.

2.6 Income taxes:

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

2.7 Leases:

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a Lessee:

The Group's significant leasing arrangement are in respect of Land and Office premises. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

2.8 Earnings per share:

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

2.9 Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation.

Provisions are not recognized for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Provision for onerous contracts i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Provision is made for costs associated with dismantling of the property, plant and equipment. Such dismantling costs are normally incurred at the end of the estimated useful life of the assets. These costs are assessed by the management on an annual basis and are capitalized to the respective block of assets. A corresponding provision is created for the said costs.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

The capitalized asset is charged to the statement of profit and loss over the life of the operation through the depreciation of the asset and the provision is increased each period via unwinding the discount on the provision.

Contingent liabilities are not recognized and are disclosed by way of notes to the consolidated financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognized but disclosed in the Consolidated Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

2.10 Cash and cash equivalents:

Cash comprises cash on hand, in bank and demand deposits with banks. The Group considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method, whereby profit / (loss) after tax is adjusted for the effects of transaction 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 Group are segregated based on the available information.

2.11 Revenue:

Revenue is recognised to the extent that it is highly probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract and excluding taxes or duties collected on behalf of the Government.

The Group recognises revenue for supply of goods to customers against orders received. The majority of contracts that Company enters into relate to sales orders containing single performance obligations for the delivery of products as per Ind AS 115. Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

With respect to contracts where revenue is recognised over time, the Group measures the value of services for which control is transferred to the customer over time based on certification of work completed. In cases where the work performed till the reporting date has not reached the milestone specified in the contract, the Group recognises revenue only to the extent that it is highly probable that the customer will acknowledge the same.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the period in which such probability occurs. Due to the uncertainties attached, the revenue on account of extra claims are accounted for at the time of acceptance / settlement by the customers.

Revenue earned but not billed to customers against erection contracts is reflected as "Contract assets" under "Other financial assets". Billings on incomplete contracts in excess of accrued costs and accrued profits are included in other current liabilities as "Contract liabilities".

Due to the uncertainties attached, the revenue on account of extra claims are accounted for at the time of acceptance/ settlement by the customers.

Interest, Dividend and Claims:

Dividend income is recognized when the right to receive payment is established. Interest has been accounted using effective interest rate method. Insurance claims/ other claims are accounted as and when admitted /settled.

Export Benefits:

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate reliability of such benefits are established.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Government grants, subsidies and export incentives:

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

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 Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to the acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

The Group depreciates property, plant and equipment over their estimated useful lives using the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed periodically including at each financial year-end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in other income in the statement of profit or loss.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

2.13 Depreciation and Amortization

Depreciation on Property, Plant and Equipment except as stated below, is provided as per Schedule II of the Companies Act, 2013 on straight line method. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the assets.

No depreciation is charged on Freehold land.

Depreciation on Property, Plant and Equipment commences when the assets are ready for their intended use. Based on above, the useful lives as estimated for other assets considered for depreciation are as follows:

Category	Useful Life (Years)
Buildings	30-60
Plant and Machinery	15-20
Factory Equipment (Electricals)	10-20
Office Equipment	3-5
Furniture & Fixtures	10
Computers	3-6
Vehicles	8
Intangible Assets	7-20

Depreciation methods, useful lives, residual values are reviewed and adjusted as appropriate, at each reporting date.

Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalization.

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of buildings, plant and machinery, factory equipment (Electrical), office equipment and computers which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

2.14 Intangibles assets

Intangible assets are stated at cost comprising of purchase price inclusive of duties and taxes less accumulated amount of amortization and impairment losses. Such assets are amortized over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Cost of computer software packages (ER P and others) allocated/amortized over a period of 10 years/ 5 years. License fees, over the duration of license or 10 years whichever is less.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

The Group, based on technical assessment made by technical expert and management estimate, amortizes the software packages over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

2.15 De-recognition of tangible and intangible assets

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from its use or disposal. Gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

2.16 Impairment of tangible and intangible Assets

Tangible and intangible assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognized in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

2.17 Employee benefit plans:

Employee benefits include provided fund, superannuation fund, employee's state insurance scheme, gratuity and compensated absences.

Post-Employment Obligations:

Defined Contribution Plans:

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as an expense based on amount of contribution required to be made and when service are rendered by the employees.

Contributions under the superannuation plan which is a defined contribution scheme, are made to a fund administered and managed by the Life Insurance Corporation of India and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans Gratuity:

The Group accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date using projected unit credit method. The liability recognized in the balance sheet in respect of the gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss. Re measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

which they occur, directly in other comprehensive income. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of profit and loss as past service cost.

Compensated absences:

The employees of the Group are entitled to compensated absences. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Group records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Group measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method.

Other short-term employee benefits:

Other Short-term employee benefits, including performance incentives expected to be paid in exchange for the services rendered by employees are recognized during the period when the employee renders service.

2.18 Financial instruments

a. Derivative Financial Instruments:

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

b. De-recognition of financial assets and liabilities

Financial assets:

The Group de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

Financial liabilities:

The Group de-recognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realize the asset and settle the liability simultaneously.

c. Foreign exchange gains and losses:

- For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

- For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the statement of profit and loss.
- The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

2.19 Determination of fair values:

In determining the fair value of its financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

2.20 Impairment of assets

a. Financial assets:

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognized in the statement of profit and loss.

b. Non-financial assets:

Intangible assets, intangible assets under development and property, plant and equipment

Intangible assets, intangible assets under development and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. Intangible assets under development are tested for impairment annually.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the asset exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

c. Non-current Investments:

At each balance sheet date, the Group assesses whether there is any indication that an investment may be impaired. If any such indication exists, the Group estimates the recoverable amount. If the carrying amount of the investment exceeds its estimated recoverable amount, an impairment loss is recognized in the Statement of Profit and Loss to the extent the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an investment's fair value less costs of disposal and value in use.

2.21 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the directors of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the Consolidated financial statements.

Revenue recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and, in particular, whether the Group had transferred control over the goods to the buyer.

Key sources of estimation uncertainty

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Consolidated financial statements is included in the following notes:

Items requiring significant estimate	Items requiring significant estimate
Useful lives of property, plant and Equipment	The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, there has been no change in the life considered for the assets.
Provision for employee benefits	The Group uses actuarial assumptions to determine the obligations for employee benefits at each reporting period. These assumptions include the discount rate, expected long-term rate of return of plan assets, rate of increase in compensation levels and mortality rate.
Provision for taxes	Significant judgements are required in determining the provision for income taxes, including the amount expected to be paid/ recovered for uncertain tax positions.
Provision for credit impaired receivables	The Group makes provision for credit impaired receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for current estimates
Estimation of net realizable value of inventories	Inventories are stated at the lower of cost and net realizable value. In estimating the net realizable value of inventories in the Group makes an estimate of future selling prices, and costs necessary to make the sale.
Leases	Ind AS 116 defines a lease term as the non-cancellable period for which the lessee has the right to use the underlying asset including optional periods, when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term are included in the lease term, if it is reasonably certain that the lessee will exercise the option. The Group reassess the option when significant events or changes in circumstances occur that are within the control of the lessee

2.22 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle for the purpose of its assets and liabilities as current and non-current.

2.23 Standards (including amendment) issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

3. Property, plant and equipment and capital work-in-progress

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying amount of:		
Land	2,662	2,614
Leasehold Improvements	3	8
Buildings	29,631	30,359
Plant and equipment	22,552	23,989
Electrical equipment	4,519	4,171
Computers	397	429
Office equipment	145	214
Furniture and fixtures	352	419
Vehicles	572	622
Total	60,833	62,825
Capital work-in-progress [Refer note (a) and (b) below]	21,763	1,825

Notes:

- Capital work-in-progress includes borrowing cost of ₹ 274 Lakhs (March 31, 2023: ₹ Nil) capitalised during the year (Refer Note 24).
- Refer Note 33 (iii) for ageing of Capital work-in-progress.
- Refer Note 15 (a) & 15 (c) for details of charge created on assets.

Movement in the carrying amounts of property, plant and equipment is as below:

Particulars	Land	Leasehold improvements	Buildings	Plant and equipment	Electrical equipments	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
Cost as at April 01, 2022	1,341	45	34,917	43,307	7,389	1,016	461	754	574	89,804
Additions	1,273	-	3,394	6,108	103	53	51	27	344	11,353
Disposals/adjustments/write offs	-	-	(15)	(44)	-	(107)	-	-	-	(166)
Dismantling cost	-	-	-	21	-	-	-	-	-	21
Translation adjustments	-	-	95	251	-	3	12	16	14	391
Balance as at March 31, 2023	2,614	45	38,391	49,643	7,492	965	524	797	932	1,01,403
Additions	48	-	643	1,892	758	32	6	3	86	3,468
Disposals/adjustments/write offs	-	-	-	(92)	(3)	(52)	-	-	-	(147)
Dismantling cost	-	-	-	3	-	-	-	-	-	3
Translation adjustments	-	-	24	53	-	1	3	3	6	90
Balance as at March 31, 2024	2,662	45	39,058	51,499	8,247	946	533	803	1,024	1,04,817
Accumulated depreciation as at April 01, 2022	-	32	6,721	22,572	2,988	563	223	310	221	33,630
Depreciation for the year	-	5	1,315	3,131	333	73	88	69	90	5,104
Disposals/adjustments/write offs	-	-	-	(27)	-	(100)	-	-	-	(127)
Translation adjustments	-	-	(4)	(22)	-	-	(1)	(1)	(1)	(29)
Accumulated depreciation as at March 31, 2023	-	37	8,032	25,654	3,321	536	310	378	310	38,578
Depreciation for the year	-	5	1,391	3,369	409	65	77	71	140	5,527
Disposals/adjustments/write offs	-	-	-	(87)	(2)	(52)	-	-	-	(141)
Translation adjustments	-	-	4	11	-	-	1	2	2	20
Accumulated depreciation as at March 31, 2024	-	42	9,427	28,947	3,728	549	388	451	452	43,984
Net carrying amount as at March 31, 2024	2,662	3	29,631	22,552	4,519	397	145	352	572	60,833
Net carrying amount as at March 31, 2023	2,614	8	30,359	23,989	4,171	429	214	419	622	62,825

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

4. Right-of-use assets

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying amount of:		
Land	130	144
Buildings	4,751	5,543
Plant and equipment	3,047	2,455
	7,928	8,142

(a) Movement in the carrying amounts of right-of-use assets is as below:

Particulars	Land	Buildings	Plant and equipment	Total
I. Gross Carrying Value				
Cost as at April 01, 2022	169	6,326	2,004	8,499
Additions	-	772	1,221	1,993
Disposals	-	-	-	-
Translation adjustments	-	297	-	297
Balance as at March 31, 2023	169	7,395	3,225	10,789
Additions	-	238	847	1,085
Disposals	-	(1,476)	-	(1,476)
Translation adjustments	-	55	-	55
Balance as at March 31, 2024	169	6,212	4,072	10,453
II. Accumulated depreciation				
Accumulated depreciation as at April 01, 2022	11	1,213	290	1,514
Depreciation	14	699	480	1,193
Disposals	-	-	-	-
Translation adjustments	-	(60)	-	(60)
Balance as at March 31, 2023	25	1,852	770	2,647
Depreciation	14	661	255	930
Disposals	-	(1,055)	-	(1,055)
Translation adjustments	-	3	-	3
Balance as at March 31, 2024	39	1,461	1,025	2,525
Net carrying amount as at March 31, 2024	130	4,751	3,047	7,928
Net carrying amount as at March 31, 2023	144	5,543	2,455	8,142

(b) Lease liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Current	1,710	1,626
Non-current	3,443	4,779
	5,153	6,405

5. Other intangible assets

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying amount of:		
Computer software	188	281
Software license	182	164
Other intangible assets	590	643
Total other intangible assets	960	1,088

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

5. Other intangible assets (Contd..)

Movement in the carrying amounts of other intangible assets is as below:

Particulars	Computer software	Software license	Other intangible assets	Total
I. Cost				
Balance as at April 01, 2022	747	396	1,126	2,269
Additions	47	11	-	58
Disposals/write offs	(41)	-	-	(41)
Translation adjustments	-	6	-	6
Balance as at March 31, 2023	753	413	1,126	2,292
Additions	1	70	-	71
Disposals/write offs	-	-	-	-
Translation adjustments	-	1	-	1
Balance as at March 31, 2024	754	484	1,126	2,364
II. Accumulated amortisation				
Balance as at April 01, 2022	398	198	430	1,026
Amortisation for the year	96	51	53	200
Disposals/adjustments/write offs	(22)	-	-	(22)
Balance as at March 31, 2023	472	249	483	1,204
Amortisation for the year	94	52	53	199
Disposals/adjustments/write offs	-	-	-	-
Translation adjustments	-	1	-	1
Balance as at March 31, 2024	566	302	536	1,404
Net carrying amount as at March 31, 2024	188	182	590	960
Net carrying amount as at March 31, 2023	281	164	643	1,088

6. Investments

Particulars	Face Value per share	As at March 31, 2024		As at March 31, 2023	
		No of Shares	Amount	No of Shares	Amount
A. Investments - Non-current					
Unquoted Investments (all fully paid):					
Investments Carried at fair value through other comprehensive income (FVTOCI)					
Mana Effluent treatment plant Limited	₹ 1,000 each	200	2	200	2
Invstt TRUST	₹ 100 each	2,84,000	284	-	-
Aggregate value of Unquoted Non-current investment			286		2
B. Investments - Current					
Unquoted Investment carried at fair value through profit and loss (FVTPL)					
Investments in mutual funds (Refer note below)			1,873		2,697
Aggregate value of unquoted current investments			1,873		2,697

Note: Details of current-investments (unquoted)

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of units	Amount	No. of units	Amount
Investments in Mutual Funds				
SBI Savings Fund -Direct Plan	-	-	2,67,324	101
ICICI Money Market Fund	-	-	97,162	315
ICICI Ultra Short Term Fund	-	-	4,14,958	105
Tata Money Market Fund-Direct Plan	-	-	11,408	462
ICICI Overnight Fund- Growth- Direct Plan	-	-	20,691	250
Nippon India Money Market Fund-Direct Growth Plan	20,146	770	20,515	728
Nippon India Overnight Fund - Growth Plan	-	-	2,28,600	275

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

6. Investments (Contd..)

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of units	Amount	No. of units	Amount
Aditya Birla Sunlife Limited - Money Manager Fund - Growth - Direct	-	-	1,13,330	358
Aditya Birla Sunlife Limited - Overnight Direct Growth	-	-	8,507	103
ICICI Prudential Opportunities Fund	96,511	138	-	-
Axis Money Market Fund-Direct Growth	15,252	200	-	-
HSBC Money Market Fund-Direct Growth	14,07,987	355	-	-
Mirae Asset Money Market Fund	4,843	56	-	-
Baroda BNP Paribas Money Market	19,863	253	-	-
Bandhan Money Manager Fund	2,54,926	101	-	-
Total current investment		1,873		2,697

7. Other financial assets (Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current:		
Deposits	1,966	1,876
Total	1,966	1,876
Current:		
Interest accrued on deposits with banks	107	63
Unbilled revenue	5,459	2,646
Incentive receivable	8	8
Security deposits	1,329	2,750
Other	112	26
Less: Provision for credit impaired security deposits	(90)	-
Total	6,925	5,493

8. Other assets (Unsecured, considered good unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-current		
Capital advances	2,468	1,242
Balance with Statutory/Government Authorities	668	603
Total	3,136	1,845
Current:		
Advances recoverable in kind or for value to be received	6,398	6,885
Prepaid expenses	1,293	1,149
Employee advance	55	63
Balance with Statutory/Government Authorities	1,231	1,639
Others	183	44
Less: Provision for credit impaired advances	(525)	-
Total	8,635	9,780

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

9. Inventories (At lower of cost or net realisable value)

Particulars	As at March 31, 2024	As at March 31, 2023
Raw materials	15,418	17,682
Work-in-progress	45,315	42,277
Finished goods	6,929	7,579
Finished goods in- transit	3,461	1,977
Stores and spares	10,431	8,046
Scrap	963	709
Total	82,517	78,270

Note: Refer Note 15 (a) and 15 (d) for details of charge created on assets.

10. Trade receivables

Particulars	As at March 31, 2024	As at March 31, 2023
Non Current		
Unsecured, considered good	1,708	3,085
	1,708	3,085
Current		
Unsecured, considered good	49,455	36,346
Credit impaired	9,714	9,702
	59,169	46,048
Less: Allowance for credit impaired [Refer note (b) Below]	9,714	9,702
Total	49,455	36,346
Total	51,163	39,431

Notes:

- Trade receivables includes retention money aggregating to ₹ 7,736 lakhs (March 31, 2023 : ₹ 7,993 lakhs).
- Expected credit loss (ECL):**

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit in the normal course of business. Before accepting any new customer, the Company assesses the potential customer's credit quality.

As a practical expedient, the Group uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL allowance (or reversal) during the year is recognised in the statement of profit and loss.

The movement in the allowance for Credit loss:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	9,702	8,315
Impairment losses recognised on receivables	1,319	3,310
Amounts written off during the year as uncollectible, provision released	(1,307)	(1,923)
Balance at the end of the year	9,714	9,702

- Of the trade receivables balance as at March 31, 2024, ₹ Nil Lakhs (As at March 31, 2023 : ₹ 2,647 Lakhs) is due from the Company's Largest customers individually representing more than 5% of total trade receivables balance.
- Refer 33 (ii) for ageing of Trade receivables

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

11. Cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks		
in current accounts	8,346	12,412
in cash credit accounts	456	1,255
in deposit accounts	175	630
Cash on hand	1	1
Total	8,978	14,298

12. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Earmarked balances with banks		
- in Corporate social responsibility Unspent account	53	1
- in preference shares redemption accounts	-	24
- in margin money deposits*	3,339	2,936
- in deposit accounts (maturity greater than 3 months, up to 12 months)	1,864	-
Total	5,256	2,961

*Margin money deposits are provided as a security to various Banks for the Cash Credit and other short term borrowing facilities including letter of credit and bank guarantees availed by the Company.

13. Equity share capital

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised share capital:		
Equity shares		
25,20,00,000 (March 31, 2023: 25,20,00,000) equity shares of ₹ 5 each	12,600	12,600
Preference Shares:		
Series - A: 5,00,000 (March 31, 2023: 5,00,000) cumulative redeemable preference shares of ₹ 100 each	500	500
Series - B: 4,00,00,000 (March 31, 2023: 4,00,00,000) cumulative redeemable preference shares of ₹ 5 each	2,000	2,000
	15,100	15,100
Issued, subscribed and paid-up capital:		
Equity shares		
13,49,46,231 (March 31, 2023: 13,49,46,231) fully paid up equity shares of ₹ 5 each [Refer note (a) and (d) below]	6,747	6,747
Total	6,747	6,747

Notes:

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Number of Shares	Share Capital (Amount)	Number of Shares	Share Capital (Amount)
Opening balance	13,49,46,231	6,747	14,21,62,181	7,108
Less: Shares bought back and extinguished during the year	-	-	72,15,950	361
Less: Shares bought back and pending extinguishment	-	-	-	-
Balance	13,49,46,231	6,747	13,49,46,231	6,747

*Less than a Lakh

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

13. Equity share capital (Contd..)

b. Details of shares held by each shareholder holding more than 5% shares of the aggregate shares of the Company:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No of shares held	% holding of equity shares	No of shares held	% holding of equity shares
Fully paid up equity shares:				
Pennar Holdings Private Limited	2,10,05,455	15.57%	2,10,05,455	15.57%
Aditya Narsing Rao	88,97,753	6.59%	87,72,203	6.50%
J Rajyalakshmi	69,33,038	5.14%	69,33,038	5.14%

c. Rights, preferences and restrictions attached to each class of shares:

Equity Shares: The Company has issued only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

d. Refer Note 15 (d) for details of shares pledged.

e. Details of shareholding of Promoters:

Particulars	As at March 31, 2024		As at March 31, 2023		% change during the year
	No. of shares	% of total shares	No. of shares	% of total shares	
Aditya Narsing Rao	88,97,753	6.59%	87,72,203	6.50%	0.09%
Avanti Rao	23,97,951	1.78%	23,97,951	1.78%	0.00%
Bhavana Puljal	16,94,027	1.26%	16,94,027	1.26%	0.00%
Joginpally Nrupender Rao HUF	6,60,114	0.49%	6,60,114	0.49%	0.00%
J Rajyalakshmi	69,33,038	5.14%	69,33,038	5.14%	0.00%
J N Rupender Rao	60,10,786	4.45%	60,10,786	4.45%	0.00%
Jayanthi Puljal	17,91,751	1.33%	17,91,751	1.33%	0.00%
Kalpana Puljal	17,50,091	1.30%	17,50,091	1.30%	0.00%
Pennar Holdings Private Limited	2,10,05,455	15.57%	2,10,05,455	15.57%	0.00%

Particulars	As at March 31, 2023		As at March 31, 2022		% change during the year
	No. of shares	% of total shares	No. of shares	% of total shares	
Aditya Narsing Rao	87,72,203	6.50%	84,27,203	5.93%	0.57%
Avanti Rao	23,97,951	1.78%	23,97,951	1.69%	0.09%
Bhavana Puljal	16,94,027	1.26%	16,94,027	1.19%	0.07%
Joginpally Nrupender Rao HUF	6,60,114	0.49%	6,60,114	0.46%	0.03%
J Rajyalakshmi	69,33,038	5.14%	69,33,038	4.88%	0.26%
J N Rupender Rao	60,10,786	4.45%	60,10,786	4.23%	0.22%
Jayanthi Puljal	17,91,751	1.33%	20,95,202	1.47%	-0.14%
Kalpana Puljal	17,50,091	1.30%	17,50,091	1.23%	0.07%
Pennar Holdings Private Limited	2,10,05,455	15.57%	2,10,05,455	14.78%	0.79%

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

14. Other equity

Other equity consist of the following:

Particulars	As at / For the year ended March 31, 2024	As at / For the year ended March 31, 2023
(a) Capital reserve		
Opening balance	386	386
Closing Balance	386	386
(b) Securities premium account		
Opening balance	7,014	10,375
Utilised on		
- Buyback of equity shares	-	(2,617)
- Transaction cost related to Buyback of equity shares	-	(129)
- Tax on Buyback of equity shares	-	(615)
Closing Balance	7,014	7,014
(c) General reserve		
Opening balance	401	762
Transfer to capital redemption reserve upon Buyback of equity shares	-	(361)
Closing Balance	401	401
(d) Profit on forfeiture of shares	6	6
(e) Capital redemption reserve		
Opening balance	2,056	1,695
Appropriation from general reserve upon Buyback of equity shares	-	361
Closing Balance	2,056	2,056
(f) Retained earnings		
Opening balance	61,192	53,186
Add: Profit for the year	9,834	7,542
Remeasurement of net defined benefit liability net of income tax	(215)	67
Exchange differences translation of foreign operations	229	397
Closing Balance	71,040	61,192
Total	80,903	71,055

Nature of reserves:

(a) Capital reserve

Capital Reserve represents the gain on amalgamation. It is the excess of share capital issued and the amount of share capital of the transferor companies. It is made out of capital profits earned by the Company which can be used only for special purposes and hence it is not freely available to be distributed among shareholders as the dividend.

(b) Securities premium account

Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act.

(c) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

(d) Profit on forfeiture of shares

Profit on forfeiture of shares pertains to profit on redemption of preference shares.

(e) Capital redemption reserve

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

(f) Retained earnings

Retained earnings reflects the Company's undistributed earnings after taxes along with current year profit.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

15. Borrowings

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Term Loans - Secured - at amortised cost [Refer note (a) below]		
- From banks	4,035	5,808
- From non banking financial companies (NBFC's)	9,447	3,817
	13,482	9,625
Term Loans - Unsecured - at amortised cost [Refer note (b) below]		
- From banks	-	121
Unsecured - at fair value		
Sales tax deferment loan [Refer note (c) below]	-	135
Total	13,482	9,881
Current		
Loans repayable on demand from banks- Secured - at amortised cost [Refer note (c) below]		
(i) Cash credits	7,615	6,465
(ii) Working capital demand loans	24,846	19,837
(iii) Credit Cards and bills discounting	21,435	19,764
Current maturities from long term borrowings		
Term Loans- Secured [Refer note (a) below]		
- From banks	3,311	4,001
- From non banking financial companies (NBFC's)	2,500	1,821
Term Loans- Unsecured [Refer note (b) below]		
- From banks	15	15
Unsecured		
Sales tax deferment loan [Refer note (c) below]	191	335
Total current borrowing	59,913	52,238
Total Borrowings	73,395	62,119

Notes:

(a) Summary of borrowings from banks-Secured

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2024	March 31, 2023	
HDFC Bank Limited	48 equal monthly instalments of ₹ 48.46 lakhs each commencing from April 2022	Extension of second ranking charge over existing primary collateral securities including mortgages of created in favour of the bank and 100% Credit guarantee by National Credit guarantee Trust Company Limited(NCGTC)	5,116	2,732	4,011	7.00% to 8.55% p.a
ICICI Bank Limited	16 equal quarterly instalments of ₹ 312.5 lakhs each, after a moratorium period of 1 year, Commencing from March 2020.	First charge on all the fixed assets of the Velchal Plant (except solar power asset) and personal guarantee from Aditya Rao (Vice-Chairman & Managing Director).	5,000	-	750	9.50% to 9.80% p.a
	48 equal monthly instalments of ₹ 13.95 each, after a moratorium period of 1 year, commencing from April 2022	Extension of second ranking charge over existing primary collateral securities including mortgages of created in favour of the bank 100% Credit guarantee by national Credit guarantee Trust Company Limited (NCGTC)	670	335	503	7.95% to 8.50% p.a

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

15. Borrowings (Contd..)

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2024	March 31, 2023	
Yes Bank Limited	16 equal quarterly instalments of ₹ 156.25 lakhs each, commencing from September 2020	First charge on entire Fixed Assets pertaining to plant located in kannigaipair village Chennai with minimum asset cover of 1.33x and personal Guarantee from Aditya Rao (Vice Chairman & Managing Director)	2,500	156	781	9.25% to 11.55% p.a.
	60 equal monthly instalments commencing from August 2018	First charge by way of hypothecation of the vehicle for which the loan was taken.	66	-	13	8.77%
	48 equal monthly instalments of ₹ 18.07 lakhs each commencing from March 2021	Extension of second ranking charge over existing primary collateral securities including mortgages of created in favour of the bank 100% Credit guarantee by national Credit guarantee Trust Company Limited(NCGTC)	867	434	651	9.15% to 9.25% p.a.
	48 equal monthly instalments commencing from August 2018	First charge by way of hypothecation of the vehicle for which the loan was taken.	54	38	50	8.77%
State Bank of Mauritius Limited	16 equal quarterly instalments of ₹ 187.50 lakhs each commencing from September 2022	First charge on entire Fixed Assets pertaining to plant located in kannigaipair village Chennai with minimum asset cover of 1.33x and personal Guarantee from Aditya Rao (Vice Chairman & Managing Director).	3,000	1,688	2,438	9.60%
Bandhan Bank Limited	24 equal quarterly instalments of ₹ 41.64 lakhs each commencing from January 2020	First charge on fixed assets (excluding land) created out of Bandhan bank term loan for solar PV module manufacturing unit. DSRA of ₹ 58 with exclusive charge for the term loan of Bandhan Bank Ltd. and personal guarantee of Mr. Aditya Rao (Vice Chairman & Managing Director).	999	375	541	10.70%
Bank of Baroda	72 equal monthly instalments of ₹ 107.43 lakhs each commencing from December 2024	Exclusive first charge by way of Mortgage of land at village Rampur Dist. , Raebareli - 13.76 Acres First charge by way of EM of all the piece and parcel of industrial land situated at Velchal village - 107 acres 36 guntas Exclusive first charge on the entire fixed assets to be created out of Bank Finance	7,735	1,450	-	9.25%
Axis Bank Limited	60 equal monthly instalments commencing from August 2020	First charge by way of hypothecation of the vehicle for which the loan was taken.	101	52	71	7.46%
	48 equal monthly instalments commencing from April 2019	First charge by way of hypothecation of the vehicle for which the loan was taken.	49	-	-	9.26%
Total			26,108	7,260	9,809	

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

15. Borrowings (Contd..)

Summary of borrowings from NBFC's-Secured

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2024	March 31, 2023	
Tata Capital Financial Services Limited	60 months equal instalments of ₹ 30 lakhs each commencing from October 2021.	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	1,800	713	1,163	10.85% to 13.00% p.a
Siemens Financial Services Private Limited	48 equal months instalments of ₹ 8.89 lakhs each commencing from March 2021	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	427	130	250	11.30% to 12.75% p.a
Tata Capital Financial Services Limited	24 equal months instalments of ₹ 11.12 lakhs each commencing from December 2021	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	267	-	89	9.50% to 11.50% p.a
Volkswagen Finance Private Limited	84 equal monthly instalments commencing from October 2017	First charge by way of hypothecation of the vehicle for which the loan was taken.	49	3	11	8.50%
Axis Financial Services Private Limited	20 equal quarterly instalments of ₹ 125 lakhs each commencing from September 2022	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	2,500	1,625	2,125	10% to 11.35%
Oxyzo Financial Services Private Limited	36 equal months instalments of ₹ 55.55 lakhs each commencing from April 2023	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	2,000	1,472	2,000	13.00%
Axis Financial Services Private Limited	8 equal quarterly instalments of ₹ 72 lakhs and 32 equal quarterly instalments of ₹ 132 lakhs each commencing from December 2023	First charge by way of registered mortgage on the entire land & building located at Serilingampally Manda, Hyderabad (MV Rs.90 Cr) First charge by way of hypothecation of all the movable assets both present and future pertaining located at Serilingampally Mandal, Hyderabad (MV Rs.20 Cr) Personal guarantee of Mr. Adiya Rao (NW - Rs.23 Cr).	4,800	4,056	-	9.60%
Aditya Birla Finance Limited	8 equal quarterly instalments of ₹ 60 lakhs and 32 equal quarterly instalments of ₹ 110 lakhs each commencing from December 2023	First charge by way of hypothecation of the vehicle for which the loan was taken.	4,000	3,880	-	9.60%
Toyota Financial services Limited	60 equal monthly instalments commencing from August 2018	First charge by way of hypothecation of the vehicle for which the loan was taken.	70	68	-	6.21%
Total			15,913	11,947	5,638	

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

15. Borrowings (Contd..)

(b) Summary of borrowings from banks-Unsecured

Particulars	Term of Repayments	Borrowings availed	Outstanding as at		Rate of Interest
			March 31, 2024	March 31, 2023	
Credit Agricole	84 equal monthly instalments of € 637.49 Euros each commencing from July 2018	45	9	15	2%
Credit Agricole	84 equal monthly instalments of € 371.92 Euros each commencing from May 2020	27	12	16	1.27%
Credit Agricole	Loan Guaranteed by the State (PGE) for an amount of € 20,000 over a period of 72 months, including a delay of twelve months. whose monthly instalments amount to Euro € 9.17 for the first twelve months, then € 421.36, will be definitively repaid on May 15, 2026.	18	10	14	0.55%
Bank Populaire	Loan Guaranteed by the State (PGE) for an amount of € 100,000 over a period of 72 months, whose monthly instalments amount to the sum of € 42.92 for the first three months, then € 139.04 for the following twelve months and finally € 2,197.87 for the remainder to run.	90	52	73	0.73%
Auvergne Rhône Alpes Region	Repayable advance as support companies affected by consequences of the covid 19 Pandemic	18	18	18	0.00%
Total		198	101	136	

(c) The Company availed an interest free sales tax deferment loan for a period of 14 years starting from 1997 - 98 amounting to ₹ 2,486 lakhs from the Commercial tax department. Out of this, amount aggregating ₹ 1,937 lakhs was paid during earlier years, an amount of ₹ 335 lakhs paid in the financial year 2023-24 and amount of ₹ 214 lakhs Payable in the financial year 2024-25 which is classified under the head "Current borrowings". Further ₹ 23 lakhs (As at March 31, 2023 - ₹ 80 lakhs) considered under Unearned government grant has been classified under the head "Other liabilities" which is discounted to present value.

The Sales tax deferment loan is repayable as under:

Year of Repayment	₹ in lakhs
2024-25	214
Total	214

(c) Cash Credit and Working capital facilities sanctioned by consortium of bankers comprising State bank of India, Axis Bank, Yes Bank, ICICI Bank, HDFC Bank, Indian Bank, Punjab National Bank and SBM Bank are secured by first pari passu charge on the entire current assets and second charge on fixed assets of the Company along with other working capital lenders under consortium, and for SBI, exclusive pledge of 15,00,000 shares (March 31, 2023: Nil shares) of ₹ 5 each of Pennar Industries Limited held by Pennar Holdings Private Limited (Promoter Company). These facilities are further secured by personal guarantee from Aditya N Rao (Vice – Chairman and Managing Director). These borrowings carried interest rate of 9.50% to 10.95% (March 31, 2023: 9.25% to 10.70%).

(d) Details of borrowings guaranteed by Directors :

Particulars	As at March 31, 2024	As at March 31, 2023
Aditya Narsing Rao (Vice Chairman and Managing Director)	1,54,192	1,37,424

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

16.Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Provision for gratuity [Refer note c (iii) below]	551	233
Provision for compensated absences	447	576
Asset retirement obligation	453	392
Total	1,451	1,201
Current		
Provision for gratuity [Refer note c (iii) below]	958	756
Provision for compensated absences	622	256
Total	1,580	1,012
Total Provisions	3,031	2,213

Notes:

Post Retirement Employee Benefits

(a) Post retirement benefit - Defined contribution

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The Company has recognised as an expense aggregating to ₹ 772 lakhs (2022- 23: ₹ 748 lakhs) in respect of the defined contribution plans.

(b) Post retirement benefit - Defined benefit

The employee's gratuity fund scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined bases on actuarial valuation using the projected unit credit method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(c) Gratuity (funded):

Particulars	2023-24	2022-23
i) Change in Defined Benefit Obligation (DBO) during the year:		
Present Value of DBO at the beginning of the year	2,613	2,528
Interest cost	189	161
Current service cost	243	248
Actuarial loss on obligation	269	(34)
Benefits paid	(311)	(290)
Present Value of DBO at the end of the year	3,003	2,613
ii) Changes in the Fair Value of Plan Asset during the year		
Fair value of Plan Assets at the beginning of the year	1,624	1,606
Return on Plan Assets	(27)	22
Interest Income	118	100
Contributions paid	81	186
Benefits paid	(302)	(290)
Fair value of Plan Assets at the end of the year	1,494	1,624
iii) Amount Recognized in Balance Sheet		
Present Value of DBO of the year	(3,003)	(2,613)
Fair value of Plan Assets at the end of the year	1,494	1,624
Net(Liability) recognized in the balance sheet	(1,509)	(989)
- Non Current	(551)	(233)
- Current	(958)	(756)
iv) Components of employer expense		
Current service cost	243	248
Interest income on net defined benefit obligation	71	60
Expense recognised in Statement of Profit and Loss	314	308

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

16.Provisions (Contd..)

Particulars	2023-24	2022-23
v) Remeasurement on the net defined benefit obligation		
Actuarial (gain) / loss due to financial assumptions change in Defined Benefit Obligation	27	(173)
Actuarial loss due to experience on Defined Benefit Obligation	233	104
Return on Plan Assets excluding Interest Income	27	(21)
Remeasurements recognised in other comprehensive income	287	(90)
Total defined benefit cost recognised	601	218

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2024	Valuation as at March 31, 2023
Mortality	IALM (2012-14) Ult.	
Interest/Discount Rate	7.10%-7.15%	7.15%-7.25%
Rate of increase in compensation	8-9%	8-9%
Expected average remaining service	20.02	20.25
Employee Attrition rate	19%	19%

Sensitivity Analysis

Particulars	Change in assumption	Effect in Gratuity Obligation
Discount rate	1%	2,898
	(-1%)	(3,116)
Salary Escalation rate	1%	3,112
	(-1%)	(2,899)
Attrition rate	1%	2,950
	(-1%)	(3,100)
Mortality rate	1%	3,003
	(-1%)	(3,003)

Estimate of expected benefit payout (in absolute terms i.e. undiscounted)

Particulars	2023-24	2022-23
Within 1 year	851	780
2 to 5 Years	1,868	1,696
6 to 10 Years	903	672
> 10 years	403	308

(d) Compensated absences:

The obligation for compensated absences is recognised in the same manner as gratuity except that the remeasurement benefit is treated as part of OCI. The actuarial liability of compensated absence (unfunded) of accumulated privileged leaves of the employees of the Company is given below.

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2024	Valuation as at March 31, 2023
Mortality	IALM (2012-14) Ult.	
Interest/Discount Rate	7.10%-7.15%	7.15%-7.25%
Rate of increase in compensation	8-9%	8-9%
Expected average remaining service	20.02	20.15
Employee Attrition rate	19%	19%

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

16. Provisions (Contd..)

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at year-end as per Company's policy. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to Statement of Profit and Loss in the period determined.

The estimates of future salary increases considered in the actuarial valuation take account of price inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligation.

17. Income-taxes

a. Income tax expense recognized in the statement of profit and loss

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current tax	3,546	2,449
Deferred tax	(239)	(148)
	3,307	2,301

b. Income tax expense recognized directly in other comprehensive income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Tax effect on actuarial losses on defined benefit obligations (Items that will not be reclassified to profit or loss)	72	(23)
	72	(23)

c. Reconciliation of effective tax rate

The following is the reconciliation of the Company's effective tax rates for the year ended March 31, 2024 and March 31, 2023.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Accounting Profit before tax	13,142	9,844
Enacted rate in India	25.17%	25.17%
Tax expense at statutory tax rate of 25.17% (2023: 25.17%)	3,308	2,478
Add: Effect of disallowed expenses such that CSR, Interest on Income etc.	43	38
Less: Effect of tax rates under different tax zones	(44)	(215)
Reported in statement of profit and loss	3,307	2,301

d. Deferred tax liabilities (net)

The following is the analysis of deferred tax (assets) / liabilities presented in the balance sheet:

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax assets	(4,743)	(4,405)
Deferred tax liabilities	4,999	4,972
	256	567

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

17. Income-taxes (Contd..)

e. Movement in deferred tax assets and liabilities:

2023-24	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Liabilities				
Property, plant and equipment and intangible assets	4,972	27	-	4,999
Assets				
Provision for employee benefits	(703)	(162)	(72)	(937)
Provision for credit impaired trade receivables	(3,133)	(158)	-	(3,291)
Provision for loss on onerous contracts	(107)	-	-	(107)
Provision for dismantling cost	(87)	(15)	-	(102)
Provision for ROU and lease liability	(95)	103	-	8
Others	(280)	(35)	-	(315)
Total	567	(239)	(72)	256

2022-23	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Liabilities				
Property, plant and equipment and Intangible assets	4,803	169	-	4,972
Assets				
Provision for employee benefits	(909)	183	23	(703)
Provision for credit impaired trade receivables	(2,784)	(349)	-	(3,133)
Provision for loss on onerous contracts	(6)	(101)	-	(107)
Provision for dismantling cost	(76)	(11)	-	(87)
Provision for ROU and Lease liability	(57)	(38)	-	(95)
Others	(276)	(4)	-	(280)
Total	695	(151)	23	567

f. Current tax assets and liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Income-tax assets [net of provisions]	1,787	1,289
Current tax liabilities [net of advance tax]	(4,649)	(4,204)
	(2,862)	(2,915)

18. Other liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Unearned government grants [Refer note 15 (c)]	-	23
	-	23
Current		
Advances from customers	5,603	9,550
Unearned revenue	811	1,921
Unearned government grants [Refer note 15 (c)]	23	57
Total	6,437	11,528
Total other liabilities	6,437	11,551

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

19. Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
Acceptances	36,028	25,033
Other than acceptances	43,054	33,364
Total	79,082	58,397
Of the above:		
i) Dues to micro, small and medium enterprises*	815	540
ii) Outstanding dues of creditors other than micro enterprises and small enterprises	78,267	57,857

Refer Note 33 (i) for ageing of Trade payables.

20. Other financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Non-Current		
Retention money payable	374	563
	374	563
Current		
Preference share capital payable	-	24
Interest accrued on borrowings and others	151	154
Statutory liabilities	1,001	1,271
Payables on purchase of property, plant and equipment	630	606
Other payables (including employee related payables)	2,099	5,850
Total other financial liabilities	3,881	7,905

21. Revenue from operations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations (Refer note below)		
- Sale of products	2,88,485	1,98,964
- Revenue from contracts	6,867	8,184
- Sale of services	7,451	7,386
- Scrap Sales	9,898	74,928
Other operating revenue		
- Export Incentive	356	-
Total	3,13,057	2,89,462

Note: There is no single customers contributing 10% or more to the Company's revenue (2022-23: Nil).

22. Other income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest income earned on financial assets		
- Bank deposits	402	124
- Other interest income	172	186
Other non operating income		
- Net gain arising from financial instruments designated as fair value through Profit and Loss	67	46
- Gain on sale of current investments (net)	130	20
- Net gain on foreign currency transactions and translation	219	1,510
- Liabilities no longer required written back	2,248	810
Others	793	647
Total	4,031	3,343

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

23. Cost of materials consumed

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cost of materials consumed	1,94,930	1,77,113
Less:- Capitalization of Captive consumption	-	(482)
Total	1,94,930	1,76,631

23 A. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening stock of inventories		
Work-in-progress	42,278	31,722
Finished goods	9,762	13,466
Scrap	709	835
Total	52,749	46,023
Closing stock of inventories		
Work-in-progress	45,315	42,233
Finished goods	10,530	9,688
Scrap	963	709
Total	56,808	52,630
Increase in inventories of finished goods, work-in-progress and stock-in-trade	(4,059)	(6,607)

24. Employee benefits expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	27,708	27,609
Contribution to provident and other funds	1,086	1,056
Staff welfare expenses	2,489	2,420
	31,283	31,085
Less: Capitalization of salaries	(286)	(54)
Total	30,997	31,031

25. Finance costs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest:		
Term loans	1,389	1,506
Working capital demand loans	3,983	3,056
Interest on leases	624	576
Others	997	840
Bill discounting charges	1,455	1,455
Other bank charges	3,362	1,688
	11,810	9,121
Less: Capitalization Interest	(274)	-
Total	11,536	9,121

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

26. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation on property, plant and equipment (Refer note 3)	5,521	5,104
Depreciation on right-of-use assets (Refer note 4)	930	1,193
Amortisation of intangible assets (Refer note 5)	199	200
Total	6,650	6,497

27. Other Expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Job work and processing charges	11,170	9,212
Sub-contract expenses	1,711	2,367
Erection expenses	5,672	5,439
Stores and spares consumed	15,763	12,721
Power and fuel	2,698	2,383
Repairs and maintenance		
- Plant and equipment	857	304
- Buildings	31	68
- Others	206	259
Rent	654	616
Travel and conveyance	1,480	1,452
Printing and Stationery	360	317
Communication and Internet expenses	200	97
Carriage and freight	5,443	5,142
Office expenses	2,132	592
Legal and professional	2,895	2,469
Auditors remuneration	67	86
Rates and taxes	400	261
Marketing and selling Expenses	3,167	2,887
Commission	746	82
Loss on sale of property, plant and equipment	6	18
Expenditure for Corporate social responsibility	57	59
Credit impaired trade and other receivables written off	1,307	1,923
Provision for credit impaired trade receivables	12	1,387
Provision for credit impaired advances and deposits	615	-
Miscellaneous expenses	3,342	6,031
Total	60,991	56,172

28. Contingent liabilities and commitments

Particulars	As at March 31, 2024	As at March 31, 2023
a) Claims against the company not acknowledged on debt:		
i) Sales Tax	6,029	6,823
ii) Excise duty and service tax	312	312
iii) Goods and Services Tax #	1,549	2,143
iv) Entry tax	250	250
v) Income-tax	119	119
Total	8,259	9,647

The amount disclosed above represents best estimates and the uncertainties are depended on the outcome of the legal proceedings initiated by the Company or the claimant as the case may be.

The aforesaid amount does not include certain orders, for which final orders received by the Group subsequent to the balance sheet date with no liability.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

28. Contingent liabilities and commitments (Contd..)

(b) The Company has provided Corporate Performance Guarantee to Mega wide infrastructure India private Limited in February 2024 for a value not exceeding Rs.349 Lakhs with regards to contractual liabilities under applicable agreements/contracts entered by company with Mega wide infrastructure private Limited. The Guarantee is valid up to January 05, 2025.

(c) Capital and other commitments:

Particulars	As at March 31, 2024	As at March 31, 2023
Capital commitment-Estimated Amount of contracts remaining to be executed on capital account (Net of Advances)	4,445	2,311
Other commitment-Investments	216	1,800

29. Earnings per Share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit after tax	9,834	7,542
Weighted average number of equity shares	13,49,46,231	13,73,31,427
Face value per share	5	5
Basic and Diluted earnings per Equity Share	7.29	5.49

Note: No potential equity shares are outstanding as on March 31, 2024 /2023, and there are no items giving rise to dilutive equity shares. Hence basic EPS is considered diluted EPS.

30. Financial Instruments

a. Capital Management

The Group's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Group ensures optimal credit risk profile to maintain/enhance credit rating.

The Group determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Group monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Group.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents, investment in mutual funds.

The Group's management reviews the capital structure of the Group on monthly basis. As part of this review, the Management considers the cost of capital and the risks associated with each class of capital.

The table below summarises the total equity, net debt and net debt to equity ratio of the Group:

Particulars	As at March 31, 2024	As at March 31, 2023
Equity share capital	6,747	6,747
Other equity	80,903	71,055
Total Equity (A)	87,650	77,802
Non-current borrowings	13,482	9,881
Short term borrowings	53,896	46,066
Current maturities of long-term borrowings	6,017	6,172
Gross Debt	73,395	62,119
Less: Current investments	(1,873)	(2,697)
Less: Cash and cash equivalents	(8,978)	(14,298)
Less: Bank balances other than cash and cash equivalents	(5,256)	(2,961)
Net debt (B)	57,288	42,163
Net debt to equity (B/A)	0.65	0.54

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

30. Financial Instruments (Contd..)

b. Financial instruments by category

Particulars	Carrying value as at	
	March 31, 2024	March 31, 2023
Financial assets		
Measured at amortised cost		
Other financial assets	8,891	7,369
Trade receivables	51,163	39,431
Cash and cash equivalents	8,978	14,298
Bank balances other than cash and cash equivalents	5,256	2,961
Total financial assets measured at amortised cost (A)	74,288	64,059
Measured at fair value through profit and loss		
Investments in mutual funds	1,873	2,697
Total financial assets at fair value through profit and Loss (B)	1,873	2,697
Financial assets at fair value through other comprehensive income (C)	286	2
Total Financial Assets (A+B+C)	76,447	66,758
Financial Liabilities		
Measured at amortised cost		
Long-term borrowings	13,482	9,746
Short-term borrowings	59,722	51,903
Trade payables	79,083	58,397
Other financial liabilities	4,255	8,468
Total financial liabilities carried at amortised cost (A)	1,56,542	1,28,514
Measured at fair value through Profit and Loss		
Sales tax deferment loan	191	470
Lease Liabilities	5,153	6,405
Financial liabilities at fair value through Profit and Loss (B)	5,344	6,875
Total Financial Liabilities (A+B)	1,61,886	1,35,389

The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced or a liquidation sale.

Investments in other equity instruments (quoted and unquoted) are measured at cost through initial designation in accordance with Ind-AS 109 - Financial Instruments.

Investments in mutual funds are mandatorily measured at fair value.

c. Financial risk management

The Board oversees the risk management frame work, develops and monitors the Group's risk Management policies. The risk Management policies are established to ensure timely identification and evaluation of the risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk Management policies and systems are reviewed regularly to reflect changes in the market conditions and Group's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management frame work in relation to the risk faced by the Group.

The Management policies aims to mitigate the following risks arising from the financial instruments

1. Market Risk
2. Credit Risk
3. Liquidity Risk

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

30. Financial Instruments (Contd..)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Group is exposed in the ordinary course of its business to risk related to changes in foreign currency exchange rates, commodity prices and interest rates.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the management and the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivatives for speculative purposes.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

The Group generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short term investments provide liquidity in the short term and long term. The Group has established an appropriate liquidity risk management framework for the Management of the Group's short term, medium and long term funding and liquidity Management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Foreign Currency Exchange Risk

The Company's functional currency is Indian National Rupees (INR). The Group undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Fluctuation in exchange rates affects the Group's revenue from export markets and the cost of imports, primarily in relation to capital goods.

The carrying amounts of the Group's monetary assets and monetary liabilities at the end of reporting period as follows:

Currency exposure as at March 31, 2024

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	AED (in equivalent INR)	Other Currencies* (in equivalent INR)	Total (INR)
Trade receivables	2,886	4	42	258	3,190
Trade payables	592	-	-	1	593
Total	3,478	4	42	259	3,783

*Others include currencies such as Qatari Rial, Malaysian Ringgit and Oman rial.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

30. Financial Instruments (Contd..)

Currency exposure as at March 31, 2023

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	AED (in equivalent INR)	Other Currencies* (in equivalent INR)	Total (INR)
Trade receivables	2,744	-	104	252	3,100
Trade payables	(1,402)	(528)		1	(1,929)
Total	1,342	(528)	104	253	1,171

*Others include currencies such as Qatari Rial, Malaysian Ringgit, Singapore Dollars etc

Unhedged foreign currency exposure

Amounts receivable/ (payable) in foreign currency

Particulars	As at March 31, 2024			
	USD (In Lakhs)	Euro (In Lakhs)	AED (In Lakhs)	Others (In Lakhs)
Trade receivables	34.61	-	2.00	243.00
Trade payables	7.05	-	-	-

Amounts receivable/ (payable) in foreign currency

Particulars	As at March 31, 2023			
	USD (In Lakhs)	Euro (In Lakhs)	AED (In Lakhs)	Others (In Lakhs)
Trade receivables	33.45		4.65	11.76
Trade payables	(16.46)	(5.89)	-	-

Sensitivity analysis:

The Group is mainly exposed to fluctuations in US Dollar. The following table details the Group's sensitivity to a ₹ 1 increase and decrease against the US Dollar. ₹ 1 is the sensitivity used when reporting foreign currency risk internally to key Management personnel and represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only net outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ₹ 1 change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupee strengthens by ₹ 1 against the US Dollar. For a ₹ 1 weakening against the US Dollar, there would be a comparable impact on the profit or equity.

Particulars	Impact on profit and loss	
	March 31, 2024	March 31, 2023
Strengthening	41.67	16.99
Weakening	(41.67)	(16.99)

Commodity price risk

The Group's revenue is exposed to the market risk of price fluctuations related to the purchase of steel products used as Raw Material in manufacture of Finished Goods. The Group manages the risk by forecasting its production and the manufacturing plan. Raw Material purchases are made based on the evaluation of the steel prices aligned to such production plans.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees with mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in base lending rates. The Group uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirement for its day to day operations like short term loans. The risk is managed by Group by maintaining an appropriate mix between fixed and floating rate borrowings, ensuring the most cost-effective strategies are applied.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

30. Financial Instruments (Contd..)

Working Capital position

Particulars	As at March 31, 2024	As at March 31, 2023
Current assets	1,63,639	1,49,845
Current liabilities	(1,57,253)	(1,36,910)
Working capital	6,386	12,935

Sensitivity analysis:

Particulars	Impact on profit and loss	
	March 31, 2024	March 31, 2023
1% increase in interest rate	(64)	(129)
1% decrease in interest rate	64	129

Liquidity Risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables details the Group's remaining contractual maturity for its non derivative financial liabilities with agreed repayment periods.

The table have been drawn up based on the undiscounted cash flows of financial liabilities based on earliest date on which the Group can be required to pay.

(i) Liquidity exposure as at March 31, 2024

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	-	13,482	-	13,482
Short-term Borrowings	59,913	-	-	59,913
Trade payables	79,083	-	-	79,083
Lease Liabilities	1,710	3,443	-	5,153
Other financial liabilities	3,881	374	-	4,255
	1,44,587	17,299	-	1,61,886

(ii) Liquidity exposure as at March 31, 2023

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	-	9,881	-	9,881
Short-term Borrowings	52,238	-	-	52,238
Trade payables	58,397	-	-	58,397
Lease Liabilities	1,626	4,779	-	6,405
Other financial liabilities	7,905	563	-	8,468
	1,20,166	15,223	-	1,35,389

Refer note 15 for the details of collateral security against the above mentioned banking facilities.

d. Fair value hierarchy

Valuation technique and key inputs

Level 1 - Quoted prices (unadjusted) in an active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

30. Financial Instruments (Contd..)

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2024

(i) Level wise disclosure of Financial instruments as at March 31, 2024 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	286	-	-	286
Current- Investments	1,873	1,873	-	-
Financial liabilities				
Lease Liabilities	5,153	-	5,153	-
Sales tax deferment loan	191	-	-	191

(ii) Level wise disclosure of Financial instruments as at March 31, 2023 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	2,697	2,697	-	-
Financial liabilities				
Lease Liabilities	6,405	-	6,405	-
Sales tax deferment loan	470	-	-	470

(iii) Level wise disclosure of Financial instruments as at March 31, 2024 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Trade receivables	51,163	-	51,163	-
Cash and cash equivalents	8,978	-	8,978	-
Bank balances other than cash and cash equivalents	5,256	-	5,256	-
Other financial assets	8,891	-	8,891	-
Financial liabilities				
Borrowings	73,204	-	73,204	-
Trade payables	79,082	-	79,082	-
Other financial liabilities	4,255	-	4,255	-

(iv) Level wise disclosure of Financial instruments as at March 31, 2023 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Trade receivables	39,431	-	39,431	-
Cash and cash equivalents	14,298	-	14,298	-
Bank balances other than cash and cash equivalents	2,961	-	2,961	-
Other financial assets	7,369	-	7,369	-
Financial liabilities				
Borrowings	61,649	-	61,649	-
Trade payables	58,397	-	58,397	-
Other financial liabilities	8,468	-	8,468	-

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

31. Related parties disclosures:

(i) List of related parties and nature of relationship:

Name of the related parties	Nature of relationship
Pennar Holdings Private Limited	Promoter Company
Pennar Foundation	Trust in which KMP's are trustees
Joginapally Venkata Nrupender Rao	Chairman (till August 09, 2023)
Ravi Venkata Siva Ramakrishna	Chairman (w.e. f. August 10, 2023)
Aditya Narsing Rao	Vice Chairman and Managing Director
Lavanya Kumar Rao Kondapalli	Whole Time Director
Potluri Venkateswara Rao	Non Executive Director
Eric James Brown	Non Executive Director
Bhandari Kamalakar Rao	Non Executive & Independent Director (Till February 09, 2024)
Vankipuram Srinivasa Parthasarathy	Non Executive & Independent Director(w.e.f February 09, 2024)
Manish Sabharwal	Non Executive & Independent Director (Till March 31, 2024)
Chandra Sekhar Sripada	Non Executive & Independent Director
Virginia Sharma	Non Executive & Independent Director
Joginapally Venkata Nrupender Rao	Relative of KMP (w.e.f August 10,2023)
Shrikant Bhakkad	Chief Financial Officer (w.e.f. May 25 ,2023)
JS Krishna Prasad	Chief Financial Officer (till . May 24 ,2023)
Mirza Mohammed Ali Baig	Company Secretary
Kondapalli Siddharth Rao	Relative of KMP

(ii) Details of transactions with related parties during the year:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Purchase of goods and services		
VP Synergic weld solution private Limited	60	-
Pennar holdings private Limited	1	-
Professional charges		
Kondapalli Siddharth Rao	11	10
Paid towards corporate social responsibility		
Pennar Foundation	92	135
Director's remuneration (Including Perquisites and Contribution to Funds)		
Joginapally Venkata Nrupender Rao(till August 9, 2023)	64	155
Joginapally Venkata Nrupender Rao Chairman Emeritus (w.e.f. August 10, 2023)	104	-
Aditya Narsing Rao	105	124
Lavanya Kumar Rao Kondapalli	128	124
Eric James Brown	305	324
Chandra Sekhar Sripada	12	5
Ravi Venkata Siva Ramakrishna	12	5
Virginia Sharma	12	5
Vankipuram Srinivasa Parthasarathy	3	-
JS Krishna Prasad (Chief Financial Officer till May 24, 2023)	6	47
Shrikant Bhakkad(Chief Financial Officer w.e.f May 25, 2023)	90	-
Mirza Mohammed Ali Baig (Company Secretary)	16	15
Directors sitting fees		
Bhandari Kamalakar Rao	5	5
Varun Chawla (till March 7, 2023)	-	4
Manish Sabharwal	4	4
Chandra Sekhar Sripada	3	3
Potluri Venkateswara Rao	4	4
Ravi Venkata Siva Ramakrishna	5	4
Virginia Sharma	4	2
Vankipuram Srinivasa Parthasarathy	1	-

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

31. Related parties disclosures: (Contd..)

(iii) Balances with related parties:

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables		
VP Synergic weld solution private Limited	60	-
Kondapalli Siddharth Rao	3	2
Managerial Remuneration Payable		
Joginapally Venkata Nrupender Rao (till August 9, 2023)	13	13
Managerial Commission payable	36	16

32. Segment Information

Segment information is presented for the consolidated financial statements as permitted under the Ind AS 108 - 'Operating segments'. The Group is focused on two business segments: Diversified Engineering, Custom designed building solutions & auxiliaries. Based on the "management approach" as defined in Ind AS 108 - 'Operating Segments', the Chief Operating Decision Maker evaluates the Group's performance and allocation resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

A. Segment revenue and results

Particulars	Segment results		Segment profit	
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
Diversified engineering	1,64,137	1,51,129	16,693	14,969
Custom designed building solutions & auxiliaries	1,58,391	1,50,501	14,635	10,493
Less: Inter segment revenue	9,471	12,168	-	-
Total	3,13,057	2,89,462	31,328	25,462
Depreciation and amortisation expense			(6,650)	(6,497)
Finance costs			(11,536)	(9,121)
Profit before tax			13,142	9,844
Tax expense			(3,307)	(2,301)
Profit after tax			9,835	7,543
Share of non-controlling interest			1	1
Profit for the year attributable to the shareholders of the Company			9,834	7,542

B. Segment assets and liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Segment assets		
Diversified engineering	1,96,350	1,70,184
Custom designed building solutions and auxiliaries	67,656	61,638
Consolidated total assets	2,64,006	2,31,822
Segment liabilities		
Diversified engineering	1,20,116	98,611
Custom designed building solutions and auxiliaries	56,143	55,313
Consolidated total liabilities	1,76,259	1,53,924

C. Geographical information

The geographical information analyses the Group's revenues and non-current assets held by the Group's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic market, regardless of where the goods were produced. However, there are no non-current assets held in other countries. Hence, disclosure in respect of non-current assets has not been made.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

32. Segment Information (Contd.)

Revenue from external customers	Year ended March 31, 2024	Year ended March 31, 2023
India	2,44,434	2,17,566
Other countries	68,623	71,896
Total	3,13,057	2,89,462

33. Ageing schedules

(i) Trade Payables

As at March 31, 2024	Not Due	Unbilled	Outstanding for following periods from due date of payment				Total
			<1 year	1-2 years	2-3 years	> 3 years	
(i) MSME	-	-	815	-	-	-	815
(ii) Others	35,834	6,566	33,235	1,208	534	891	78,268
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	35,834	6,566	34,050	1,208	534	891	79,083

As at March 31, 2023	Not Due	Unbilled	Outstanding for following periods from due date of payment				Total
			<1 year	1-2 years	2-3 years	> 3 years	
(i) MSME	245	-	269	14	12	-	540
(ii) Others	25,033	5,298	20,331	3,809	2,361	1,025	57,857
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
Total	25,278	5,298	20,600	3,823	2,373	1,025	58,397

(ii) Trade Receivables (Current & Non-current)

As at March 31, 2024	Outstanding for following periods from due date of payment						Total
	Not Due	<6 months	6 months -1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed trade receivables - considered good	27,418	21,874	1,482	107	282	-	51,163
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	1,217	1,895	2,175	3,647	8,934
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	780	780
Less: Provision for credit impaired trade receivables	-	-	(1,217)	(1,895)	(2,175)	(4,427)	(9,714)
Total	27,418	21,874	1,482	107	282	-	51,163

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

33. Ageing schedules (Contd..)

As at March 31, 2023	Outstanding for following periods from due date of payment						Total
	Not Due	<6 months	6 months -1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed trade receivables - considered good	20,733	16,287	2,208	110	28	65	39,431
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	1,124	1,907	2,565	3,238	8,834
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	28	840	868
Less: Provision for credit impaired trade receivables	-	-	(1,124)	(1,907)	(2,593)	(4,078)	(9,702)
Total	20,733	16,287	2,208	110	28	65	39,431

(iii) Capital-work-in progress (CWIP)

(a) For Capital-work-in progress as at March 31, 2024, following is the ageing schedule :

As at March 31, 2024	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	21,763	-	-	-	21,763
Total	21,763	-	-	-	21,763

(b) For Capital-work-in progress as at March 31, 2023, following is the ageing schedule :

As at March 31, 2023	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	1,825	-	-	-	1,825
Projects temporarily suspended	-	-	-	-	-
Total	1,825	-	-	-	1,825

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

34. Summary of Net Assets and Profit and Loss

Name of the entity	Net Assets*		Share in Profit/Loss		Share in other comprehensive income		Share in total comprehensive income									
	As % of consolidated net assets	Amount	As % of consolidated profit/loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount								
	31-Mar'24	31-Mar'23	31-Mar'24	31-Mar'23	31-Mar'24	31-Mar'23	31-Mar'24	31-Mar'23								
A Parent	89.82%	78,817	93.85%	73,105	60.26%	5,927	58.61%	4,421	(1508.38%)	(215)	14.44%	67	58.00%	5,712	56.05%	4,488
B Subsidiary incorporated in India																
Enertech Pennar Defense and Engineering System Private Limited	0.24%	200	0.25%	197	0.02%	2	0.03%	2	-	-	-	-	0.02%	2	0.02%	2
Pennar Metals Private Limited	0.00%	2	-	-	0.01%	1	-	-	-	-	-	-	0.01%	1	-	-
C Subsidiary incorporated outside India																
Pennar GmbH	0.15%	134	0.29%	223	(0.93%)	(92)	0.67%	51	-	-	-	-	(0.93%)	(92)	0.64%	51
Pennar Global Inc.	18.83%	16,527	6.99%	5,444	40.64%	3,997	39.59%	2,986	1608.38%	229	85.56%	397	42.90%	4,226	42.25%	3,383
Total	109.04%	95,680	101.38%	78,969	100.00%	9,835	98.90%	7,460	100.00%	14	100.00%	464	100.00%	9,849	98.96%	7,924
Non-controlling interest	(0.11%)	(97)	(0.14%)	(96)	-	-	0.01%	1	-	-	-	-	-	-	-	-
Adjustments arising out of consolidation	(8.93%)	(7,836)	(1.24%)	(975)	-	-	1.09%	82	-	-	-	-	-	-	1.04%	83
Net Amount	100.00%	87,747	100.00%	77,898	100.00%	9,835	100.00%	7,543	100.00%	14	100.00%	464	100.00%	9,849	100.00%	8,007

*Net assets means total assets minus total liabilities excluding share holders funds.

Note:

The disclosure as above represents separate information for each of the consolidated entities before elimination of inter company transactions. The net impact on elimination of intercompany transactions/ profits / consolidations adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under the requirements of the Companies Act, 2013.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

35. Other Statutory Information

- (i) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The Group does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- (iii) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (iv) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The Group does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

36 Movement in borrowings and lease liabilities:

Year ended March 31, 2024

Particulars	Opening Balance	Proceed from borrowings / Addition during the year	Interest added during the year/ Other Adjustments	Repayment of Borrowings / lease payments	Closing Balance
Short-term borrowings*	46,066	7,772	57	-	53,896
Long-term borrowings	16,053	9,722	24	(6,299)	19,499
Lease liabilities	6,405	92	624	(1,968)	5,153
Total	68,524	17,586	705	(8,267)	78,548

Year ended March 31, 2023

Particulars	Opening Balance	Proceed from borrowings / Addition during the year	Interest added during the year/ Other Adjustments	Repayment of Borrowings / lease payments	Closing Balance
Short-term borrowings*	44,223	1,975	3	(135)	46,066
Long-term borrowings	14,545	7,500	215	(6,207)	16,053
Lease liabilities	5,770	2,348	576	(2,289)	6,405
Total	64,538	11,823	794	(8,631)	68,524

* Net of payment / receipt disclosed for short-term borrowings.

Notes Forming Part of these Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

37 Subsequent Events

The Management has assessed, the subsequent events to the year end and is of the view that there are no material events which require adjustment or disclosure in the financial statements except as disclosed in the financial statements.

38 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

39 These financial statements were approved for issue by the Company's Board of Directors on May 22, 2024.

In terms of our report attached

For M S K A & Associates

Chartered Accountants

Firm Registration Number : 105047W

Ananthkrishnan Govindan

Partner

Membership No. 205226

For and on behalf of the Board of Directors of Pennar Industries Limited

CIN: L27109TG1975PLC001919

Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Shrikant Bhakkad

Chief Financial Officer

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Place: Hyderabad

Date: May 22, 2024

Place: Hyderabad

Date: May 22, 2024

NOTICE

NOTICE is hereby given that the 48th Annual General Meeting (AGM) of members of M/s. Pennar Industries Limited will be held on Saturday, the 28th September, 2024 at 11:00 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statement (including audited consolidated financial statements) of the company for the financial year ended 31st March, 2024 together with the reports of the Board of directors and the auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions**:

- "RESOLVED THAT the audited financial statement of the Company for the financial year ended 31st March, 2024 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."
- "RESOLVED THAT the audited consolidated financial statement of the Company for the financial year ended 31st March, 2024 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. To appoint a Director in the place of Mr. P V Rao (DIN: 03157581) who retires by rotation and being eligible offers himself for re-appointment as a Director and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. P V Rao (DIN: 03157581), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

3. **To ratify the remuneration payable to M/s. Kandikonda & Associates., Cost Accountants (Registration No. 101361) for the financial year ending 31st March, 2025 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. Kandikonda & associates., Cost Accountants (Registration No. 101361) 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, 2025, 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."

4. **To Create Charges and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT in supersession of the resolution passed by the Members at their Meeting held on 22nd day of September, 2022 and pursuant to Section 180(1) (a) of companies Act 2013 and other applicable provision if an, of the companies Act, 2013 & Companies Act, 1956 (including any statutory modification or re-enactment thereof) the consent of Members of the company be and is hereby accorded to the Board of Directors of the Company to create such charges (including but not limited to Mortgages and Hypothecations) in addition to the existing charges created by the Company, on such movable, immovable and other properties / assets or the whole or substantially the whole of the Undertaking or the Undertakings of the Company both present and future or in such manner the Board may deem fit In the best interest of the Company, together with the power to take over management and concern of the Company in certain events, so as to secure 'Fund based borrowing (including but not limited to Rupee / Foreign Currency Loans, Debenture, Bonds or other instruments)' and 'Non-fund based Facilities / Limits etc ., availed from Banks / financial institutions, Companies Body Corporate and others', Corporate Guarantees etc., provided that the total amount of such Funds base borrowing, Non-fund based support, Corporate Guarantees or other together with interest, cost, charges, expenses and other monies payable by the company by whatever name called, shall not, at any time, exceed Rs. 2,000 crores (Rupees Two Thousand Crores) and that for the implementation of this Resolution, the Board may act through any Committee / Director or any other person duly authorized in that behalf."

5. **To borrow in excess of paid-up capital and free reserves and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT in supersession of the resolution passed by the Members at their Meeting held on 22nd day of September, 2022 and pursuant to Section 180(1) (c) of Companies Act 2013 and other applicable provision if

any, of the Companies Act, 2013 & Companies Act, 1956 (including any statutory modification or re-enactment thereof) the consent of Members of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of money as it may deem proper notwithstanding that the money to be borrowed together with the money already borrowed by the company, if any (apart from temporary loans obtained from the company's banker in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its

free reserves, if any, that is to say, reserves not set apart for any specific purpose, provided that the total amount of moneys to be so borrowed by the Company together with money already borrowed (apart from temporary loans obtained from the Company's bankers in ordinary course of business) shall not exceed Rs. 2,000 crores (Rupees Two Thousand Crores) outstanding at any one time and that for the implementation of this Resolution, the Board may act through any Committee /Director or any other person duly authorized in that behalf."

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

Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS 29058

Place : Hyderabad
Date : 12.08.2024

Notes :

1. Ministry of Corporate Affairs (MCA) vide its General Circular No. 09/2023 dated 25th September 2023 read with the circulars issued earlier on the subject (collectively referred to as 'MCA Circulars') and SEBI vide its Circular No. SEBI/HO/DDHS/P/CIR/2023/0164 dated 6th October 2023 read with the circulars issued earlier on the subject (collectively referred to as "SEBI Circulars"), have permitted holding Annual General Meeting ("AGM") through VC/ OAVM, without physical presence of the Members at a common venue.

In compliance with the MCA Circulars and SEBI Circulars, the provisions of the Act and the SEBI Listing Regulations, the 48th AGM is being conducted through VC/OAVM herein after called as "e-AGM". In view of the same, the registered office of the Company shall be deemed to be the venue of the AGM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to subbok@gmail.com with copy to evoting@kfintech.com and mirza.baig@pennarindia.com.
4. The Register of Members and the Share Transfer Books of the company will remain closed from 20th September, 2024 to 21st September, 2024, 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 intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Registrar and Share Transfer Agent, M/s. KFin Technologies Limited (formerly KFin Technologies Private Limited) in case the shares are held by them in physical form.
8. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 28th September, 2024. Members seeking to inspect such documents can send an email to corporatecommunications@pennarindia.com.
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. KFin Technologies Limited (formerly KFin Technologies Private Limited), 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 who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Registrar and Share Transfer Agent, M/s. KFin Technologies Limited (formerly KFin Technologies Private Limited) in case the shares are held by them in physical 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. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same.
12. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. For details, please

refer to corporate governance report which is a part of this Annual Report.

13. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2023-24 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2023-24 will also be available on the Company's website www.pennarindia.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.
14. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
16. 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.
17. Members are requested to keep their copy of the Annual Report during meeting.
18. 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. KFin Technologies Limited (formerly KFin Technologies Private Limited), in respect of all resolutions set forth in this Notice. Mr. Subhash Kishan Kandrapu, (Membership No. 32743) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

19. The remote e-Voting period commences 25.09.2024(9:00 a.m.) to 27.09.2024 (5:00 p.m.).
20. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 23rd September, 2024, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice.

A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

Procedure for Login for E-voting and Attending AGM through VC/OAVM for Individual Shareholders holding securities in Demat mode

In terms of SEBI circular dated December 09, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their Demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their Demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in Demat mode is given below:

Individual shareholders holding securities in Demat mode with National Securities Depository Limited ("NSDL")	<p>A. User already registered for IDeAS facility:</p> <ol style="list-style-type: none"> 1. Open https://eservices.nSDL.com 2. Click on the "Beneficial Owner" icon under 'IDeAS' section. 3. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting" 4. Click on Bank Name or e-Voting service provider and you will be re-directed to e-voting service provider website for casting your vote during the remote e-Voting period. <p>B. User not registered for IDeAS e-Services:</p> <ol style="list-style-type: none"> 1. To register, open https://eservices.nSDL.com either on a Personal Computer or on a mobile. 2. Select "Register Online for IDeAS "Portal or click on https://eservices.nSDL.com/SecureWeb/IdeasDirectReg.jsp. 3. Proceed with completing the required fields <p>C. By visiting the e-Voting website of NSDL:</p> <ol style="list-style-type: none"> 1. Open https://www.evoting.nSDL.com/ either on a Personal Computer or on a mobile. 2. Click on the icon "Login" which is available under 'Shareholder/Member' section 3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit Demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. 4. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. 5. Click on Bank name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.
---	---

Individual Shareholders holding securities in Demat mode with Central Depository Services (India) Limited ("CDSL")	<p>A. Existing user who has opted for Easi/Easiest</p> <ol style="list-style-type: none"> 1. Click at https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com 2. Click on New System Myeasi. 3. Login with user ID and Password 4. After successful login of Easi / Easiest, Option will be made available to reach e-voting page 5. Click on e-voting service provider name to cast your vote <p>B. User not registered for Easi/Easiest</p> <ol style="list-style-type: none"> 1. Option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration. 2. Proceed with completing the required fields. <p>C. By visiting the e-Voting website of CDSL:</p> <ol style="list-style-type: none"> 1. Visit at www.cdslindia.com 2. Provide Demat Account Number and PAN No. 3. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the Demat Account. 4. After successful authentication, user will be provided links for the respective e-voting service provider where the e-voting is in progress.
Individual Shareholders (holding securities in Demat mode) login through their depository participants	<p>You can also login using the login credentials of your Demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.</p> <p>Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Bank Name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 22-23058542-43.

Login method for remote e-voting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode

- Initial password is provided in the body of the e-mail.
- Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
- Enter the login credentials i.e. User ID and password mentioned in your e-mail. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your votes.
- After entering the correct details, click on LOGIN.
- You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- You need to login again with the new credentials.
- On successful login, the system will prompt you to select the EVENT i.e. PENNAR INDUSTRIES LIMITED.
- On the voting page, the number of shares (which represents the number of votes) held by you as on the

cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN', in which case, the shares held will not be counted under either head.

- ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- x. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- xi. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through email at subbok@gmail.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'BFL_EVENT No.'
- xii. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin on 1800 309 4001 (toll free).

A. Voting at e-AGM

- i. Only those members/shareholders, who will be present in the e-AGM and who have not cast their vote through remote e-voting and are otherwise not barred from doing so are eligible to vote.
- ii. Members who have voted through remote e-voting will still be eligible to attend the e-AGM.
- iii. Members attending the e-AGM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
- iv. Voting at e-AGM will be available at the end of the e-AGM and shall be kept open for 15 minutes. Members viewing the e-AGM, shall click on the 'e-voting' sign placed on the left-hand bottom corner of the video screen. Members will be required to use the credentials, to login on the e-Meeting webpage, and click on the 'Thumbs-up' icon against the unit to vote.

B. Instructions for members for attending the e-AGM

- i. Members will be able to attend the e-AGM through VC/OAVM or view the live webcast of e-AGM provided by KFin at <https://emeetings.kfintech.com> by using their remote e-voting login credentials and by clicking on the tab "video conference". The link for e-AGM will be available in members login, where the EVENT and the name of the Company can be selected.
- ii. Members are encouraged to join the meeting through devices (Laptops, Desktops, Mobile devices) with Google Chrome for seamless experience.
- iii. Further, members registered as speakers will be required to allow camera during e-AGM and hence are requested to use internet with a good speed to avoid any disturbance during the meeting.
- iv. Members may join the meeting using headphones for better sound clarity.
- v. While all efforts would be made to make the meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may at times experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.
- vi. Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting the URL <https://emeetings.kfintech.com/> and clicking on the tab 'Speaker Registration' during the period starting from 25.09.2024 (9:00 a.m.) up to 26.09.2024 (5:00 p.m.). Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the e-AGM. Only questions of the members holding shares as on the cut-off date will be considered.
- vii. A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL <https://emeetings.kfintech.com/>, under the "How It Works" tab placed on top of the page.
- viii. Members who need technical assistance before or during the e-AGM can contact KFin at emeetings@kfintech.com or Helpline: 1800 309 4001.

Procedure for Registration of email and Mobile: securities in physical mode

Physical shareholders are hereby notified that based on SEBI Circular number: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37, dated 16th March, 2023, all holders of physical securities in listed companies shall register the postal address with PIN for their corresponding folio numbers. It shall be mandatory for the security holders to

provide mobile number. Moreover, to avail online services, the security holders can register e-mail ID. Holder can register/update the contact details through submitting the requisite ISR 1 form along with the supporting documents.

ISR 1 Form can be obtained by following the link: <https://ris.kfintech.com/clientservices/isc/default.aspx>

ISR Form(s) and the supporting documents can be provided by any one of the following modes.

- a) Through 'In Person Verification' (IPV): the authorized person of the RTA shall verify the original documents furnished by the investor and retain copy(ies) with IPV stamping with date and initials; or
- b) Through hard copies which are self-attested, which can be shared on the address below; or

Name	KFIN Technologies Limited
Address	Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana India - 500 032.

- c) Through electronic mode with e-sign by following the link: <https://ris.kfintech.com/clientservices/isc/default.aspx#>

Detailed FAQ can be found on the link: <https://ris.kfintech.com/faq.html>

For more information on updating the email and Mobile details for securities held in electronic mode, please reach out to the respective DP(s), where the DEMAT a/c is being held.

As an ongoing endeavour to enhance Investor experience and leverage new technology, our

registrar and transfer agents, KFIN Technologies Limited have been continuously developing new applications. Here is a list of applications that has been developed for our investors.

Investor Support Centre: A webpage accessible via any browser enabled system. Investors can use a host of services like Post a Query , Raise a service request , Track the status of their DEMAT and REMAT request , Dividend status , Interest and Redemption status , Upload exemption forms (TDS) , Download all ISR and other related forms.

URL: <https://ris.kfintech.com/clientservices/isc/default.aspx>

eSign Facility: Common and simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and Nomination requires that eSign option be provided to Investors for raising service requests. KFIN is the only RTA which has enabled the option and can be accessed via the link below.

<https://ris.kfintech.com/clientservices/isr/isr1.aspx?mode=f3Y5zP9DDNI%3d>

KYC Status : Shareholders can access the KYC status of their folio. The webpage has been created to ensure that shareholders have the requisite information regarding their folios.

URL: <https://ris.kfintech.com/clientservices/isc/kycqry.aspx>

KPRISM: A mobile application as well as a webpage which allows users to access Folio details , Interest and Dividend status, FAQs, ISR Forms and full suite of other investor services.

URL: <https://kprism.kfintech.com/signin.aspx>

Explanatory Statement

[pursuant to Section 102(1) of the Companies Act, 2013]

Item # 3 Approval for payment of remuneration to the Cost Auditors for the financial year ending 31st March, 2025

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the M/s. Kandikonda & associates., Cost Accountants (Registration No. 101361) to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2025 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. 3 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2025.

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 # 4 Creation of charges

The Company requires to borrow funds from time to time to meet both its short term and long terms business objectives, from various external agencies like banks, financial institutions, bodies corporate, individuals or other kind of lenders. According to section 180 (1) (c) of the Companies Act, 2013, the total amount of such borrowings as well as the outstanding at any time cannot exceed the aggregate of paid up capital and free reserves of the Company, except with the consent of the members. The company felt that the said limit is not adequate and needs enhancement, accordingly the resolution having no. 4 has been proposed to increase the limits of borrowing to Rs. 2,000 Crore.

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 # 5 Authority to borrow in excess of paid-up capital and free reserves

Through the proposed resolution it is sought to grant authority to the Board of Directors to secure the borrowings, if required, by creating charge/mortgage on the assets of the Company. The existing authority is derived from the earlier resolution. Since it is not practical to seek general meeting's approval every time a loan is sanctioned, it is proposed to obtain a blanket approval to secure the properties for the loans sanctioned within the limits of Rs. 2,000 Crore, as stated in the previous item. Even though section 180 (1) (a) refers to sale, lease or disposal of the whole or substantially whole of the undertaking of the Company, creating mortgage or charge on the assets give a right to the lender to take possession of or own the said properties in certain events, such creation of charge/mortgage in way constitutes sale or disposal of the undertaking of the Company. Therefore a resolution under Section 180 (1) (a) is required for this purpose.

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.

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

Mirza Mohammed Ali Baig

Company Secretary & Compliance Officer
ACS 29058

Place : Hyderabad
Date : 12.08.2024

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 31st March, 2024	Chairman of the Committee of other companies on which he/she is a director as on 31st March, 2024	Member of the Committee of other companies on which he/she is a director as on 31st March, 2024	No. of Meetings attended during the year	No of Shares held by them in the Company as on 31st March, 2024	Relationship between Directors inter-se
Potluri Venkatewara Rao	15.08.1959	30.03.2016	B. Tech (Civil Engineering)	Sales & Marketing, Industry Experience, Technical, Research & Development and Innovation, Global Business Development, Finance Management	- Seetakrishna Agriexports Private Limited - Bright Star Steels Private Limited - VP Synergic Weld Solutions Private Limited	Nil	Nil	4	2,27,360 Equity Shares of Rs. 5/- each.	Not related to any other Director / Key Managerial Personnel



2-91/14/8/PII/10 & 11, 7th Floor, Whitefields,
Kondapur, Serilingampally, Hyderabad,
K.V.Rangareddy - 500084

www.pennarindia.com

