

Letter No. PIL/AGM/outcome/2023/03

Date : 30.09.2023  
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>
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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 2022-23, 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 30<sup>th</sup> September, 2023 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

## **PENNAR INDUSTRIES LIMITED**

**Corporate Office & Works :** IDA, Patancheru - 502319, Sangareddy District, Telangana State, INDIA.

**Tel :** +91 8455 242184 to 242193, **Email :** corporatecommunications@pennarinda.com, **Website :** www.pennarindia.com

**Regd. Office:** 3rd Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500084, Telangana, INDIA.

**Tel :** +91 40 41923108

**CIN No:** L27109TG1975PLC001919

# FROM STRENGTH TO STRENGTH



**Taking our engineering  
excellence to new heights**

**Pennar Industries Limited**

Annual Report 2022-23

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#### Forward-looking statements

Some information in this report may contain forward-looking 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. Forward-looking 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.



Scan the QR code to know more about us



To know more about us visit our website:

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

For the last four decades,  
we have witnessed an  
incredible journey of growth  
– evolving into a diversified  
engineering business with  
interests and expertise  
across various sectors.

# FROM STRENGTH TO STRENGTH

**With a consistent focus on taking our engineering excellence to new heights, we have relied on innovation, cutting-edge technology and our state-of-the-art manufacturing capabilities to deliver advanced products and solutions that meet evolving market demands.**

**We also take great pride in our transition from being known only as a steel company to becoming a diversified precision engineering Company with**

**different verticals, operating under a unified identity. Our pioneering role in this segment has been largely backed by a talented team of experts. The relentless efforts of our people have improved our proficiency and has driven favourable business outcomes.**

**Today, Pennar has accomplished several milestones, established operations in different geographies and cemented its foothold with engineering brilliance – growing strength to strength in a dynamic business environment.**

# Keeping engineering excellence at the core

Since our inception in 1988, Pennar Industries has established a strong foothold with a diversified presence across Infrastructure, Automobiles, Power, General Engineering, Building & Construction and other sectors. Driven by a relentless pursuit for perfection, we are renowned for our engineering excellence.

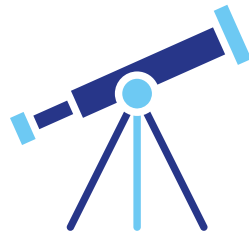
We started with a single manufacturing facility in Isnapur, Hyderabad. Ever since, we have remained focused on delivering unique and innovative engineering solutions. It has also enabled us to scale new heights of success with our expertise in precision engineering. Through strategic acquisitions and expansion, we have established a global footprint with 10 ISO-certified manufacturing facilities, consistently fulfilling evolving customer requirements.





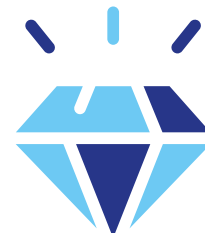
## Mission

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.



## 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.



## Values

- Inclusion & Collaboration - Learning,
- Development & Digitisation - Innovation,
- Communication & Transparency People Centred,
- Customer Focused & Growth Oriented - Pride & Ownership - Engineering Excellence

## Key highlights

**45+**

Years of experience

**1,000+**

Engineered products

**500+**

Clients across industries

**13**

Manufacturing plants

**4500+**

Employees

# Chairman-Emeritus' Message



Our expansion plan includes the integration of additional Hot Stamping (HPS) presses to enable the in-house stamping of larger parts.



## Dear Shareholders,

I hope this letter finds you in the best of spirits. It is both a privilege and responsibility to present a comprehensive overview of our performance for the financial year 2022-23.

The past year has been one of substantial growth and advancement for Pennar Industries. I am thrilled to report a dramatic surge in our total revenue and profitability. We registered a total revenue of ₹ 2,89,462 lakhs in FY 2022-23, up from ₹ 2,26,575 lakhs in FY 2021-22. Our PAT stands at ₹ 7,543 lakhs, which has increased from ₹ 4,191 lakhs last year.

Such milestones are not achieved overnight but are the cumulative result of consistent efforts, strategic decision-making and unwavering dedication of our talented workforce. Our stakeholders, partners, and customers have played an integral role in this journey, and I extend my heartfelt gratitude to all of them.

A critical metric of any organisation's financial health is its capital efficiency, and I am pleased to inform you that we have made significant strides in this area. Through meticulous planning, stringent cost controls, and optimised resource allocation, we have elevated our capital efficiency, ensuring that every investment made is judicious and yields substantial returns. This not only strengthens our financial position but also reinforces the trust you, our esteemed shareholders, place in us.

As we celebrate our accomplishments, we remain keenly focused on the future. Our strategic roadmap for the upcoming five years is robust and ambitious. Pennar Industries is poised to scale rapidly, and our growth



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will be powered by a multifaceted strategy that revolves around our key growth vectors:

**1. Pre-engineered Buildings:** As urbanisation and infrastructure projects gain momentum, the demand for pre-engineered buildings is increasing. Leveraging our expertise and technology, we aim to cater to this demand efficiently and innovatively.

**2. Hydraulics Systems:** Hydraulics play a pivotal role in various industrial applications.

Recognising this, we are investing in research, development and capacity expansion to capture a larger market share.

**3. Boilers and Industrial Equipment:**

The industries we serve are expanding, and so is the need for boilers and specialised industrial equipment. Our commitment is to provide superior quality products that resonate with our customers' requirements.

**4. Engineering Services:** Engineering is at the core of what we do.

By continuously upgrading our skills and adopting the latest technologies, we are set to offer superior engineering services that set industry benchmarks.

**5. Precision Tubing:** As industries evolve, the requirement for precision and specialisation grows. Our foray into precision tubing is aligned with this demand, and we are gearing up to be leaders in this segment.

**6. BIW business:** Stringent global emission regulations are pushing the automotive industry to reduce the weight of vehicles while maintaining uncompromised crash safety standards. This emphasis on safety has significantly propelled advancements in Body in White (BIW) technology on a global scale.

Our strategic direction involves an ambitious expansion of our

BIW business by introducing automation to new hot stamping lines and incorporate laser machines into our operations which will help us to gain a competitive edge within India and internationally.

### Looking ahead

Our growth vectors are not just business verticals; they are a testament to our adaptability, foresight, and commitment to excellence. We understand the changing dynamics of the market and are proactively positioning ourselves to seize the opportunities that emerge from these changes.

The road ahead is filled with promise. With our combined strength, dedication and vision, I am confident that the ensuing years will witness Pennar Industries scaling greater heights. Your trust fuels our passion, and together, we will create a legacy of success and innovation.

Once again, I thank you for your unwavering faith in us and look forward to achieving many more milestones together.

Warm regards,

**Nrupender Rao**

Chairman – Emeritus, Pennar Industries



# Vice Chairman and Managing Director's Message



//

We have secured a place as one of the top 1,000 companies in India in terms of market capitalisation, and I would like to thank all our stakeholders for being a part of our incredible journey.

//

## Dear Shareholders,

As we reflect on our accomplishments over the last year and plan for the future, it is critical that we reiterate the values, objectives, and development drivers that govern our Company.

### What we aim to achieve

At Pennar, we remain committed to a clear and aspirational vision: to be a diversified engineering firm that underpins global growth and productivity. We seek to drive impactful change in industries and communities through our cutting-edge manufacturing and innovative engineering design solutions. As we grow, we take great satisfaction in our contributions to the global industrial ecosystem and our role in creating the future of engineering.

### Diverse presence across sectors

Over the years, our strategic investments and operational decisions have enabled us to create a robust presence across a range of industries. Our footprint is both wide and deep,

including automotive, aircraft, trains, and renewable energy in the form of solar power, as well as infrastructure and specialised engineering services. Each sector we operate in represents our commitment to enhancing efficiencies, fostering innovation, and pushing the boundaries of what is possible.

### A global enterprise

Pennar's horizons extend beyond our home ground. In addition to our strong base in India, we have effectively stretched our wings across international terrains, establishing revenue streams along with significant manufacturing assets in countries such as the United States, France, and Germany. This global reach not only reflects our agility and operational excellence, but also



our intent to be connected to our customers, understand local markets, and tailor our offerings accordingly.

### Financial performance

Our revenue and profitability have grown significantly over the last year, with most of our businesses growing steadily.

During FY2023, we witnessed strong financial growth with a revenue of ₹ 2,89,462 lakhs. Our EBITDA improved by 8.7% margin reaching to ₹ 25,462 lakhs. Our PAT improved from ₹ 4,191 lakhs to ₹ 7,543 lakhs, a rise of 2.58% in the PAT margin. We have also significantly improved our ROCE and ROE. Our ROCE has reached to 6.44% and ROE to 9.96% from 4.91% and 5.85% respectively from the last fiscal year. The strategic investments made in PGI are yielding significant returns, as seen by the robust growth in both revenue and profitability.

### Prudent deployment of resources

For Pennar, success is multi-dimensional. While growth in revenue and profitability remains pivotal, our assessment matrix goes beyond. We keep a vigilant eye on capital efficiency, ensuring that our resources, both financial and operational, are deployed judiciously, yielding maximum returns and ensuring sustainable growth.

### FY2023 at a glance

The PEBS business has gained significant market momentum, ending the year with an exceptional order book, thus setting a new record. We are anticipating substantial expansion in the division in the forthcoming year. Our manufacturing footprint in Europe has been firmly established through the strategic acquisition of Cadnum.

In line with our business growth, the United States remains a pivotal region for our expansion, and we persistently enhance our footprint to capitalise on the emerging opportunities.

### Staying relevant over time

While expansion is an important aspect of our journey, what truly sets Pennar apart is our commitment to specialisation. We invest in products, technology and skills that are not fleeting trends but remain meaningful to our customers in the long run. This strategic alignment ensures that we are not just contemporary but relevant.

### Future growth trajectories

Our current growth vectors exemplify our diversified yet specialised approach. Be it pre-engineered metal buildings, hydraulic cylinders, boilers + process equipment, precision tubing, Body-In-White automotive components, or our expansive engineering services, each vertical resonates with our brand ethos of innovation, efficiency, and quality. With meticulous planning and execution, we envision maintaining and exceeding our current growth rates. Collectively, our endeavours are directed towards enhancing our business operations to effectively serve the railway and MMS sectors.

### Looking ahead

We have secured a place as one of the top 1,000 companies in India in terms of market capitalisation, and I would like to thank all our stakeholders for being a part of our incredible journey. Our shareholders, clients, partners, and dedicated workforce form the bedrock of Pennar's success. Your belief in our vision, mission and values drives us to aim higher, work harder, and

deliver more. I extend my deepest gratitude to each one of you and promise that we will continue to uphold the benchmarks of excellence that you expect from us. Together, we will scale new heights.

Warm Regards,

### Aditya Rao

Vice Chairman and  
Managing Director,  
Pennar Industries

# Whole-time Director's Message



## Dear Shareholders,

The last fiscal year has been a year of remarkable achievements for Pennar Industries. While we remained steadfast on our growth path, we were also determined to strengthen our legacy of engineering excellence. Today, we are ranked among the top 1000 companies in India, in terms of market cap – an achievement that is a clear reflection of our stellar performances over the years.

With over 40 years of industry experience, we continue to uphold our strong designing and manufacturing capabilities to produce customised engineering products for a diverse clientele. It has fortified our presence in a competitive landscape and consistently reiterates our commitment to innovation and excellence.

## Poised for growth

Pennar, today, is a global entity with presence in countries such as the United States, Germany and France. It has allowed us to secure steady revenue streams and build motivated teams in different geographies to cater to the unique demands of customers. Along with a focus on improving our engineering expertise, we are adopting state-of-the-art technology to bolster our operations. With the growing usage of big data analytics, Value Analysis and Value Engineering (VAVE), Predictive Maintenance, AR & VR solutions, we have brought about significant changes to our day-to-day operations. It is also empowering us to deliver new-age solutions and strengthen the foundation of a future-focused organisation.

## Strengthening our people power

We believe, an empowered workforce is integral to our success. As a people-centric organisation, we strive to ensure employee welfare, nurture talent and offer multiple avenues of growth. Through focused training and development programmes, we

continue to encourage our people to acquire and upgrade their skill sets.

Besides, we lay a strong emphasis on promoting a safety culture and reaffirm our commitment to the ideal of zero workplace injuries. To improve HSE performance, we have a comprehensive Safety Training Programme to educate our employees and help them understand its importance. We also follow a strict PPE usage policy across our manufacturing plants and have SOPs to minimise safety hazards.

## Building a sustainable organisation

Sustainability remains at the core of our strategic efforts. It empowers us to adopt environment-friendly processes across our operations to minimise effluent discharge. We also continue to adhere to regulatory norms for reducing water and air pollution. Our waste water recycling plant also plays a pivotal role in conserving water.

At the same time, we recognise our responsibility towards communities. We continue to engage in education and skill development initiatives to empower people and make a lasting difference to society.

## Future focus

As we look forward to build a futuristic organisation, we intend to increase investments for technology adoption, develop state-of-the-art manufacturing facilities and focus on high-growth sectors of the Indian economy. Carrying forward our engineering brilliance, we are now determined to improve our proficiency and scale new heights of success.

Warm Regards,

**KL Kumar**

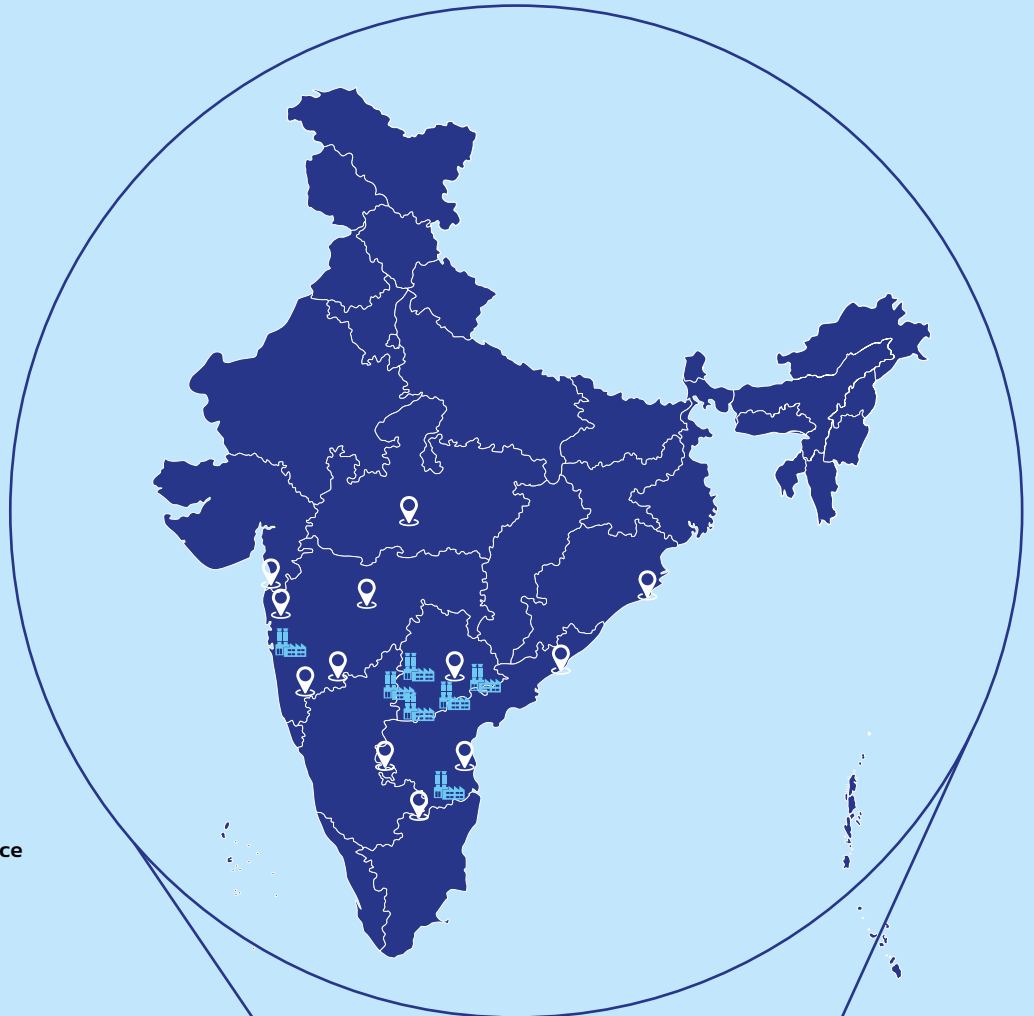
Whole-time Director, Pennar Industries



# Wide geographical reach

## Major location

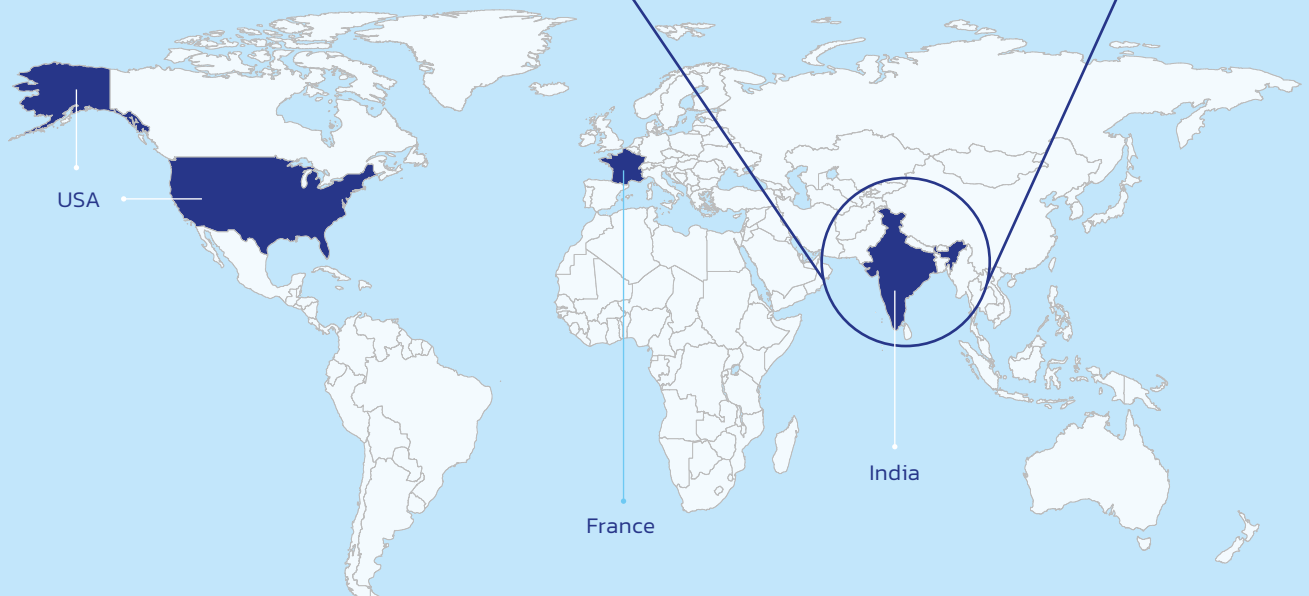
- Patancheru, Telangana
- Chennai, Tamil Nadu
- Isnapur, Telangana
- Velchal, Telangana
- Tarapur, Maharashtra
- Sadashivpet, Telangana
- Trichy, Tamil Nadu
- Mallapur, Hyderabad
- Tennessee, USA
- Chicago, USA
- France



Sales Network Presence



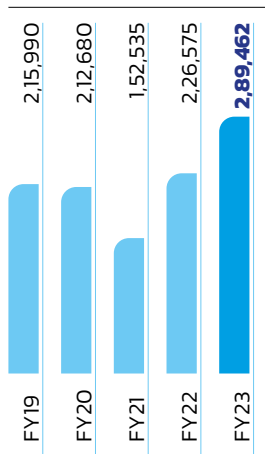
Manufacturing Plants



# Financial Highlights

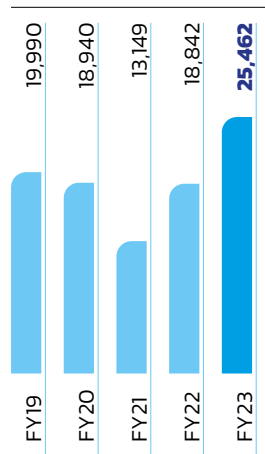
## Revenue

(₹ in lakhs)



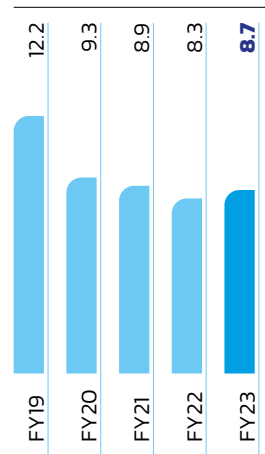
## EBITDA

(₹ in lakhs)



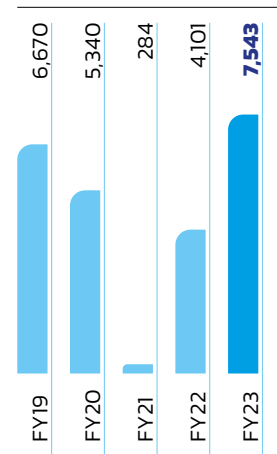
## EBITDA Margin

(in %)



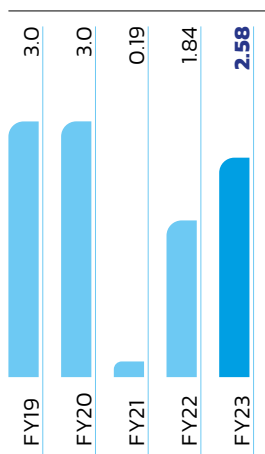
## PAT

(₹ in lakhs)



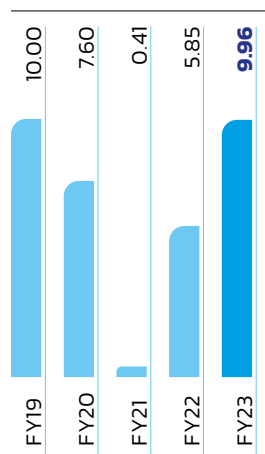
## PAT Margin

(in %)



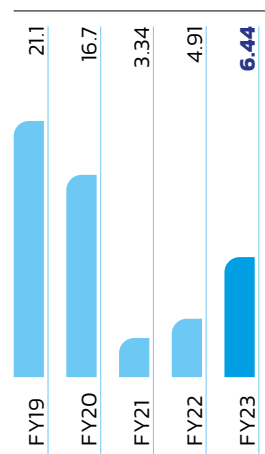
## ROE

(in %)



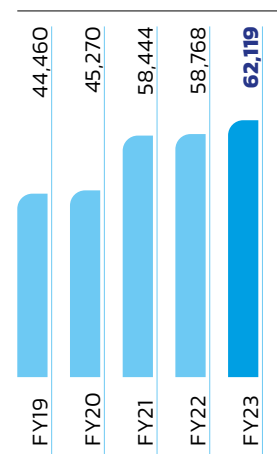
## ROCE

(in %)



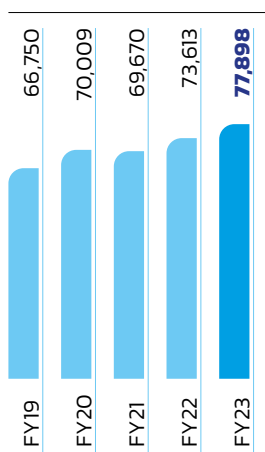
## Liabilities

(₹ in lakhs)



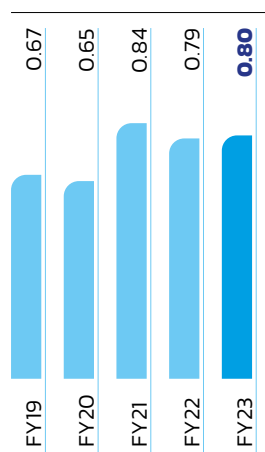
## Equity

(₹ in lakhs)



## Debt/equity

(in times)





# Our distinctive advantage

## Foray in growth-focused sectors

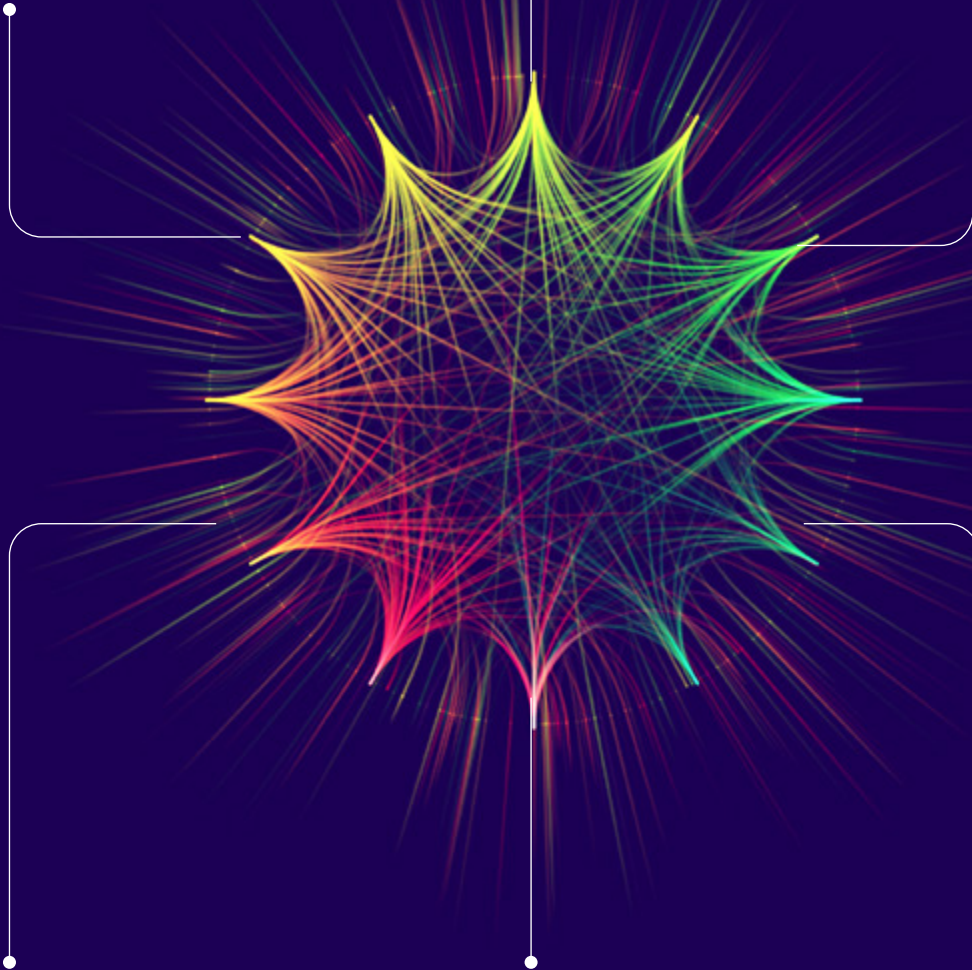
We serve clients from high growth sectors of the Indian economy such as infrastructure, railways, construction and automobiles. With growing investments in these sectors, it is expected to unlock numerous opportunities for engineering excellence and thereby contribute to our growth.

## Diversified product mix

Our portfolio, comprising of more than 1,000 products, serves the unique needs of industries such as automotive, general engineering, building and construction. This creates a diversified revenue stream for the Company and keeps it insulated from uncertainties in the market.

## Technology-driven approach

Our state-of-the-art manufacturing facilities are equipped with laser cutting, plasma cutting, transfer presses and CNC machines. It enables us to manufacture customised and technologically fortified products for various industries.



## Visionary leadership

With a visionary leadership at the helm, we offer a unique combination of talent and expertise that helps to shape the trajectory of a future-focused organisation. Our Board enables us to take informed decisions and create a value accretive business for diverse stakeholders.

## Emphasis on quality

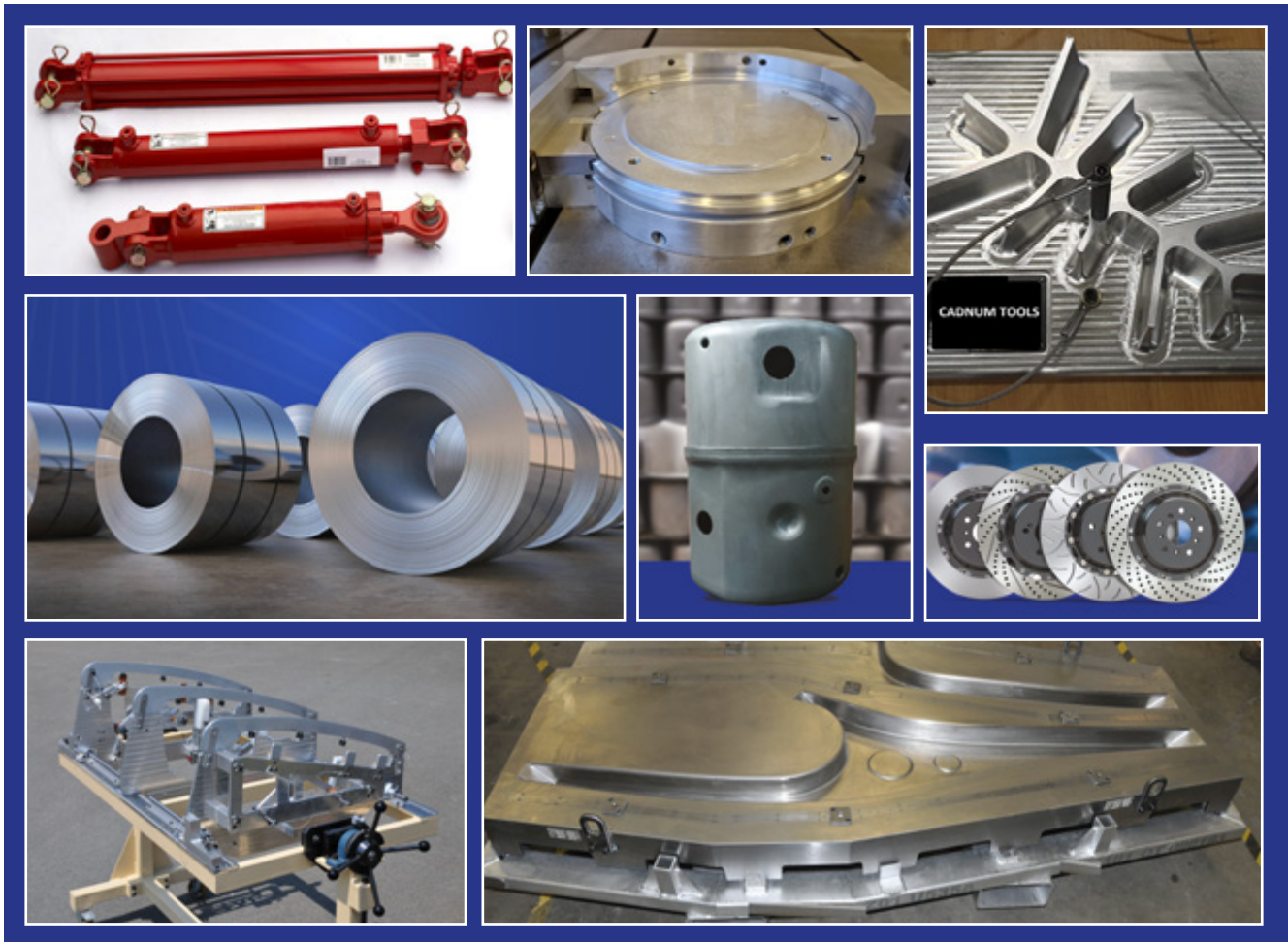
We strive to abide by the highest standards of quality for products manufactured at our facilities. Our plants are ISO 9001:2008 certified and we follow stringent quality control procedures to ensure customer satisfaction.

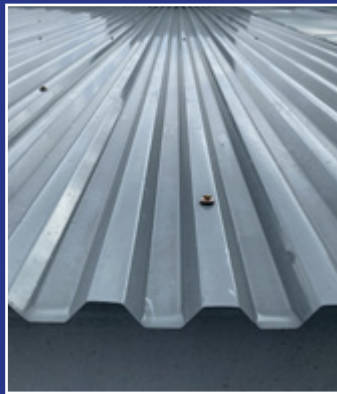
## People power

We have a team of highly talented professionals that is dedicated to lead the way with our inherent quest for engineering excellence.

# A diverse portfolio of advanced products

At Pennar, we have a diverse portfolio of products that showcase our engineering brilliance. With a strong focus on precision, quality and the use of advanced technology, we continue to meet evolving market demands.











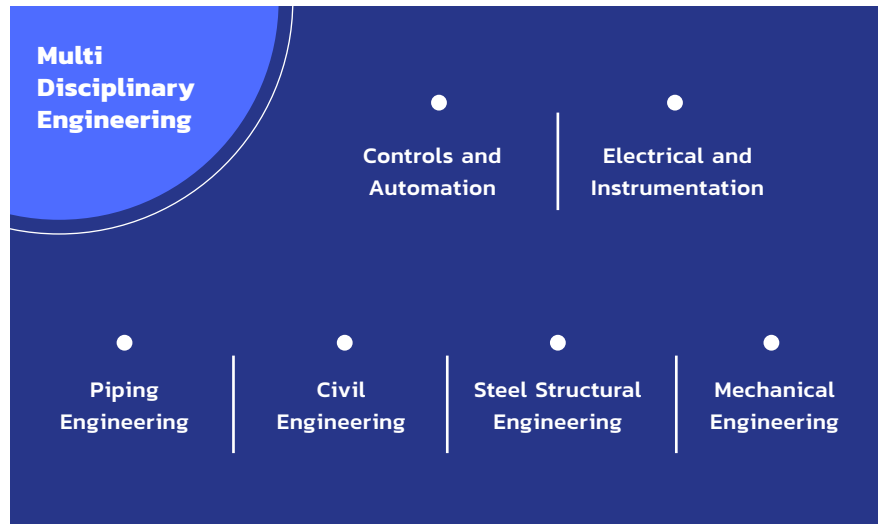
# Enabling engineering excellence

Our cutting-edge engineering services and solutions reiterate our commitment to excellence and innovation.

## Engineering services

We take pride in our role as pioneers in the realm of MODULARISATION, a potent force that reshapes industries. We use the most recent versions of Tekla Software, AutoCAD, and customer-proprietary software to provide a full line of detailing services that are quick and error-free.

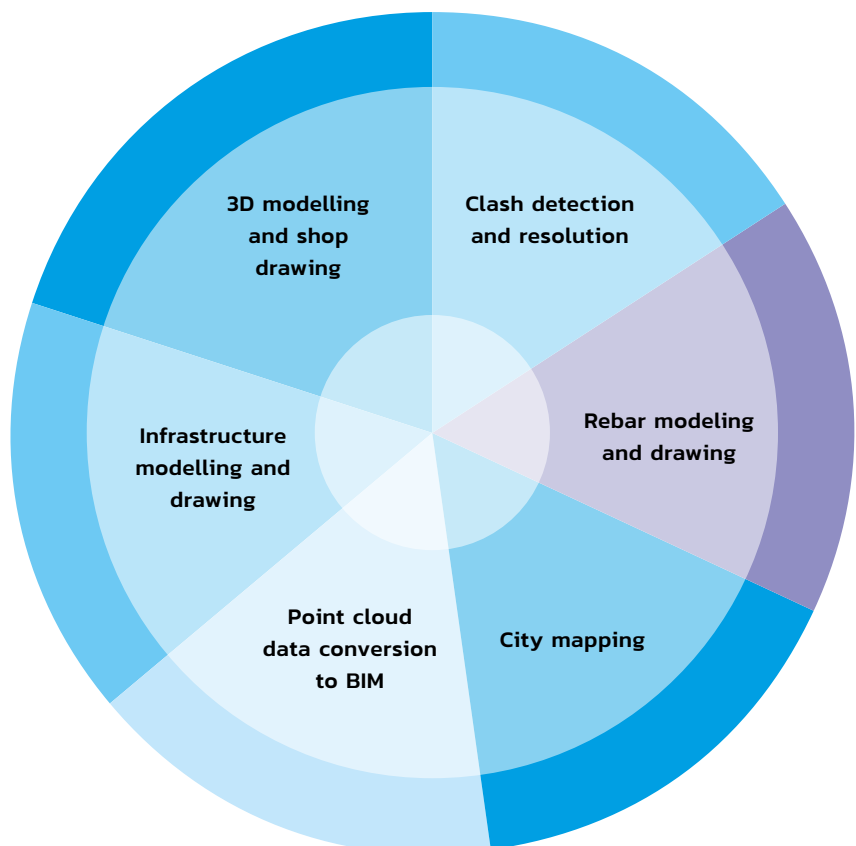
With a dedicated focus on multi-disciplinary engineering design solutions and services, we strive to utilise our expertise, innovation and technological capabilities to pave the way for a sustainable future.



## Building information modelling BIM services

Our meticulous attention to detail strengthens the foundation of our construction projects. We weave intricate details and specifications into our plans to align them with construction blueprints. Our process involves categorisation of critical processes, raw materials, and resources, enabling us to create comprehensive digital models of proposed structures. We also harness the power of CAD software to design intricate Building Information Models (BIM) with multidimensional representations.

The building information modelling service encompasses Layout and Concept design, 3D and 2D Design, Simulation, Failure mode and effect analysis, Cycle time calculations, Robotic simulation, Engineering calculations, and thorough documentation. Our solutions continue to serve global OEMs, delivering Instrument panels, Door trims, Centre consoles, and Pillar trims.



# Our Projects

## Pre-Engineered Buildings

Reiterating our focus on engineering expertise, we have introduced a highly advanced product, Pre-Engineered Buildings. It has proved to be an excellent example of architectural brilliance. Utilised for various structural applications for industrial, commercial and institutional purposes, it reflects the distinct requirements of every project. The design focuses on meeting client specifications and our engineering expertise has enabled us to set new benchmarks with the unique designs of our Pre-Engineered Buildings.

## Our products in following sectors



Multistorey Buildings



Structural Steel & Bridge Girders



Transmission & Telecom Towers



Modular Solutions



Engineering Services



7 Wadi (1)



MH-1979-A01 LODHA,MUMBAI



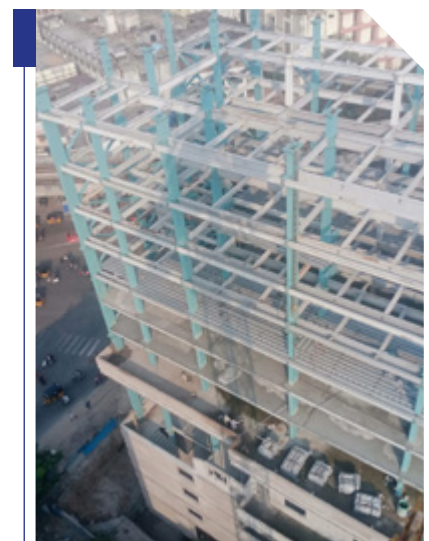
Indospace 1960 B100 ext view 1



MH-1903 KAPL,SOLAPUR-1



9 ATC-Night Light



Novum Nampally



MH-1903 KAPL,SOLAPUR-1

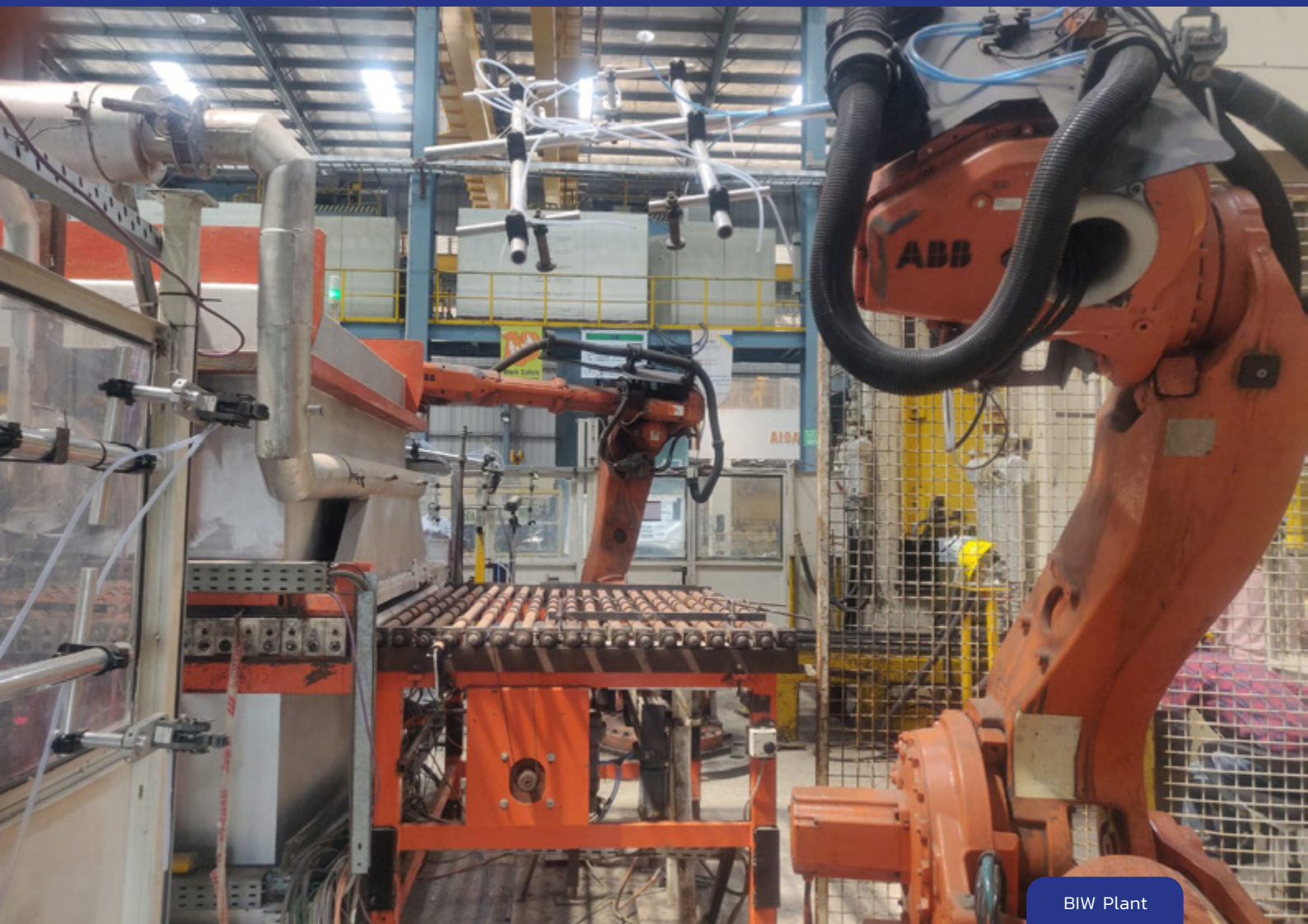


### Ascent Building Systems - Projects





Solar Modules Plant



BIW Plant

# Our Subsidiaries – Building on a legacy of innovation and engineering expertise

Carrying forward our legacy of engineering excellence, our subsidiaries are equipped to set new standards of excellence and introduce innovative solutions for diverse sectors. Our collective expertise plays a pivotal role in our success in a dynamic business environment.

## **Pennar global**

Pennar Global Inc (PGI) is headquartered in Houston, USA. Its operations extend across the United States of America to deliver a wide array of products including Hydraulics, Precision Tubes, and engineering services. We have established a cutting-edge Pre-Engineered Building (PEB) manufacturing facility in Portland, Tennessee. This strategic move enables us to create and distribute metal buildings of exceptional quality throughout the USA. Our robust distribution network ensures the seamless supply of our diverse product offerings, embodying a commitment to excellence and innovation.

## **Pennar GMBH**

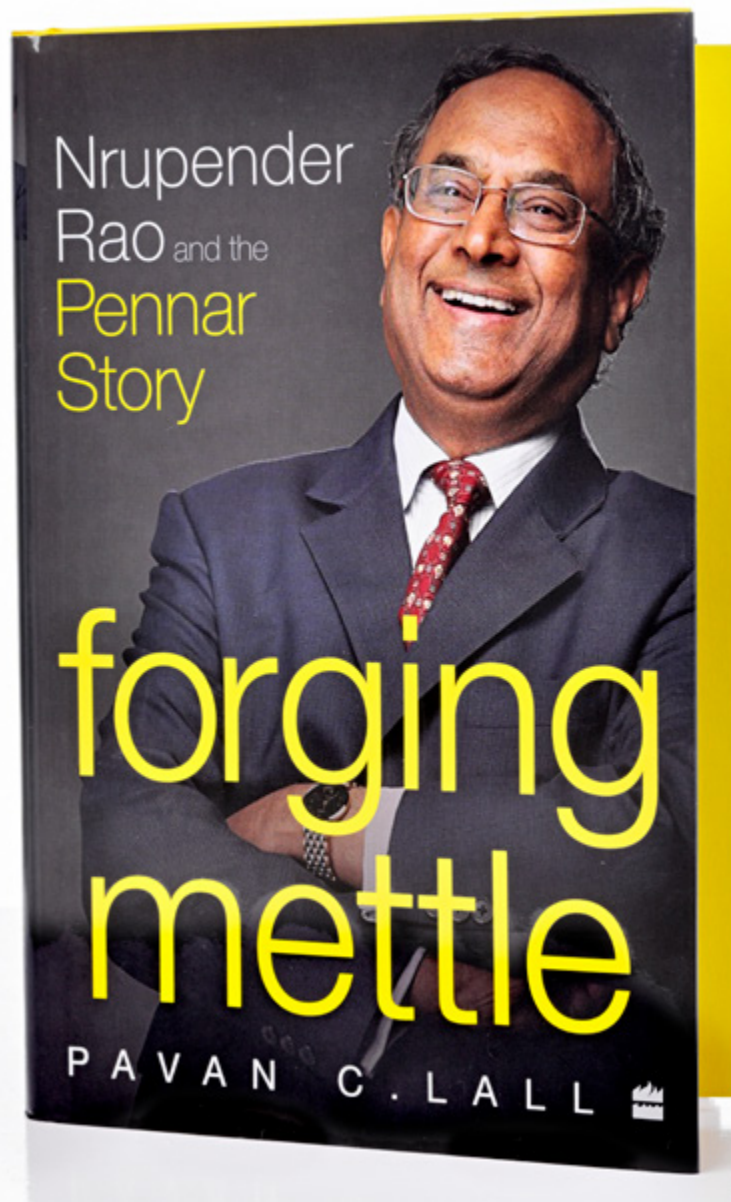
Headquartered in Bad Homburg, Germany, Pennar GmbH delivers engineering services to our clients in Europe. We cater to the Aerospace, Automotive, Energy, Oil & Gas, Building, and Infrastructure sectors. With a steadfast commitment to excellence, Pennar GmbH is poised to become a beacon of ingenuity, offering bespoke products and services that address the dynamic demands of these industries.



# Forging Mettle

Pennar Industries recently hosted a book launch event to introduce a biography focused on our Chairman, Mr. Nrupender Rao, as well as the history of the company. The book provides a detailed account of key milestones that have contributed to Pennar Industries' success in a competitive market. The content highlights the company's consistent growth, innovative capabilities, and commitment to excellence. Mr. Nrupender Rao personified the principles of ethical leadership and entrepreneurship and through this book, the author Pavan Lall has captured our Chairman's message to young entrepreneurs and leaders.

Subsequently, a panel discussion, graced by industry luminaries, centred on cultivating principled and sustainable businesses in India's landscape. This event encapsulated insightful discussions, enriching the discourse on ethical entrepreneurship, environmental integration, and inclusive growth, reflecting a commitment to a progressive and conscientious future for Indian business endeavours.



**Note from  
Nrupender Rao**

I believed in entrepreneurship as a way to resolve national and global problems and viewed it as the mechanism to revolutionise job creation, standard-of-living rise, productivity growth and technological evolution. It is at the core of me to constantly encourage young people to think big.

My grounding in the teachings of Shri Ramakrishna and Swami Vivekananda led me to be a proponent of six values:

**1**

You are not limited and can accomplish anything that you want to set your mind to. You are the creator of your own destiny.

**2**

Hold all human beings in high esteem just as you would want to be held in high esteem, because all human beings—irrespective of religion, caste, creed or social and financial position—are worthy of respect.

**3**

Be strong and fearless. Believe that strength is life and weakness is death. Achieving excellence in all we do is the standard we must all strive towards.

**4**

To achieve your goals, you must follow the path that is right and truthful, even if it is difficult. Following the wrong path will not allow us to achieve the right results. Your motto must be 'Satyameva Jayate'.

**5**

Success belongs to the team. Work with your colleagues in a spirit of equality and cooperation. Leave no place for jealousy or envy.

**6**

Work hard with shradhha in your work. Your sadhana will be to be the best in whatever you do. In Swami Vivekananda's words, 'arise, awake and stop not till the goal is achieved'.

I want my life and experience to illustrate one truth: perseverance and determination are critical to achieving our dreams. When we set our sights on achieving great things, it is inevitable that we will slip and fall. I believe that in the face of boundless adversity and an ocean of rejection, you have to find it within yourself to stand up and keep fighting for your dreams. Anyone who decides to not give up and persist is ultimately destined to win.





# Tech Pennar firms up strategy to grow multi-fold in 3 years



**Mr. Suman Kottapeta V.**  
Business unit head of Tech Pennar Division shares

//  
During the financial year 2022-23, Tech Pennar recorded an overall 148 % growth, year on year (YOY) with an export revenue of 94%. The overall growth strategy aimed to create a launch pad with 4 sustainable delivery verticals went as planned. We are now heading towards widening the addressable markets starting from FY24 with the same value proposition that we made inroads with and make a sustainable revenue bubble by making our business model the key. //

Tech Pennar, part of the \$360 million Pennar Industries Limited (PIL), is a specialised engineering solutions provider with offices in India and Germany. The company has firmed up a 3-year strategy to grow Tech Pennar by 100% in revenues. It has incorporated a flexible business model to drive its growth. Tech Pennar is focused on building and operating a borderless system across the globe.

To achieve this, Tech Pennar has forged strong partnerships and collaborations with top players across the industries such as Energy, Carbon-neutral giants, AEC-Construction, Automobile, infrastructure and other process-based industries. It also draws on its strength of around 650+ engineers working across 3 delivery centres in India with commercial offices in Germany, USA, Norway, and Dubai.

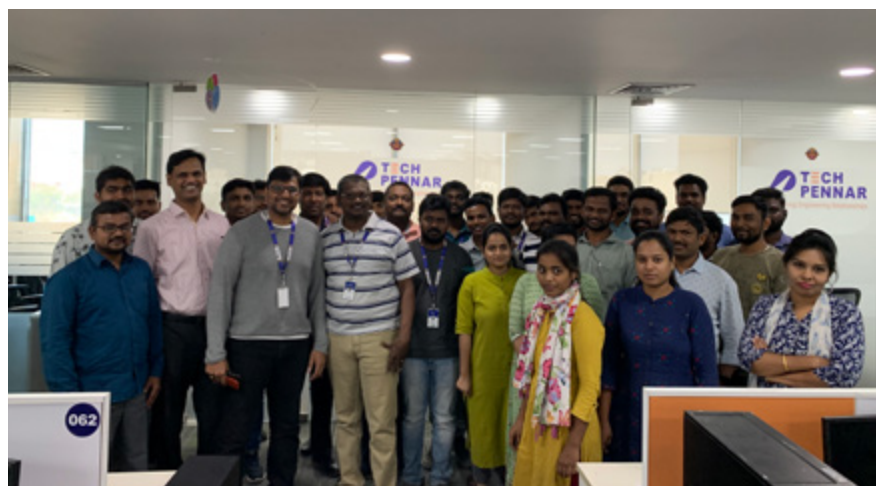
With a motto of establishing engineering relationships, the company has been providing solutions and services in the space of product engineering services, plant engineering services, manufacturing engineering (BIW) & product development, digital consultancy, value-added solutions, Building Information Modelling (BIM), structural engineering for pre-engineered buildings, controls and industrial automation solutions and others.

Tech Pennar has been part of global projects that have been constructed with its multi-disciplinary ASMEPF

(architectural, structural, mechanical, electrical, plumbing and fire safety) offerings in the space of Construction BIM, Scan to BIM, City Mapping and Infrastructure BIM.

Tech Pennar is an ISO 27001:2013 certified (ISMS- Information Security Management System), TISAX (SM29Y1) certified, ISO 9001:2015, ISO 14001:2015 certified to comply with data security norms that our operations environment demands.

The company's cultural driven approach has made it what it is, and we call this PACES (Perception about Engineering | attitude to deliver | customer centric business models | ethical and transparent (Stand for People). This culture statement integrates our employees, sustainability norms, customers, and investors.



**Tech Pennar offers several specialised solutions. Some of which are the following:**



### **Product Engineering & Plant Engineering Services:**

- With an aggressively global carbon-neutral policies and new energy (generation, storage and transportation) demands MODULARISATION remains as the revolt and we are focused on serving this market segment with our offering as multi-disciplinary engineering design solutions and services.



### **Controls and Automation solutions and services:**

- Industrial digitisation is the key.
- Data digitisation with real time KPI monitoring of various industrial applications is the way we have been collaborating with our customers globally by adopting technological advancements in the market.



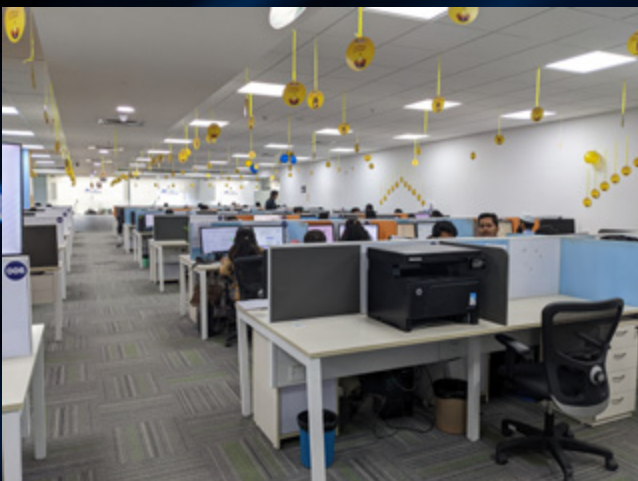
### **Manufacturing Engineering (BIW) & Product Engineering (PE)**

- Tech Pennar team has been offering integrated mechanical design solutions and services for line builders which are for semi / fully automated assembly line and manual assembly lines globally.
- Ergonomics with safety of assets/people has been our driving factor for offering layout design, concept design, design (3D + 2D), simulation, design failure mode and effect analysis, cycle time calculations, robotic simulation, engineering calculations and documentation.



### **Buildings Information Modelling (BIM) and Structural engineering services**

- We have been collaborating with key players of AEC industry right from General contractors, Architects, MEP contractors-consultants, fabricators, consultants, Pre-engineered metal building companies.
- We have been part of global marvels that have been constructed with our Multi-disciplinary ASMEPF (Architectural, Structural, Mechanical, Electrical, Plumbing and Fire safety) offerings in the space of Construction BIM, Scan to BIM, City Mapping and Infrastructure BIM.
- With multiple solutions offered to global OEM's by offering fixation concepts, close volumes, tooling feasibilities, concept design with modelling of aesthetic and structural plastic components and 2D preparations in the space of instrument panels, door trims, centre console and pillar trims we built many success stories.



# Focused on technological advancement

Our engineering expertise allows us to consistently focus on the development of technologically fortified solutions. The culmination of professional expertise and cutting-edge technology allows us to shape the future of engineering excellence. It also enables us to deliver new-age solutions that usher in transformations across industries. Going beyond conventional products and solutions, we continue to invest in future-ready digital solutions for our diverse clientele.

## Our solutions

- Application development
- Big data analytics
- Real-time analysis
- Predictive maintenance
- Quality Testing service
- Value analysis and Value engineering (VAVE)
- AR & VR solution for marketing collaterals





# Building an engaged and motivated workforce

The relentless efforts of our people have been instrumental in our growth and success. We, therefore, strive to create a conducive workplace, nurture talent and encourage professional growth and development.

## Recruitment and retention

We strive to attract and retain top talent while focusing on the development of a fair working environment where people can thrive and excel. As a vanguard in the engineering sector, it is essential for our people to enrol in training and development programmes and continuously engage in up-skilling efforts. It enables us to develop a future-ready workforce and efficiently align with evolving industry trends.

## Training and development

We facilitate the development of our workforce through enrolment in training and development programmes that refine managerial as well as technical proficiencies. Through meticulously structured and targeted initiatives, we focus on nurturing skills, fostering professional development and enhancing the capabilities of our people. It plays an integral role in seamlessly aligning the growth and development of our people with that of the Company.

## Employee engagement

We prioritise open channels of communication between employees and the management. It fosters mutual understanding and bolsters employee engagement initiatives. We understand that an empowered and informed workforce is key to collective success. Besides, we offer fair compensation and believe in creating equal opportunities for our people.

## Health and safety

Our paramount objective is the prevention of incidents and accidents stemming from abnormal operating conditions, as well as the mitigation of adverse effects resulting from routine operations. Health and Safety stand as our organisation's cornerstone, and we are resolute in our pursuit of this goal. To this end, we ensure that every employee is equipped with the requisite methods, tools, and Standard Operating Procedures (SOPs) to contribute to our collective success in this endeavour. We are steadfast in our commitment to creating a secure, thriving, and responsible environment for our employees, stakeholders, and the broader community we serve.



The Great Place to Work® Certification Program is the first step for our organisation on its journey of building a High-Trust, High-Performance Culture™ and we, as an organisation, have successfully accomplished this milestone.

## Our certifications

- Quality Management Systems – ISO 9001:2015
- Environmental Management Systems – ISO 14001:2015
- Occupational Health and Safety Management Systems – ISO 45001:2018
- Information Security Management Systems – ISO 27001:2013
- Welding Quality Management Systems – ISO 3834-2:2021
- Railway Welding Quality Management Systems – EN 15085-2:2020
- Automobile Quality Management Systems – IATF 16949:2016
- Aerospace Quality Management Systems – AS 9100:2016
- Railway Business Management Systems – ISO/TS 22163:2017

# Environment

We are committed to sustainable practices, Pennar Industries recognises that the health of the planet directly impacts the well-being of communities and industries alike.



Through our operations, we prioritise eco-friendly processes, resource efficiency, and waste reduction, contributing to a greener future. By consistently seeking innovative ways to minimise our environmental footprint, we set an example for responsible industrial practices that align with the preservation of our delicate ecosystem. We are certified for ISO 14001:2015 Environmental Management Systems through TUV NORD and have a keen focus on the environmental impact of our product and services.

Our efforts to protect and preserve flora and fauna, ensuring their well-being in every facet of our operations. Our practices encompass responsible agro-forestry, which aids in nurturing the environment while fostering economic growth. Additionally, our relentless dedication to conserving natural resources serves as a testament to our vision of a greener future. We contribute to vital initiatives, exemplified by our

support for the Clean Ganga Fund initiated by the Central Government. By participating in the rejuvenation of the revered river Ganga, we aim to restore its purity and vitality, thereby underscoring our unwavering commitment to maintaining the quality of soil, air, and water.



# Social

Our endeavours encompass a diverse range of initiatives aimed at uplifting lives and fostering sustainable development. From nurturing rural communities through innovative projects to enhancing the quality of life in slum areas, our dedication to social betterment knows no bounds. Moreover, our engagement in disaster management, encompassing relief, rehabilitation, and reconstruction, showcases our unwavering stance in times of crisis.



## Education

Our dedication to fostering education spans a wide spectrum, encompassing special education, vocational skill enhancement, and livelihood projects with a special focus on children, women, the elderly, and the differently-abled. We firmly believe that education transcends boundaries and unlocks potential, paving the way for individuals and communities to thrive. Through our multifaceted initiatives, we strive to equip those who often face barriers to learning and skill development with the tools they need to lead fulfilling lives.

## Women empowerment

Our initiatives encompass a broad spectrum, ranging from promoting gender equality to establishing safe havens for women, children, and the elderly. By setting up homes, hostels, and old-age care centres, we create environments that nurture and empower. Our efforts lie in a deep understanding of the diverse challenges faced by socially and economically marginalised groups. Through targeted measures, we work towards eradicating inequalities, providing avenues for growth, and fostering an inclusive society.

## Contributing to research and development projects

Our role as supporters of projects in the domains of science, technology, engineering, and medicine. Our contributions are directed towards initiatives funded by esteemed institutions such as the Central Government, State Government, Public Sector Undertakings, and various governmental agencies. We recognise the pivotal role of academia and research in driving societal advancement, which is why we collaborate with esteemed entities like public-funded universities, Indian Institutes of Technology (IITs), national laboratories, and autonomous bodies under the Department of Atomic Energy (DAE) and Department of Biotechnology (DBT).

# Governance

Our Corporate Governance focus on nurturing and upholding a meaningful bond of trust with each of our stakeholders. In our view, these stakeholders are not just entities outside our organisation, but rather valued partners in our journey. We hold steadfast to our dedication of enhancing their value and welfare, whether they are shareholders, employees, suppliers, customers, investors, communities, or policy makers. We recognise the synergy of our efforts and the mutual growth we achieve by working hand in hand with all those who contribute to our success.



## Code of conduct

Our vision is the aspiration to foster transparency, accountability, and equity in all that we do. From our day-to-day operations to our engagements with stakeholders such as shareholders, lenders, and governmental bodies, we are unwavering in our commitment to uphold the principles of good governance and the highest standards of business practice. Central to this commitment is our steadfast belief in a Code of Conduct that guides the behaviour of every member of our team, including our esteemed Board of Directors. This Code serves as a compass that ensures our actions reflect integrity, respect, and ethical behaviour, enabling us to collectively steer the Company towards a future built on trust and shared success.

## Board of directors

We hold a deep aspiration to nurture transparency, accountability, and equity across all facets of our operations. Whether it's the intricacies of our day-to-day activities or our interactions with valued stakeholders like shareholders, lenders, and government entities, our dedication remains steadfast. We are resolutely committed to upholding the tenets of effective governance and the utmost benchmarks of ethical business conduct. Central to this steadfast commitment lies our unwavering faith in a Code of Conduct that serves as a guiding light for every member of our team, including our esteemed Board of Directors.

## Audit committee

As an integral part of our Company's structure, the Audit Committee assumes a vital role in overseeing our internal controls and the process of financial reporting. Within this capacity, we emphasise that the committee conducts its responsibilities diligently. We ensure a comprehensive review of each aspect mandated within our terms of reference, as well as those outlined by relevant legislation and best practices. This approach ensures that we leave no stone unturned in our pursuit of maintaining the highest standards of transparency, accuracy, and compliance. Through the rigorous efforts of the Audit Committee, we contribute to the Company's steadfast commitment to accountability and excellence.

**5**

Independent Directors as on 31.03.2023

**~30 years**

Average experience of board members



# Board of directors



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



**Mr. Aditya Rao**  
Vice-Chairman and  
Managing Director



**Mr. K Lavanya Kumar Rao**  
Whole-time Director



**Mr. P V Rao**  
Non-Executive Director



**Mr. Eric James Brown**  
Non-Executive Director



**Mr. B Kamalakar Rao**  
Independent Non-Executive Director



**Mr. Manish Sabharwal**  
Independent Non-Executive Director



**Mr. Chandrasekhar Sripada**  
Independent  
Non-Executive Director



**Ms. Virginia Sharma**  
Independent Non-Executive Director



# Management Discussion and Analysis

## Global economic overview

Elevated inflationary pressures, the persistent escalation of interest rates by central banks in response to inflationary concerns, ongoing geopolitical crises in Europe and other regions and recessionary trends in multiple countries have intermittently disrupted supply chains and affected global economic activity in the first half of the financial year.

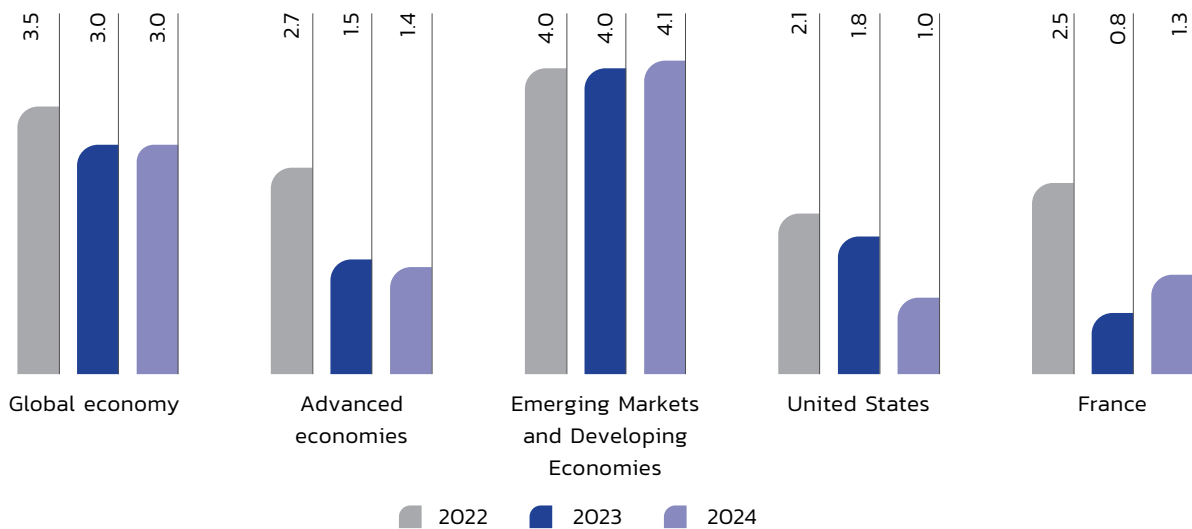
The global economy was on track for a gradual recovery from the severe impacts of both the pandemic and the Russia-Ukraine war in the second half of the fiscal year. The global economic output is anticipated to experience consistent growth, primarily driven by a resurgence in consumer sentiment and restored investor confidence.

Inflationary pressures across countries are waning. The World Bank’s Commodity Outlook, April 2023, sees prices of international commodities, barring precious metals, easing in the current year following improving supply chains.

Emerging and developing nations are experiencing growth across various sectors, driven by their respective governments’ focus on enhancing infrastructure and fostering the manufacturing industries. China, too, is currently recovering from the adverse effects of the pandemic on its economy.

Moreover, global inflation is expected to decline from 8.7% in 2022 to 6.8% in 2023 and further to 5.2% in 2024. According to the International Monetary Fund’s World Economic Outlook (July 2023), the global economy is projected to grow at a rate of 3.0% in CY23.<sup>1</sup>

Global growth (%)



(Source- IMF World Economic Outlook, July 2023)



<sup>1</sup><https://www.imf.org/en/Publications/WEO/Issues/2023/07/10/world-economic-outlook-update-july-2023>



Central banks have taken measures to tighten monetary policy, with the expectation that this action will help alleviate persistent inflationary pressures and foster sustainable long-term growth.

### Outlook

Despite facing inflationary pressures, the global economy is sustained by a strong labour market, augmented domestic expenditures, an influx of foreign investments, and a cautious approach to addressing energy crisis in Europe.

The alleviation of supply chain disruptions could assist in moderating inflation and reduce the necessity for additional monetary tightening measures. The overall positive global outlook will depend on the swiftness and effectiveness of fiscal and monetary policy measures employed to stimulate economic expansion.

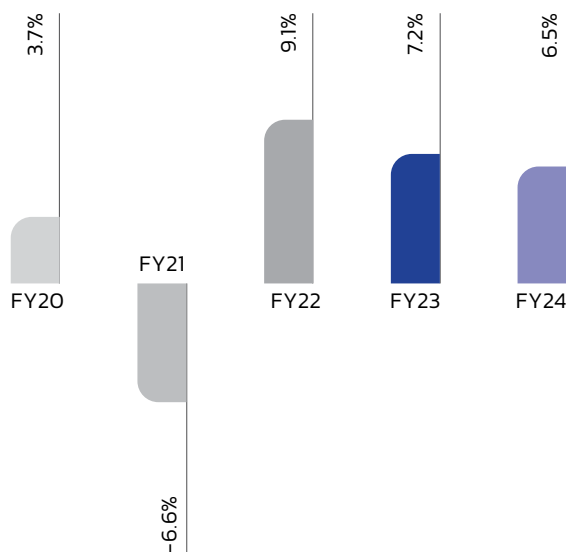
### Indian economic overview

India demonstrated remarkable economic resilience despite facing challenging global economic conditions. Although India grappled with high inflation, the RBI's prudent monetary policy helped bring down the inflation trajectory to a tolerance level during the latter half of the fiscal year. In addition, the government's growing focus on infrastructure creation, employment generation, incentivisation of the manufacturing sector and easy flow of credit to all sectors helped the economy register a resilient performance (7.2%). India's growing stature on the global stage (G20 Presidency) also helped bolster the confidence of international investors towards India's economy.

The growth can be attributed, as per the sectoral analysis, to an upward trajectory in construction activity, which has been facilitated by significant infrastructure investments from both the Central and state governments. This strategic allocation of funds is also leading to substantial employment opportunities on a significant scale.

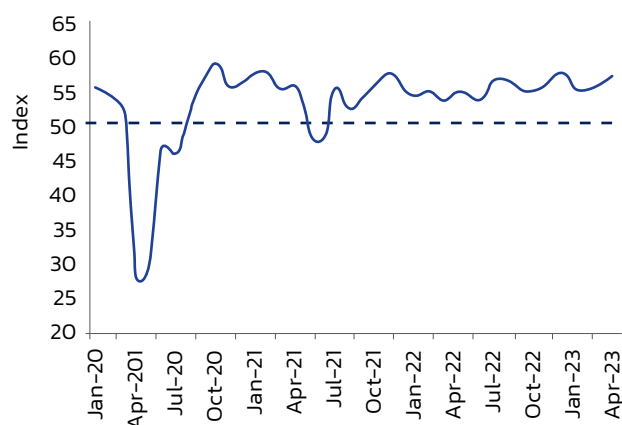
Throughout the financial year 2023, there was a consistent rise in GST collections, electronic toll collections, and the generation of E-Way bills, indicating a promising momentum. Moreover, indicators related to the services sector, such as UPI transactions and high credit demand, suggest potential prospects for long-term expansion.

### GDP growth (%)



(Source- National Statistical Office)

### PMI - Manufacturing



(Source- RBI, IHS Markit)

### Outlook

While the revival of private investment following the pandemic is in its early stages, there are early indicators suggesting that India is moving towards a more substantial investment up-cycle in both the manufacturing and services sectors.

India's demand conditions remain conducive to sustained economic growth, and the country maintains an optimistic outlook for the upcoming fiscal year, underpinned by a foundation of macroeconomic stability. However, there is a prudent recognition of emerging geopolitical and geo-economic challenges that require careful consideration.

## Industry overview

### Automobile industry

The automobile industry in India is a vital component of the country's economy. It serves a critical role in fuelling economic progress by demonstrating strong backward and forward linkages. The implementation of liberalisation measures and purposeful policy interventions in recent years have fostered a thriving and fiercely competitive market, attracting numerous fresh entrants. As a consequence, the industry has witnessed substantial capacity expansion, leading to substantial employment generation.

The automotive industry's contribution to the National GDP has experienced a significant increase, reaching approximately 7.1%. This sector serves as a crucial source of direct and indirect employment for over 19 million individuals.

From April 2022 to March 2023, the automotive industry in India recorded a total production of 2,59,31,867 vehicles, encompassing passenger vehicles, commercial vehicles, three-wheelers, two-wheelers, and quadricycles, compared to 2,30,40,066 units produced during the period of April 2021 to March 2022.

### Automobile production in India (in Units)

Category	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Passenger vehicles	4,02,02,67	40,28,471	34,24,564	30,62,280	36,50,698	45,78,639
Commercial vehicles	8,95,448	11,12,405	7,56,725	6,24,939	8,05,527	10,35,626
Three wheelers	10,22,181	12,68,833	11,32,982	6,14,613	7,58,669	8,55,696
Two wheelers	2,31,54,838	2,44,99,777	2,10,32,927	1,83,49,941	1,78,21,111	1,94,59,009
Quadricycles	1,713	5,388	6,095	3,836	4,061	2,897
<b>Grand Total</b>	<b>2,90,94,447</b>	<b>3,09,14,874</b>	<b>2,63,53,293</b>	<b>2,26,55,609</b>	<b>2,30,40,066</b>	<b>2,59,31,867</b>

(Source- Society of Indian Automobile Manufacturers)

Total passenger car sales increased significantly in FY 2022-2023, going from 30,69,523 to 38,90,114 units. Specifically, sales of passenger cars, utility vehicles, and vans also experienced growth, with numbers going up from 14,67,039 to 17,47,376 units, 14,89,219 to 20,03,718 units, and 1,13,265 to 1,39,020 units, respectively, as compared to FY 2021-22.

Similarly, the overall commercial vehicles sales showed a significant rise, increasing from 7,16,566 to 9,62,468 units. This growth was further demonstrated in the sales of Medium and Heavy Commercial Vehicles, which increased from 2,40,577 to 3,59,003 units, and Light Commercial Vehicles, which increased from 4,75,989 to 6,03,465 units, during FY2022-23, compared to FY2021-22.

Moreover, three-wheeler sales experienced a substantial increase, rising from 2,61,385 to 4,88,768 units in FY-2022-23, compared to the previous year. Additionally, two-wheeler sales also witnessed a significant surge, increasing from 1,35,70,008 to 1,58,62,087 units in FY-2022-23, compared to FY2021-22.

### Automobile exports (in Units)

Category	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Passenger vehicles	32,88,581	33,77,389	27,73,519	27,11,457	30,69,523	38,90,114
Commercial vehicles	8,56,916	10,07,311	7,17,593	5,68,559	7,16,566	9,62,468
Three wheelers	6,35,698	7,01,005	6,37,065	2,19,446	2,61,385	4,88,768
Two wheelers	2,02,00,017	2,11,79,847	1,74,16,432	1,51,20,783	1,35,70,008	1,58,62,087
Quadricycles	0	627	942	-12	124	725
<b>Grand Total</b>	<b>2,49,81,312</b>	<b>2,62,66,179</b>	<b>2,15,45,551</b>	<b>1,86,20,233</b>	<b>1,76,17,606</b>	<b>2,12,04,162</b>

(Source- Society of Indian Automobile Manufacturers)

During the period from April 2022 to March 2023, there was an increase in passenger vehicle exports, rising from 5,77,875 units to 6,62,891 units. However, commercial vehicle exports declined from 92,297 units to 78,645 units, three-wheeler exports decreased from 4,99,730 units to 3,65,549 units, and two-wheeler exports decreased from 44,43,131 units to 36,52,122 units, in FY 2022-23.<sup>3</sup>

### Automobile sales (in units)

Category	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Passenger vehicles	7,48,366	6,76,192	6,62,118	4,04,397	5,77,875	6,62,891
Commercial vehicles	96,865	99,933	60,379	50,334	92,297	78,645
Three wheelers	3,81,002	5,67,683	5,01,651	3,93,001	4,99,730	3,65,549
Two wheelers	28,15,003	32,80,841	35,19,405	32,82,786	44,43,131	36,52,122
Quadricycles	1,605	4,400	5,185	3,529	4,326	2,280
<b>Grand Total</b>	<b>40,42,841</b>	<b>46,29,049</b>	<b>47,48,738</b>	<b>41,34,047</b>	<b>56,17,359</b>	<b>47,61,487</b>

(Source- Society of Indian Automobile Manufacturers)

<sup>2</sup><https://static.pib.gov.in/WriteReadData/specificdocs/documents/2023/feb/doc2023217160601.pdf>

<sup>3</sup><https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=9>



**India is a leading global producer of tractors and two-wheelers.**

#### Outlook

Over the past two decades, India's automotive sector has achieved remarkable growth, attracting global interest and establishing itself as a potential contender for a prominent position in the global market. It currently holds the second-largest position in two-wheelers, the seventh-largest in commercial vehicles, the sixth-largest in passenger vehicles, and stands as the largest manufacturer of tractors. In the past decade, India has emerged as a highly favoured destination for manufacturing superior automotive components and various types of vehicles, effectively closing the gap with several well-established locations in the industry.



**India targets to double its automobile industry size to ₹ 15 lakh crores by 2024.**

(Source- <https://auto.hindustantimes.com/auto/news/india-to-become-worlds-largest-automobile-market-by-2028-says-nitin-gadkari-41685851144749.html>)

Over the forthcoming decade, the global automotive industry is expected to undergo substantial changes. These transitions include a shift in automotive demand from developed to emerging countries, notably the BRICS countries. Additionally, it is expected that there will be a remarkable increase in the incorporation of electronics in vehicles, transforming them into 'computers on wheels' connected to the Internet. Moreover, manufacturers will be actively seeking economies of scale and scope in the design and engineering of automobiles and components, while also exploring cost-effective manufacturing locations.<sup>4</sup>



**India aims to become the world's largest automobile market by the year 2028.**

## Indian Railways

India has the world's fourth largest railway network, after only the United States, Russia, and China. The Indian Railways network spans a total track length of 126,366 km and includes 7,335 stations. In FY23, a significant track length of 5,243 km was achieved, surpassing the previous year's achievement of 2,909 km. Notably, the average daily track laying reached a record high of 14.4 km per day. The railways' daily operations encompass 13,523 passenger trains and 9,146 freight trains.<sup>5</sup>

During FY23, the Indian Railways achieved significant milestones, including loading 1,512 MT of goods, a 6.63% increase from the previous year, and generating revenue of ₹ 2.44 lakh crores, reflecting a notable growth of 27.75%. These accomplishments were ascribed to a customer-centric strategy, enhanced service delivery, and effective policymaking, which drew additional traffic from both traditional and non-traditional commodity streams. The railways' sustained efforts and business development initiatives contributed to this landmark success.

The Indian Railways is making significant strides towards achieving its Mission 100% Electrification and aims to become the world's largest green railway network. During the fiscal year (FY23), it accomplished electrification of 6,542 Route Kilometers (RKMs), surpassing the previous highest electrification of 6,366 RKMs achieved in 2021-22, representing a notable increase of 2.76%.

In an effort to enhance line capacity and accommodate more trains on existing High Density Routes, the Indian Railways has adopted Automatic Block Signalling as a cost-effective solution. During FY23, it has successfully upgraded 530 kilometres with automatic signalling, reflecting a remarkable increase of 143.12% compared to the 218 kilometres achieved in FY22. This achievement marks the highest-ever figures recorded for automatic signalling in the history of Indian Railways.

A significant number of Digitally Interlocked Stations have been established by Indian Railways, transitioning from old lever frames to computer-based operating systems. The adoption of electronic interlocking on a large scale is aimed at leveraging digital technologies in train operations and enhancing safety. In FY23, a total of 538 stations were equipped with Electronic Interlocking, marking a notable increase of 27.79% compared to the 421 stations in the previous year (2021-22).<sup>6</sup>

<sup>4</sup><https://static.pib.gov.in/WriteReadData/specificdocs/documents/2023/feb/doc2023217160601.pdf>

<sup>5</sup><https://www.investindia.gov.in/sector/railways>

<sup>6</sup><https://www.pib.gov.in/PressReleasePage.aspx?PRID=1913104>

**As of March 2023, Indian Railways operates 12 Vande Bharat Express and 4 Tejas Express services.**

#### Major developments

- During FY23, efforts were made to enhance public safety and convenience by constructing 1,065 Flyovers/Underpasses, as compared to 994 Flyovers/Underpasses built during the previous year, demonstrating a growth of 7.14%. These measures aimed to facilitate the public in safely crossing the railway tracks on roads.
- A total of 375 foot overbridges (FOBs) were constructed for passenger and pedestrian crossings in FY23, indicating a marginal increase from the 373 FOBs built in the previous year. These constructions were implemented to enhance safety and convenience for commuters and pedestrians.
- Ensuring safety at level crossing gates has been a significant area of focus. In FY23, a total of 880 level crossing gates were eliminated, representing a slight increase from the 867 gates that were removed in the previous year. These efforts were aimed at enhancing safety measures and reducing potential risks at railway crossings.
- In an effort to boost its market share in the freight segment, the Indian Railways (IR) is giving priority to the development of Gatishakti Freight Terminals. In FY23, a total of 30 freight terminals were established, representing a notable increase from the 21 freight terminals built in the previous year. These initiatives are aimed at enhancing IR's capacity and efficiency in handling freight transportation.
- As a part of the 'Suganya Bharat Abhiyan', which aims to ensure ease of movement for differently-abled, the elderly, and children on railway platforms, Indian Railways is undertaking the installation of lifts and escalators at various railway stations nationwide. In FY23, a total of 215 lifts and 184 escalators were installed, marking a slight increase from the 208 lifts and 182 escalators provided in the previous year. These initiatives are focused on improving accessibility and convenience for all passengers.
- Indian Railways is committed to maximising resource utilisation by effectively mobilising scrap materials and conducting sales through e-auction. In FY23, the revenue generated from scrap sales amounted to ₹ 5,736 crores, reflecting a growth of 7.90% compared to the ₹ 5,316 crores achieved in the previous year. These endeavours are aimed at optimising financial returns and promoting sustainable practices.<sup>7</sup>



**Indian Railways plans to develop 100 Gatishakti Cargo Terminals (GCT) by the year 2025.**

#### Road ahead

- The National Rail Plan aims to elevate the share of freight traffic from its current percentage of 27% to 45% by the year 2051.
- As stated by the Minister of State for Railways & Textiles, the government has outlined plans to invest USD 715 billion in rail infrastructure by the year 2030.
- One of the foremost transportation emissions mitigation strategies endorsed by the Government of India entails elevating the proportion of freight transportation facilitated by Indian Railways from the existing level of approximately 35-36% to a target of 45% by the year 2030.
- The primary aim of the National Railway Plan (NRP) is to proactively establish sufficient capacity in advance of the demand, thereby ensuring the accommodation of future growth in demand until the year 2050.<sup>7</sup>

<sup>7</sup><https://www.pib.gov.in/PressReleasePage.aspx?PRID=1913104>

<sup>8</sup><https://www.makeinindia.com/sector/railways>



## Engineering and capital goods

India's capital goods manufacturing industry constitutes a robust foundation for its involvement in diverse sectors, including Engineering, Construction, Infrastructure and Consumer goods, among others. The primary export sub-sectors within the capital goods domain comprise heavy electrical and power equipment, earthmoving and mining machinery, and process plant equipment, collectively contributing to 85% of India's overall capital goods exports.<sup>9</sup>



**By 2025, direct employment from the sector is projected to reach 5 million, while indirect employment is expected to reach 25 million.**

India possesses a comparative advantage over its counterparts due to its cost-effective manufacturing capabilities, driven by factors such as an affordable labour force, abundant raw materials and resources, marketing expertise, innovation, and technology. These advantageous factors contribute to increased investments in the industry, which is expected to retain its significance and grow further in the future.

The demand in the engineering sector is unique as it is a derived demand originating from other sectors like infrastructure, power, mining, oil and gas, refinery, steel, automotive, capital goods, and consumer durables. Consequently, an upswing in demand in these sectors will positively impact the demand in the engineering sector. Moreover, India's capital goods industry plays a pivotal role by serving as a robust foundation for its involvement in diverse sectors, including engineering, construction, infrastructure, and consumer goods, among others.

Revenue growth of 16–18% is expected for Indian capital goods businesses in FY24, driven by improved execution capabilities as a result of an increase in orders. Furthermore, the industry is expected to rise by 10–12% in 2024, owing to a strong order backlog and a steady intake of new orders. The capital goods industry encompasses Engineering, Procurement, and Construction (EPC) service providers (excluding road and civil construction) along with equipment manufacturers.

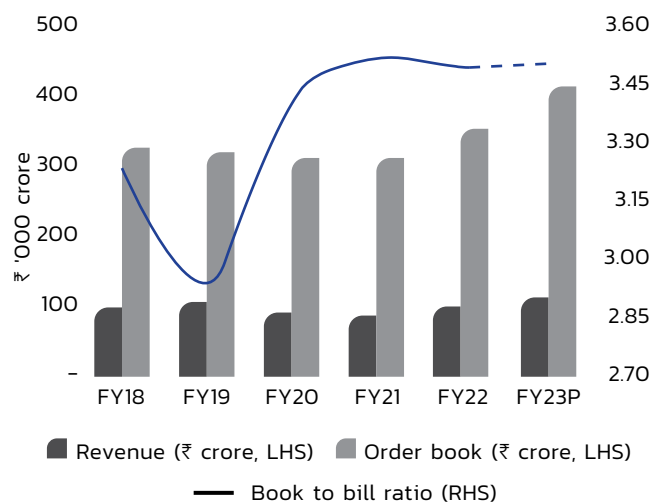
The substantial increase in the order book is attributed to multiple factors, including elevated commodity prices, augmented government and private sector investments in infrastructure, and consistent progress in private capital expenditure within consumption-oriented sectors. Moreover, the investment made in Production Linked Incentive (PLI) schemes has provided additional support to bolster the order book.

<sup>9</sup><https://www.investindia.gov.in/sector/capital-goods>

<sup>10</sup><https://www.crisilratings.com/en/home/newsroom/press-releases/2023/01/capital-goods-companies-to-sustain-double-digit-revenue-growth-in-this-fiscal-and-the-next.html>

<sup>11</sup><https://www.investindia.gov.in/sector/consumer-goods/white-goods>

## Revenue, Order book, Book-to-bill



(Source- CRISIL Ratings)

## White goods

The Indian white goods market, encompassing appliances such as refrigerators, air conditioners, washing machines, and microwaves, has experienced significant growth and transformation in recent years. As one of the fastest-growing consumer durables sectors in India, the white goods market has been driven by factors such as rising disposable income, urbanisation, changing lifestyles, as well as greater customer awareness of the importance of convenience and comfort. The white goods market is projected to surpass \$21 billion by the year 2025, exhibiting a Compound Annual Growth Rate (CAGR) of 11%.<sup>11</sup>

The market has witnessed a surge in demand, primarily due to the expanding middle-class population and the growing trend of nuclear families. As consumers seek to improve their quality of life and embrace modern living standards, there has been a noticeable shift towards the adoption of white goods appliances that enhance convenience and energy efficiency.

In recent years, the market has seen a considerable influx of technologically advanced and smart appliances that offer features like IoT connectivity and AI-enabled functionalities. These innovations have further captured consumers' attention and propelled the growth of the premium segment within the white goods industry.

The escalation in the uptake of smart home appliances, driven by the desire to alleviate household burdens, is anticipated to further drive the expansion of the white goods market. Smart home appliances refer to electronic devices interconnected with a central system, capable

of being programmed, remotely controlled, or operating autonomously based on sensor inputs detecting temperature, light levels, or activity. Typically, smart appliances are designed to seamlessly integrate with other smart devices, preferably within a comprehensive smart home ecosystem. Consequently, there will be substantial demand for white goods in response to the increasing adoption of smart home appliances.



**The sector permits 100% FDI under the Automatic Route.**

### Renewable energy (solar)

India has demonstrated remarkable progress in the renewable energy sector, establishing itself as a leading participant in the global renewable energy market. This accomplishment can be attributed to the implementation of central government policies and initiatives, advancements in technology, and substantial inflows of foreign investments, which collectively have contributed to a significant expansion of renewable energy capacity in the country.

As per the latest report by the International Energy Agency (IEA), India is expected to achieve an installed renewable energy capacity of 174 GW by the year 2023, constituting

approximately 37% of the nation's total energy supply. India also has surpassed its target of installing 175 GW of renewable energy capacity by 2022, with a projected capacity of 280 GW by 2025<sup>12</sup>

The government has also taken proactive measures to facilitate the widespread adoption of renewable energy sources. The National Solar Mission, initiated in 2010, aimed to install 100 GW of solar power by 2022. This target was subsequently raised to 450 GW by 2030.

Solar and wind energy currently account for more than half of India's total renewable energy capacity. As of May 31, 2023, the country has a total renewable energy capacity of 168.9 GW, which included 67.82 GW of solar power and 43.20 GW of wind power. India is not only rapidly expanding its renewable capacity but also witnessing tangible outcomes of these endeavours through various emerging trends that are shaping the solar and wind industries in the country.<sup>13</sup>

The commendable achievements in India's renewable energy sector are strongly influenced by the swift pace of technological advancements. India stands as a trailblazer in floating solar technology, exemplified by the world's largest floating solar power plant situated in Kerala, boasting a capacity of 500 kilowatts and projected to generate 7.5 lakh units of electricity annually. Moreover, India is host to the world's largest solar park, the Pavagada Solar Park in Karnataka, which possesses a substantial capacity of 2 GW. This park has attracted substantial investment, further highlighting the country's prominence in the renewable energy domain.



<sup>12</sup><https://economictimes.indiatimes.com/industry/renewables/how-india-became-a-frontrunner-in-the-global-renewable-energy-market/articleshow/100271905.cms>

<sup>13</sup><https://energy.economictimes.indiatimes.com/news/renewable/trends-that-drive-a-paradigm-shift-in-indias-renewable-energy-sector/101210403>



### Installation of domestic solar rooftop systems

As a consequence of heightened awareness among residential consumers and government incentives in the form of subsidies, there has been a substantial increase in solar rooftop installations across the country.

According to the Ministry of Renewable Energy, between September 2022 and March 2023, the nation witnessed the addition of 8,877 MW of solar rooftop capacity. Noteworthy trends in rooftop adoption are being driven by PSU Banks and Non-Banking Financial Companies (NBFCs) that offer convenient financing options to industrial users and subsidies available to residential users. Additionally, the implementation of net metering policies by various distribution companies (discoms) has also played a significant role in fostering the growth of this sector.

### Ultra-mega renewable energy parks (UMREP)

The government is actively implementing a scheme to establish Ultra-Mega Solar Power Parks, with the objective of providing project developers with plug-and-play benefits by ensuring statutory clearances for essential infrastructure such as land, roads, transmission systems (internal and external), and substations.

By the year 2024, the government aims to establish several ultra-mega solar parks, collectively possessing a power generation capacity of 40GW. This strategic initiative is expected to stimulate investments and expedite the development of new solar projects, as it eliminates the risks associated with land acquisition and connectivity for renewable project developers.<sup>14</sup>

### Outlook

India is actively demonstrating its commitment to 'Green Growth,' emphasising development that protects the environment through well-structured policies, subsidies, and robust engagement of the private sector. As the nation's economy continues to grow steadily, it is expected that all additional energy requirements should be met from renewable sources. These positive trends align with the realisation of the need for a sustainable, secure, and technologically advanced future. Traditionally, electricity demand has been linked to GDP growth, but with an increasing focus on climate change and the adoption of electric vehicles in the passenger vehicle and two-wheeler segments, India is poised to showcase its dedication to achieving net-zero carbon emissions and providing cost-effective clean energy solutions for its energy needs.



**India aims to achieve net zero carbon emission by 2070.**

### Company overview

Pennar Industries Limited (PIL) stands as one of India's prominent engineering companies, renowned for its innovative engineering solutions. With a legacy spanning over four decades, Pennar embodies quality, precision, and excellence, constantly striving to exceed expectations. The Company's journey began with its manufacturing plant in Isnapur, near Hyderabad, and has since evolved into a diversified engineering company with comprehensive end-to-end capabilities.

Pennar offers a comprehensive product line that is organised into Engineered Products and Engineering Solutions and serves six key sectors: Automotive, Construction, General Manufacturing, White Goods, Railways, Tubes, Body in White, Boilers and Hydraulics. The Company possesses a strong and extensive presence across India, and it has further established its global footprint with operations in the USA and France.

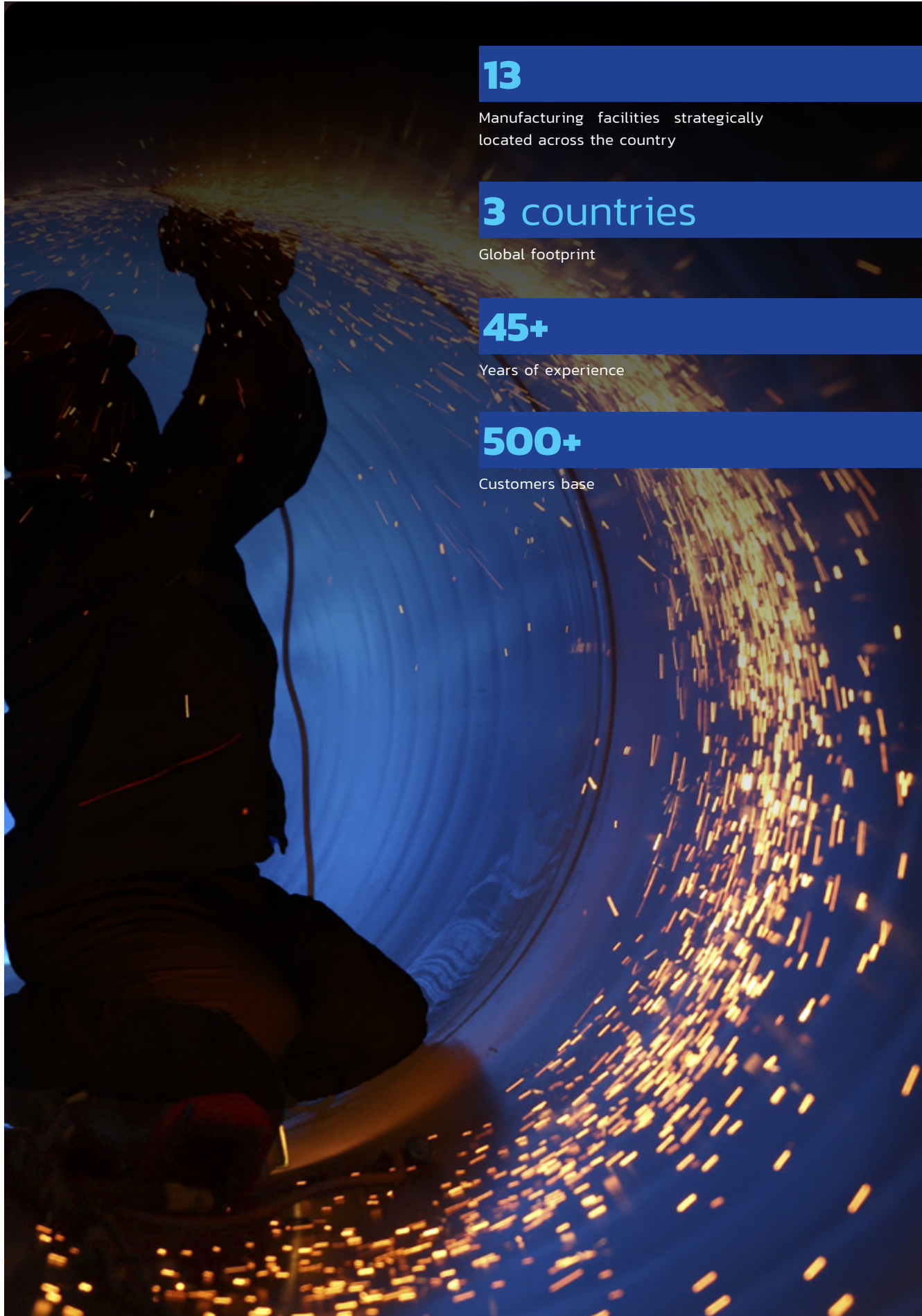
Pennar is capable of generating high-quality items using cutting-edge equipment such as laser cutting, plasma cutting, transfer presses, and CNC machines. All of its manufacturing plants adhere to rigorous ISO standards and operate under stringent Standard Operating Procedures (SOPs).

At the core of Pennar Industries' values is a driving philosophy to maximise customer satisfaction by delivering products and services of excellence. This commitment has solidified the Company's reputation as a powerhouse of engineering prowess and continues to inspire its pursuit of engineering excellence.



<sup>14</sup><https://energy.economictimes.indiatimes.com/news/renewable/trends-that-drive-a-paradigm-shift-in-indias-renewable-energy-sector/101210403>





**13**

Manufacturing facilities strategically located across the country

**3 countries**

Global footprint

**45+**

Years of experience

**500+**

Customers base



## Business overview

### Engineering products

#### Performance highlights summary

Segment	FY 2023	FY 2022	Change
Structural railway components for Coaches, Wagons, and other parts (Revenue) to seven customers	₹ 11,438 lakhs	₹ 14,640 lakhs	(21.85%)
Industrial components to Automobile & White Goods sectors (Weight)	18,989 MT	17,280 MT	9.89%
Precision Tubes (Revenue & Weight) to more than 350 customers	₹ 30,040 lakhs 29,104 MT	₹ 29,160 lakhs 27,515 MT	3.00% 5.70%
ESP electrodes, building materials, special grade CRSS, and solar MMS (Revenue)	₹ 70,110 lakhs	₹ 63,090 lakhs	11.12%

### Key strategies shaping the engineered products business

Entered into Defence & Aerospace: With an aim to cater to new emerging industries that have high growth capabilities, the Company plans to expand its presence and skills to service new value-added businesses such as defence manufacturing, aerospace (precision machining), nuclear power, and precision auto & engineering components. Pennar Industries entered the aerospace industry by having a production facility in Hyderabad. The Company is now capable to cater to the domestic and global aerospace industry by supplying value-added precision engineered products as per customers' bespoke specifications.

### Engineered products

The Company's Engineering Products division is renowned for its wide range of offerings, catering to diverse industries with expertise in critical and customised components and accessories. With a rich heritage of over 40+ years, the Company has an impressive portfolio of over 1,000+ Engineered Products, all manufactured and designed with precision. This division operates through 11 well-equipped manufacturing plants, all of which hold ISO 9000 Certification, ensuring the highest standards of quality.

The Engineering Products vertical at Pennar is distinguished by its strong design and manufacturing capabilities, allowing it to deliver top-notch products to various sectors. Some of the primary products in this category encompass hydraulic cylinders, photovoltaic solar panels, automotive components and sub-assemblies, railway sub-assemblies, and precision tubes. The Company's robust manufacturing facilities are strategically located across India, enhancing its ability to serve customers efficiently. Moreover, the pan India sales network ensures widespread availability and accessibility of its products to a broad customer base.

**1,000+**

Engineered products

### Automobiles sector

The Company's expertise in the automobile sector is well-established, with a proven track record in manufacturing a diverse range of critical automotive components. The Company's commitment to excellence is evident through its excellent infrastructure and lean manufacturing capabilities, which together empower it to produce high-quality products while maintaining competitive prices.

The automobile sector at Pennar has gained prominence due to its best-in-class cost-effectiveness, making it the preferred partner for leading names in the automotive industry. The Company's ability to deliver top-notch products at acceptable prices has earned it a reputation for reliability and efficiency in meeting the demands of this dynamic sector.

Pennar's offerings in Automotive sector are spread across the value chain from cold rolled steel to Tier II and Tier III, critical brake and suspension components, Body in white sub-assemblies etc. Over the last few years, the company has been making strategic investments in the Automotive space to increase the value addition and share of wallet in the business. Pennar offerings also spread across the segments such as 4W passenger vehicles, 2W, and light and heavy commercial vehicles

### Construction & infrastructure sector

Pennar, with its extensive experience of over four decades, is a prominent player in the construction and infrastructure sector, specialising in the production of structural steel products. Under this sector, the Company offers three main types of products: Building components, Civil infrastructure products, and Hydraulic cylinders.

In the building components category, Pennar manufactures three essential products: Purlins, Roofing sheets, and Decking profiles. These products play a vital role in constructing sturdy and reliable structures. Purlins provide structural support, roofing sheets offer weather protection, and decking profiles ensure efficient flooring solutions.

For the civil infrastructure segment, the Company provides two key products: Metal crash barriers and sheet piles. These products are crucial for safety and protection systems in various infrastructure projects. The metal crash barriers are designed to minimise impact damage, while sheet pilings offer support and stability in construction projects involving deep excavations or water bodies.

Pennar also excels in the production of hydraulic cylinders, with over 12 years of experience in the industry. Pennar has extensive capabilities in Design and manufacture of customised and standard hydraulic cylinders with specific applications in earth moving and forestry equipment. Hydraulic cylinders find extensive applications in construction equipment, shipbuilding, and bulk cargo handling, among other sectors. With comprehensive design and development capabilities, the Company ensures that these cylinders meet global technical requirements with precision.

### General engineering

Pennar's engineering segment encompasses the production of cold-rolled steel strips and precision steel tubes, including Cold Drawn Welded tubes (CDW) and Electric Resistance Welded tubes (ERW). These products play a crucial role in serving various industries, namely automotive, boiler, bicycle, general engineering, and process industries.

The Company's cold-rolled steel strips find wide applications in the general engineering sector, providing essential components and materials for a diverse range of industrial purposes. These strips are known for their superior quality, precise dimensions, and consistent performance, making them a preferred choice for manufacturers in the general engineering domain.

In addition to cold-rolled steel strips, the Company also specialises in precision steel tubes, including Cold Drawn Welded tubes (CDW) and Electric Resistance Welded tubes (ERW). These tubes are highly sought after for their exceptional strength, durability, and dimensional accuracy. They find extensive usage in various engineering applications where precision and reliability are paramount.

Furthermore, Pennar Industries has plans to venture into the manufacture of large diameter welded tubes primarily catering to non-automotive applications, an area that was previously heavily reliant on imports. By producing these large diameter tubes in-house, the Company not only contributes to self-sufficiency but also opens up more business opportunities in diverse industries where such tubes are indispensable. Large diameter project also has a significant demand from the export markets such as the US and Europe which will ensure the growth of the business unit

### White goods

Pennar Industries caters to the White Goods industry and specialises in customised components accessories for refrigerators and air conditioners. The Company has the requisite facilities and processes to cater to high volume requirements with lean lead times. Pennar can work closely with customers to develop products specifically with the end application in mind, and has proven to be a reliable partner in the cost and quality sensitive white goods sector for a variety of reasons:

- Market leader for Compressor shells supply to leading OEMs
- Enable Just-In-Time supply to enhance efficiency & productivity
- Dedicated product development cell for new developments
- Tool design, development and manufacturing supported by excellent infrastructure
- Ability to produce components, sub-assemblies as well as finished products

The Company leverages its long-lasting engineering insights to extend into this business. The Company's plants in Patancheru and Chennai are equipped with state-of-the-art equipment and press shops and tool maintenance facilities that ensure the fabrication of high precision quality products supported by a centralised CNC room.

- The different Applications for Refrigerators & AC Components include:
- Door and Side Panels
- Compressor Shells and Other Accessories
- Rotary compressor housings Railways

### Railways

The Company has been a significant player in the Railways business, serving the requirements of the Indian Railways for over four decades. The Company's long-standing presence in this sector highlights its expertise and commitment to providing high-quality solutions for the railway industry.

Pennar plays a crucial role in the supply of critical structural and stability components for both goods wagons and passenger coaches. These components are essential for the safe and efficient operation of the railway system. The Company's products are designed to meet the stringent standards set by the Indian Railways, ensuring the reliability and performance of the rail transport system.



The different Applications for Railway Components include:

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

Pennar has been a regular supplier of railway wagon components to the Indian Railway Sector. The Railways vertical has shown a high growth in revenue in the past. Pennar supplies custom designed cold roll-formed profiles that find application in the manufacture of railway wagons because of their superior strength to weight ratio that is an alternative for the conventional hot rolled sections of non-uniform thickness. The Company has developed and continues to supply stainless steel sections for modern-day stainless-steel wagons. The Company has made its mark as a major supplier of key sections, including heavy fabricated parts, for railway coaches. Over the years, Railways has proved to be a significant growth engine for our Metal Formed Business. Our engineering ability, focus on quality, and value-added service, has earned us a trusted supplier ranking and robust order inflow from the sector. Pennar serves major customers in the Railways segment, of which major customers include Integral Coach Factory – Texmaco Rail & Engineering Limited – Wabtec India Industrial (P) Ltd. – Controller of Stores (Mcf) – Rites Limited.

## Pre-engineered building products (PEBS)

Pennar ventured into the pre-engineered building products (PEBS) division in 2008, and it commenced its commercial operations in 2010. The PEBS division is a specialised arm of the Company that excels in design, fabrication, and erection of custom-made pre-engineered steel buildings, and structural steel solutions.

With a dedicated focus on excellence and innovation, the Company caters to a wide range of industries and applications through its PEBS division. The custom-designed pre-engineered steel buildings offer versatility and efficiency, meeting the unique requirements of various projects and clients.

In addition to serving the domestic market, Pennar Industries has extended its reach to overseas markets through its subsidiary, Pennar Global (PGI), which was established in 2017 and is headquartered in Houston, Texas. This strategic move allows the Company to cater to the international demand for pre-engineered building products, expanding its global footprint and reinforcing its commitment to serving a diverse customer base.

The US-based division of the company, known as Ascent Buildings, commenced its metal building operations in 2021 and is experiencing rapid expansion. This expansion is set to bolster the company's foothold in the US market. Currently, the company is in a phase of growth, aiming to meet the prevailing demand while also extending its reach to various locations across the USA.

## Performance highlights of pre-engineered building

- Pennar Industries has shown consistent growth over the last fourteen years in Pre-Engineered Building Products
- Over 1523 projects completed in the span of FY2010-2023
- Catered/ Caters to over 1052 customers
- Cumulative Orders executed worth ₹ 6744.81 Cr
- Cumulative Products delivered – 597,157.1 MT (as on March 31, 2023).
- Order book as on March 31, 2023 was ₹ 800 Cr

## Performance Highlights of the engineering services business

- Over 17300 projects completed during FY2016-2023
- Over 4800 projects completed during FY2023
- Caters to over 12 customers in the USA market
- Cumulative Orders executed worth USD\$ 28 Million
- Cumulative Order book as on March 31, 2023 was USD\$ 4.5 Million

- Cumulative Mn Hours Billed as on March 31, 2023- \$1.5 Million
- Build capabilities to execute large sized & complex projects over USD \$42000

### Design & engineering services – Business overview

In 2014, Pennar, in collaboration with its subsidiary PEBS Pennar, introduced its design & engineering services. This strategic initiative aimed to capitalise on the Company's extensive structural engineering team capabilities. The Company leverages its expertise in this domain to provide comprehensive design, detailing, and other engineering solutions to companies operating in the metal buildings and structural engineering sectors in the US and other advanced markets.

In 2019, the company has ventured in to other engineering services under the trade mark / Brand of Tech Pennar. Tech Pennar offers complete engineering and design support for Building Information Modelling (BIM), Automotive (BIW), process engineering, and controls and automation. Tech Pennar has presence across Europe and the United states. Company has aggressive growth plans for the BU by expanding its product offering and geographical presence.

### Financial review

#### Consolidated financial performance

Segment	FY 2023	FY 2022
Revenue from Operations	29,280	22,828
EBITDA	2546	1,884
PBT	984	559
PAT	754	419

### Key ratios

Ratios	FY 2022-23	FY 2021-22	Variance (%)
Debt Equity Ratio	0.80	0.80	0
Operating Profit Margin (%)	8.70%	8.25%	5.45%
Net Profit Margin (%)	2.58%	1.84%	40.21%
ROCE (%)	6.44%	4.91%	31.16%
ROE (%)	9.96%	5.85%	70.25%
Debtors' turnover	7.34%	4.38%	67.50%
Inventory turnover	4.51%	4.25%	6.11%
Current ratio	1.09%	1.09%	0

### Opportunities

#### Infrastructure development

As governments and private entities continue to invest in infrastructure projects, Pennar can capitalise on the growing demand for construction materials, components, and solutions.

#### Renewable energy expansion

With a focus on sustainability, the expansion of the solar sector presents opportunities for Pennar to provide innovative engineering solutions and components for solar energy projects.

#### Technological advancements

Embracing and integrating new technologies such as Industry 4.0, automation, and advanced manufacturing techniques can enhance efficiency, quality, and competitiveness.

#### Global market penetration

Leveraging its existing international presence in the USA and France, Pennar can explore new markets and partnerships to expand its global footprint.

### Threats

#### Intense competition

The engineering industry is highly competitive, and Pennar faces the risk of losing market share to both established competitors and new entrants.

#### Economic volatility

Fluctuations in the global and domestic economies can impact demand for engineering products and solutions, potentially leading to reduced orders and revenue.

#### Raw material price fluctuations

Changes in the prices of raw materials such as steel and metals can impact production costs and profitability of the Company.

#### Supply chain disruptions

Disruptions in the supply chain, caused by factors like natural disasters, geopolitical events, or logistical challenges, can disrupt production and delay deliveries.

#### Fluctuations in currency rates

As Pennar operates in multiple countries, fluctuations in currency exchange rates can impact revenue and profitability when translating foreign earnings.



## Human resource

Pennar Industries' people are critical to the Company's success and growth. As an organisation that focuses on innovation and engineering excellence, Pennar recognises the significance of its employees in achieving its objectives. With a diverse and talented workforce, the Company fosters a culture of inclusivity, collaboration and continuous learning.

Pennar invests significantly in talent acquisition and development. The Company strives to attract the best minds in the industry and provides a conducive environment for employees to unleash their full potential. Through a rigorous recruitment process, Pennar selects individuals who possess not only the necessary technical skills but also a passion for excellence and a commitment to the Company's values.

Employees undergo comprehensive training and development programmes to enhance their expertise and keep them abreast of the latest industry trends and technologies. Pennar promotes a culture of continuous learning, encouraging employees to upskill and grow both personally and professionally.

The Company also places a strong emphasis on employee engagement and well-being. Pennar believes that a happy and motivated workforce is instrumental in achieving superior performance. Regular employee feedback, open communication channels and a supportive work environment contribute to fostering a sense of belonging and ownership among employees.

Moreover, Pennar recognises the importance of diversity and inclusion in building a strong organisation. The Company encourages diversity in its workforce, valuing different perspectives and experiences that enrich its overall performance.

The Company upholds strong ethical standards and treats its employees with respect and fairness. The Company adheres to all labour laws and regulations, ensuring that employees are compensated fairly and provided with a safe and healthy work environment.

# 4,500+

Employee strength

## Corporate Social Responsibility

The Company has a strong commitment to Corporate Social Responsibility (CSR) and actively engages in initiatives that contribute positively to the society and the environment. The Company's CSR programmes focus on empowering communities through education, healthcare, and skill development initiatives. Pennar actively supports various social causes such as promoting education for underprivileged children, providing access to healthcare facilities in remote areas, and conducting vocational training programmes to enhance employability.

The Company also demonstrates environmental stewardship by implementing sustainable practices and promoting energy efficiency in its operations. Through its CSR efforts, the Company strives to make a meaningful difference in the lives of people and contribute to the betterment of society as a responsible corporate citizen.

All our CSR initiatives are aimed at this philosophy. During the year, we continued with village school adoption. We provided assistance towards teacher's salary, books, uniforms, drinking water, food, and school furniture at Tarapur (Maharashtra), Ankenapalli, Chandpur and Bandalguda Villages in Telangana. Further, we supported municipality civic maintenance and management at Patancheru and Chitukul area for resident welfare, provided drinking water to Bandalguda Villagers and infrastructural support to various institutions to help them improve their resident's basic social need. As per our CSR initiatives, we endeavour to improve the social wellbeing of the residents in and around the town/ village of our plants which are located Patancheru, Isnapur, Velchal, Sadashivpet, Periapalam (Chennai).

Pennar has partnered with ABV Foundation towards providing new bathrooms and latrines for the students of Government schools in and around Secunderabad.



## Risk management

PIL has demonstrated a proactive and robust approach to risk management, underscoring its commitment to sustaining its position as an engineering industry leader. With a legacy spanning over four decades, the Company has cultivated a deep understanding of the risks inherent in its diverse operations. Through meticulous planning and strategic foresight, Pennar mitigates potential risks across its comprehensive product line, which encompasses Engineered Products and Engineering Solutions serving sectors such as Automotive, Construction, General Manufacturing, White Goods, Railways, and Solar. By adhering to rigorous ISO standards and stringent Standard Operating Procedures (SOPs) in its manufacturing processes, Pennar maintains a foundation of quality and reliability that aids in risk reduction. Furthermore, the Company's global presence in the USA and France demonstrates its commitment to diversifying its operations while also acknowledging and managing the associated international risks.

## Internal controls and their adequacy

The Company has established a highly efficient internal control system that undergoes continuous evaluation and improvement. Moreover, corrective actions are promptly implemented to enhance its effectiveness. In alignment with the most stringent industry benchmarks, the Company has been accredited with ISO 9001 certification for its quality systems. The Company's robust ERP system is equipped with advanced features, including the ability to identify exceptions and deviating transactions through defined queries, real-time analytics on transactional data, unmatched flexibility in adapting reporting structures, and even real-time simulation of business scenarios.

## Outlook

With the anticipated expansion of industries within which the Company operates, Pennar's objective is to enhance capabilities in the coming years. This aims to offer a broad array of tailored engineering products across various sectors. The Company is concentrating efforts on bolstering design and manufacturing services, aiming to deliver excellent engineering solutions.

In the upcoming years, the Company's main drivers of growth are expected to be the PEB division, the U.S. subsidiary PGI, body in white segment, and the industrial components business, particularly the hydraulics revenue which is set to increase significantly throughout FY 2023. Ongoing endeavours in hydraulics, large diameter tube, and the module business are underway. There is optimism that upon completion, these business segments will play a crucial role in propelling revenue growth for this year and beyond.

## Cautionary statement

This document contains forward-looking statements regarding anticipated future events and financial and operating outcomes of Pennar Industries. As such, these statements necessitate the Company to make assumptions and are subject to inherent risks and uncertainties. There exists a significant risk that the assumptions, predictions, and other forward-looking statements may not materialise accurately. Readers are advised to exercise caution and avoid placing undue reliance on these forward-looking statements, as various factors could cause actual future results and events to differ significantly from those expressed in such statements. Consequently, this document is subject to a disclaimer and is qualified in its entirety by the assumptions, qualifications, and risk factors outlined in the management's discussion and analysis presented in Pennar Industries Annual Report for FY23.



# DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 47<sup>th</sup> Annual Report and the Company's audited financial statement (Standalone and Consolidated) for the financial year ended March 31, 2023.

## Financial Results:

The Company's financial performance, for the year ended March 31, 2023 is summarized below:

Amount in ₹ crores

Particulars	Consolidated		Standalone	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operations	2,894.62	2,265.75	2,288.30	1,994.75
Operating profit (PBIDT)	254.62	188.42	204.99	171.07
Profit before tax (PBT)	98.44	55.91	59.58	45.65
Income Tax and Deferred Tax	23.01	14.00	15.38	11.49
Profit after tax (PAT)	75.43	41.91	44.20	34.16
Other Comprehensive income/(Loss)	4.64	(2.53)	0.67	(1.32)
Total Comprehensive income for the year	80.07	39.38	44.87	32.84
Net profit attributable to Owners of the company	80.06	39.30	44.87	32.84
Profit brought forward from previous year	532.71	491.83	520.09	487.25
Surplus available for appropriation	608.13	532.71	564.96	520.09
Balance of profit carried to Balance Sheet	608.13	532.71	564.96	520.09

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

Your company has generated a consolidated net revenue of ₹ 2,894.62 Crores, EBITDA at ₹ 254.62 Crores, PAT at ₹ 75.43 Crores for the financial year 2022-23.

## 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](http://www.pennarindia.com).

## Subsidiaries:

The following are three subsidiaries of the company as on March 31, 2023.

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

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 a consolidated net revenue of ₹ 87.44 Million USD for the financial year 2022-23.

### (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 ₹ 1.91 million Euros for the financial year 2022-23.

### (c) Enertech Pennar Defense and Engineering Systems Private Limited

Enertech Pennar Defence and Engineering Systems Private Limited has recorded a net revenue of ₹ 9.03 crores for the financial year 2022-23.

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: <http://www.pennarindia.com/policy-determining-material.html>. 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.



During the year under review, the Board of Directors approved to form a wholly owned subsidiary on February 8, 2023, in view of the same a company by name 'Pennar Metals Private Limited' was incorporated on June 22, 2023.

#### Step down subsidiaries:

The following are four step-down subsidiaries of the company as on March 31, 2023.

- a. Pennar Global Metals, LLC
- 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 March 31, 2023.

#### Credit Rating:

CARE has reaffirmed the 'CARE A-' Stable (Single A Minus; Outlook: Positive) with rating assigned to long term bank facilities. Further, CARE has reaffirmed the 'CARE A2+' (A Two Plus) 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 ₹ 140.4 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 November 09, 2022 appointed Ms. Virginia Sharma as Non-Executive Independent Director, the appointment was regularized by the shareholders on December 18, 2022 by postal ballot.

Mr. Eric James Brown and Mr. K Lavanya Kumar Rao who retire by rotation and being eligible offer themselves for re-appointment. Your Board recommends their appointment.

The Board of Directors of the Company at its meeting held on August 09, 2023 designated Mr. RVS Ramakrishnan, Non-Executive Independent Director as Chairman of the Board of Directors. His appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends his appointment.



The Board of Directors of the Company at its meeting held on August 09, 2023 appointed Mr. Nrupender Rao as Chairman Emeritus in the Company. His appointment has to be approved by the Members at the ensuing Annual General Meeting. Your Board recommends his appointment.

### Resignation:

Mr. Varun Chawla, Non-Executive Director of the company resigned from the office of directorship and same was taken note by the Board of Directors at its meeting held May 24, 2023. Your Board place on record their appreciation and gratitude for the guidance and direction that Mr. Varun Chawla has provided to Pennar Industries during his tenure as non-executive non-independent director.

Mr. Nrupender Rao, Executive Chairman of the company resigned from the office of directorship and same was taken note by the Board of Directors at its meeting held August 09, 2023. Your Board place on record their appreciation and gratitude for the guidance and direction that Mr. Nrupender Rao has provided to Pennar Industries during his tenure as Executive Chairman.

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>

Mr. J S Krishna Prasad, Chief Financial Officer of the Company resigned from the office of chief financial Officer and same was taken note by the Board of Directors at its meeting held on May 24, 2023.

The Board of Directors of the Company at its meeting held on May 24, 2023 appointed Mr. Shrikant Bhakkad, Vice-President Finance as 'Chief Financial Officer' of the Company with effect from May 25, 2023.

### 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.

### Buyback of Equity Shares:

The Board of Directors at its meeting held on March 9, 2022 has approved a proposal for the buy-back of equity shares of the Company by using funds upto a limit of ₹ 4,000 lakhs representing 5.97% and 5.93% of the aggregate of the total paid-up equity capital and free reserves of the Company based on the audited standalone and consolidated financial statements respectively of the Company for last financial year ended on March 31, 2021. During the financial year under review, commencing from April 01, 2022 until closure on September 22, 2022 (i.e. prior to expiry of 6 months) 72,16,000 Equity shares of ₹ 5 each were bought back by the Company from the open market at an aggregate value of ₹ 30,02,41,149.60. These equity shares were subsequently extinguished resulting in reduction of the paid-up share capital of the Company to 13,49,46,231 equity shares of ₹ 5 each.

### 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 March 31, 2023, 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 March 31, 2023 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.

### 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 May 07, 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 March 31, 2022 was reviewed by the Audit Committee at its meeting held on August 08, 2022 and has been filed with Registrar of Companies on November 05, 2022. The Board of Directors at its meeting held on May 25, 2022 appointed M/s. Kandikonda & Associates., Cost Accountants, Hyderabad as Cost auditors of the company for the year ending March 31, 2023. The Cost Audit report for the year ended March 31, 2023 was approved by the Board of Directors at its meeting held on August 09, 2023 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 2022-23. The Secretarial Audit Report for the financial year ended March 31, 2023 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 March 31, 2023 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**

Place : Hyderabad  
Date : 09.08.2023

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

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



# Annexure - A

## 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 *	Enertech Pennar Defense and Engineering Systems Private Limited	Pennar GmbH Consol *
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)**	Indian Rupees (in Lakhs)	Euro (in Lakhs)**
4.	Share Capital	0.03	1	22.40
5.	Reserves & Surplus	5,444.41	196.06	201.04
6.	Total Assets	30,934.25	2,776.20	1,873.26
7.	Total Liabilities	25,489.80	2,579.14	1,649.82
8.	Investments	NIL	NIL	NIL
9.	Turnover	70,293.08	903.99	1,601.84
10.	Profit Before Taxation	3,731.22	2.31	67.98
11.	Provision for Taxation	746.24	0.72	1,541.42
12.	Profit after Taxation	2,984.98	1.59	16.99
13.	Proposed Dividend	NIL	NIL	NIL
14.	% of Shareholding	100%	51%	100%

\* Pennar Global includes step down subsidiary Pennar Global Metals and Ascent Buildings LLC.

\* Pennar GMBH includes step down subsidiary Cadnum SARL.

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

\*\* Exchange rate 80.39 INR/USD for profit and loss account and 82.22 INR/USD for Balance sheet items.

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

\*\* Exchange rate 83.72 INR/EURO for profit and loss account transactions and 89.60 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	
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	Not Applicable
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

**J S Krishna Prasad**

Chief Financial Officer

**Aditya Rao**

Vice-Chairman & Managing  
Director  
DIN 01307343

**K Lavanya Kumar Rao**

Whole-time Director  
DIN 01710629



# Annexure - B

## 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 2022-23.

a.	Name(s) of the related party and nature of relationship	
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	Not Applicable
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 2022 to March 2023
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	25.05.2022, 09.08.2022, 09.11.2022 and 08.02.2023
f.	Amount paid as advances, if any	Refer Note No. 34

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

Place : Hyderabad  
Date : 09.08.2023

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

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



# Annexure – C

## 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 seven committees to discharge its responsibilities in an effective manner. The Executive Director, Executive Chairman and Vice-Chairman & Managing Director provide overall direction and guidance to the Board. Concurrently, the Executive Chairman, 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 eleven 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 March 31, 2023, 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. Nrupender Rao	<ul style="list-style-type: none"> <li>Leadership</li> <li>Business Management</li> <li>Industry Experience</li> <li>Finance Management</li> <li>Corporate Governance, Compliance &amp; Risk Management</li> </ul>
2.	Mr. Aditya Rao	<ul style="list-style-type: none"> <li>Leadership/ Operations</li> <li>Business Management/ Strategic Planning</li> <li>Sales &amp; Marketing</li> <li>Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>Global Business Development</li> <li>Finance Management</li> <li>Law and Governance</li> <li>Human Resource Management</li> <li>Corporate Governance, Compliance &amp; Risk Management</li> </ul>
3.	Mr. K Lavanya Kumar Rao	<ul style="list-style-type: none"> <li>Law and Governance</li> <li>Human Resource Management</li> <li>Industry Experience</li> </ul>
4.	Mr. P V Rao	<ul style="list-style-type: none"> <li>Sales &amp; Marketing</li> <li>Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>Global Business Development</li> <li>Finance Management</li> </ul>
5.	Mr. Eric James Brown	<ul style="list-style-type: none"> <li>Leadership/ Operations</li> <li>Business Management/ Strategic Planning</li> <li>Sales &amp; Marketing</li> <li>Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>Global Business Development</li> <li>Finance Management</li> <li>Risk Management</li> </ul>
6.	Mr. B Kamalakar Rao	<ul style="list-style-type: none"> <li>Industry Experience</li> <li>Finance Management</li> <li>Law and Governance</li> <li>Human Resource Management</li> <li>Corporate Governance, Compliance &amp; Risk Management</li> </ul>
7.	Mr. Manish Sabharwal	<ul style="list-style-type: none"> <li>Leadership/ Operations</li> <li>Business Management/ Strategic Planning</li> <li>Sales &amp; Marketing</li> <li>Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>Global Business Development</li> <li>Finance Management</li> <li>Law and Governance</li> <li>Human Resource Management</li> <li>Corporate Governance, Compliance &amp; Risk Management</li> </ul>
8.	Mr. Chandrasekhar Sripada	<ul style="list-style-type: none"> <li>Leadership/ Operations</li> <li>Business Management/ Strategic Planning</li> <li>Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>Global Business Development</li> <li>Human Resource Management</li> <li>Corporate Governance, Compliance &amp; Risk Management</li> </ul>
9.	Mr. Ravi Venkata Siva Ramakrishna	<ul style="list-style-type: none"> <li>Business Management/ Strategic Planning</li> <li>Sales &amp; Marketing</li> <li>Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>Global Business Development</li> <li>Corporate Governance, Compliance &amp; Risk Management</li> </ul>
10.	Ms. Virginia Sharma	<ul style="list-style-type: none"> <li>Business Strategy, Brand Building and Leadership</li> <li>Sales and Marketing</li> <li>Strategic Planning</li> <li>Financial Management and Economics</li> <li>Industry Knowledge</li> <li>Research and Innovation</li> </ul>

**(a) Composition and Category of Directors as of March 31, 2023 is as follows:**

Category	No. of Directors	%
Executive Directors	3	30
Non-Executive Non-Independent Directors	2	20
Non-Executive Independent Directors	5	50
<b>Total</b>	<b>10</b>	<b>100</b>

**(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 April 01, 2022 to March 31, 2023. The dates on which the meetings were held are as follows: May 25, 2022, August 09, 2022, November 09, 2022 and February 08, 2023.

**(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 September 22, 2022
1.	Mr. Nrupender Rao	Executive Chairman	4	1	No
2.	Mr. Aditya Rao	Vice-Chairman and Managing Director	4	4	Yes
3.	Mr. P V Rao	Non-Executive Director	4	4	No
4.	Mr. K Lavanya Kumar Rao	Whole-time Director	4	4	Yes
5.	Mr. Eric James Brown	Non-Executive Director	4	4	No
6.	Mr. Ravi Venkata Siva Ramakrishna	Independent Non-Executive Director	4	4	No
7.	Mr. B Kamalakar Rao	Independent Non-Executive Director	4	4	Yes
8.	Mr. Manish Sabharwal	Independent Non-Executive Director	4	4	No
9.	Mr. Varun Chawla *	Independent Non-Executive Director	4	4	No
10.	Mr. Chandrasekhar Sripada	Independent Non-Executive Director	4	4	No
11.	Ms. Virginia Sharma \$	Independent Non-Executive Director	2	2	No
12.	Ms. Bharati Jacob #	Independent Non-Executive Director	0	0	-

\*Resigned as Non-Executive Director on March 07, 2023

\$ Appointed as Independent Director on November 09, 2022

# Resigned as Non-Executive Director on April 05, 2022

**(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. Nrupender Rao	1	1	-	-	-	-
2.	Mr. Aditya Rao	-	2	-	1	-	-
3.	Mr. P V Rao	-	1	-	-	-	-
4.	Mr. K Lavanya Kumar Rao	-	1	-	-	-	-
5.	Mr. Eric James Brown	-	1	-	1	-	-
6.	Mr. B Kamalakar Rao	-	1	2	-	-	-
7.	Mr. Manish Sabharwal	-	2	-	-	Teamlease Services Limited	Vice-Chairman & Executive Director
8.	Mr. Chandrasekhar Sripada	-	1	-	-	-	-
9.	Mr. Ravi Venkata Siva Ramakrishna	-	-	-	-	-	-
10.	Ms. Virginia Sharma	-	1	-	-	-	-

# Includes number of companies in which they are Chairman.

Mr. Nrupender Rao and Mr. Aditya Rao are related to each other and none of the other Directors of the Company are, inter-se, related to each other.

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 March 31, 2023 was taken on record by the Board of Directors of the Company.

Note: Mr. Shrikant Bhakkad appointed as Chief Financial Officer of the Company w.e.f May 25, 2023.

**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, Ms. Bharati Jacob, Independent Director of the company resigned from the Board of Directors w.e.f April 05, 2022.

**(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 March 7, 2023, 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. B Kamalakar Rao  | – | 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) |
| 4. | Mr. Varun Chawla * # | – | Member (Independent Non-Executive Director)     |

\* The committee reconstituted at Board Meeting held on August 09, 2022.

# Mr. Varun Chawla, Director resigned on March 7, 2023.

**(c) Meetings and attendance during the year**

During the year under review, the Committee met 4 times on May 23, 2022, August 08, 2022, November 07, 2022 and February 06, 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	4	4
2.	Mr. RVS Ramakrishna *	4	2
3.	Mr. Eric James Brown	4	3
4.	Mr. Varun Chawla * #	4	2

\* The committee reconstituted at Board Meeting held on August 09, 2022.

# Mr. Varun Chawla, Director resigned on March 7, 2023.

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 and Mr. Krishna Prasad (\*), 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 Chairman of the Board will attend the meetings as he deems appropriate. 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.

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

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.,

should be Non-Executive Directors. At least two-thirds of the Committee members should be 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

**(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. B Kamalakar Rao - Chairman (Independent Non-Executive Director)
2. Mr. Chandrasekhar Sripada - Member (Independent Non-Executive Director)
3. Mr. Varun Chawla \* - Member (Independent Non-Executive Director)

The Committee reconstituted at Board Meeting held on August 09, 2022 with the following Members.

1. Mr. B Kamalakar Rao - Chairman (Independent Non-Executive Director)
2. Mr. RVS Ramakrishna - Member (Independent Non-Executive Director)
3. Mr. Chandrasekhar Sripada - Member (Independent Non-Executive Director)

\* Mr. Varun Chawla, Director resigned on March 7, 2023.

**(c) Meetings and attendance during the year**

During the year the Committee had 1 meeting on November 09, 2022. 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. Chandrasekhar Sripada	1	1
3.	Mr. RVS Ramakrishna	1	1

The Committee reconstituted at Board Meeting held on August 09, 2022.

**(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 March 7, 2023. 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 Executive Chairman, 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 2022-23 is given below:

Amount in ₹ lakhs.

Name of the Director	Designation	Salary/ Remuneration	Commission	Provident fund, Superannuation fund and other perquisites	Sitting Fee	Total
Mr. Nrupender Rao	Executive Chairman	138	-	17	-	155
Mr. Aditya Rao	Vice-Chairman & Managing Director	90	20	14	-	124
Mr. K Lavanya Kumar Rao	Whole-time Director	98	20	6	-	124
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. Varun Chawla *	Independent Non- Executive Director	-	-	-	4	4



Amount in ₹ lakhs.

Name of the Director	Designation	Salary/ Remuneration	Commission	Provident fund, Superannuation fund and other perquisites	Sitting Fee	Total
Mr. Chandrasekhar Sripada	Independent Non-Executive Director	5	-	-	3	8
Mr. Ravi Venkata Siva Ramakrishna	Independent Non-Executive Director	5	-	-	4	9
Ms. Virginia Sharma	Independent Non-Executive Director	5	-	-	2	7

\* Mr. Varun Chawla, Non-Executive Director resigned on March 7, 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](http://www.pennarindia.com)

**(g) Details of number of shares held by the Non-Executive/Independent Directors as on March 31, 2023:**

Name of the Director	Designation	No. of Shares held
Mr. B Kamalakar Rao	Independent Non-Executive Director	-
Mr. Manish Sabharwal	Independent Non-Executive Director	-
Mr. Varun Chawla *	Independent Non-Executive Director	-
Mr. Chandrasekhar Sripada	Independent Non-Executive Director	-
Mr. Ravi Venkata Siva Ramakrishna	Independent Non-Executive Director	-
Ms. Bharati Jacob #	Independent Non-Executive Director	-
Ms. Virginia Sharma \$	Independent Non-Executive Director	-
Mr. Eric James Brown	Non-Executive Director	-
Mr. P V Rao	Non-Executive Director	2,27,360

\* Mr. Varun Chawla, Non-Executive Director resigned on March 7, 2023.

# Ms. Bharati Jacob, Independent Director resigned on April 05, 2022.

\$ Ms. Virginia Sharma, Independent Director appointed on November 09, 2022.

**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. B Kamalakar Rao, a Non-Executive Independent Director.

Other members include Mr. Aditya Rao, Vice-Chairman & Managing Director and Mr. RVS Ramakrishna, Non-Executive Independent Director.

Note: The Committee reconstituted at Board Meeting held on August 09, 2022.

- Name and designation of Compliance Officer: Mr. Mirza Mohammed Ali Baig, Company Secretary.
- Number of complaints received from shareholders: During the period under review, the Company has received and resolved 60 complaints and there were no pending complaints as at the year end.
- Number of pending share transfers and complaints: Nil
- In order to facilitate faster redressal of investor's grievance's the Company has created an exclusive email ID '[mirza.baig@pennarindia.com](mailto: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 May 23, 2022, August 08, 2022, November 09, 2022, and February 6, 2023.

Sl. No.	Name of the Member	No. of Meetings held	No. of Meetings attended
1.	Mr. B Kamalakar Rao	4	4
2.	Mr. Varun Chawla *	4	2
3.	Mr. Aditya Rao	4	4
4.	Mr. RVS Ramakrishna	4	2

The Committee reconstituted at Board Meeting held on August 09, 2022 with the following Members.

\* Mr. Varun Chawla, Non-Executive Director resigned on March 7, 2023.

- |    |                     |   |   |
|----|---------------------|---|---|
| 1. | Mr. B Kamalakar Rao | - | Chairman (Independent Non-Executive Director) |
| 2. | Mr. RVS Ramakrishna | - | Member (Independent Non-Executive Director)   |
| 3. | Mr. Aditya Rao      | - | Member (Vice-Chairman and Managing Director)  |

**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. B Kamalakar Rao    | - | Chairman (Independent Non-Executive Director) |
| 2. | Mr. Varun Chawla *     | - | Member (Independent Non-Executive Director)   |
| 3. | Mr. Aditya Rao         | - | Member (Vice-Chairman & Managing Director)    |
| 4. | Mr K Lavanya Kumar Rao | - | Member (Whole-time Director)                  |

The Committee reconstituted at Board Meeting held on August 09, 2022 with the following Members.

\* Mr. Varun Chawla, Non-Executive Director resigned on March 7, 2023.

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

**(c) Meetings and attendance during the year**

During the year the Committee had 1 meeting i.e., on May 23, 2022. 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. Varun Chawla *	1	1
3.	Mr. Lavanya Kumar Rao	1	1
4.	Mr. Aditya Rao	1	1

The Committee reconstituted at Board Meeting held on August 09, 2022.

\* Mr. Varun Chawla, Non-Executive Director resigned on March 7, 2023.

## 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

Date	Year	Type	Venue	Time
September 22, 2022	2021-22	Annual General Meeting	Video Conferencing	11:00 A.M.
September 30, 2021	2020-21	Annual General Meeting	Video Conferencing	11:00 A.M.
September 30, 2020	2019-20	Annual General Meeting	Video Conferencing	11:00 A.M.
September 30, 2019	2018-19	Annual General Meeting	Radisson, Hyderabad	10:00 A.M.
December 14, 2018	2017-18	Court Convened Meeting of Equity Shareholders	Radisson, Hyderabad	2:30 P.M.
December 15, 2018	2017-18	Court Convened Meeting of Unsecured Creditors	Radisson, Hyderabad	2:30 P.M.
September 28, 2018	2017-18	Annual General Meeting	Radisson, Hyderabad	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
September 22, 2022	Yes	<ol style="list-style-type: none"> <li>To Create Charges</li> <li>To borrow in excess of paid-up capital and free reserves</li> </ol>
September 30, 2021	Yes	<ol style="list-style-type: none"> <li>Re-Appoint Mr. Nrupender Rao as Chairman.</li> <li>Re-Appoint Mr. Aditya Rao as Vice-Chairman and Managing Director.</li> <li>Re-Appoint Mr. K Lavanya Kumar Rao as Whole-time Director.</li> <li>Appointment Mr. Ravi Venkata Siva Ramakrishna as Independent Director.</li> </ol>
September 30, 2020	Yes	<ol style="list-style-type: none"> <li>Re-Appoint Mr. Nrupender Rao as Chairman.</li> <li>Re-Appoint Mr. Aditya Rao as Vice-Chairman and Managing Director.</li> <li>Appointment of Mr. P V Rao as Joint Managing Director.</li> <li>Re-Appoint Mr. K Lavanya Kumar Rao as Whole-time Director.</li> </ol>

### (c) Extraordinary General Meeting:

No extraordinary general meeting of the members was held during FY 2023.

(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:

(i) The Company had sought the approval of the shareholders by way of a Special Resolution through notice of postal ballot dated May 25, 2022 for re-appointment of Mr. Nrupender Rao (DIN: 00089922) as Chairman, Mr. Aditya Rao (DIN: 01307343) as Vice-Chairman and Managing Director and re-appointment of Mr. K Lavanya Kumar Rao (DIN: 01710629) as Executive Director which was duly passed and the results of which were announced on June 27, 2022. Mr. Subhash Kishan Kandrapu (Membership No. ACS 32743 and C. P. No. 17545), Practising 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:

Name of Director	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)
Mr. Nrupender Rao	5,66,42,292	39.9911	5,65,93,524	99.9139	48,768	0.0861
Mr. Aditya Rao	5,66,42,294	39.9911	5,65,91,350	99.9101	50,944	0.0899
Mr. K Lavanya Kumar Rao	5,66,42,294	39.9911	5,65,91,350	99.9101	50,944	0.0899

Result: The resolution is passed with requisite majority

- (2) The Company had sought the approval of the shareholders by way of a Special Resolution through notice of postal ballot dated November 09, 2022 for (a) Appointment of Ms. Virginia Sharma (DIN: 02306909) as an Independent Director (b) Change in designation of Mr. Varun Chawla (DIN: 02097425) as Non-Executive Non-Independent Director (c) Payment of remuneration to Ms. Virginia Sharma (DIN: 02306909), Non-Executive Independent Director (d) Payment of remuneration to Mr. RVS Ramakrishna (DIN: 00009421), Non-Executive Independent Director (e) Payment of remuneration to Mr. Chandrasekhar Sripada (DIN: 02813923), Non-Executive Independent Director which was duly passed and the results of which were announced on December 19, 2022. 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:

- (a) Appointment of Ms. Virginia Sharma (DIN: 02306909) as an Independent Director

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)
5,69,22,498	42.1816	5,69,07,563	99.9738	14,935	0.0262

Result: The resolution is passed with requisite majority

- (b) Change in designation of Mr. Varun Chawla (DIN: 02097425) as Non-Executive Non-Independent Director

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)
5,69,22,513	42.1816	5,69,10,805	99.9794	11,708	0.0206

Result: The resolution is passed with requisite majority

- (c) Payment of remuneration to Ms. Virginia Sharma (DIN: 02306909), Independent Director

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)
5,69,22,488	42.1816	5,69,05,037	99.9693	17,451	0.0307

Result: The resolution is passed with requisite majority

- (d) Payment of remuneration to Mr. RVS Ramakrishna (DIN: 00009421), Independent Director

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)
5,69,22,513	42.1816	5,69,10,249	99.9785	12,264	0.0215

Result: The resolution is passed with requisite majority

(e) Payment of remuneration to Mr. Chandrasekhar Sripada (DIN: 02813923), Independent Director

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)
5,69,22,419	42.1816	5,69,10,227	99.9785	12,264	0.0215

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.

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.

## 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

### 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 March 31, 2023, 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](http://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.

**12. The requirements of Corporate Governance Report of sub-paras (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. Nrupender Rao, Executive 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. Nrupender Rao, Executive 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-**

8,95,122 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](http://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 2022-23 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	September 30, 2023 at 11:00 A.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
2.	Financial calendar (Tentative schedule)	Financial year : April 01, 2023 to March 31, 2024 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 March 31, 2024. Within 60 days of the end of Financial Year. Annual general meeting for the year 2023-24 : In accordance with Companies Act, 2013 and amendment if any.
3.	Date of book Closure	17.09.2023 to 18.09.2023 (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 25 <sup>th</sup> Floor, Marathon Futurex, NM Joshi Marg, Lower Parel (East), Mumbai – 400013
8.	Registered Office (address for correspondence)	Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad – 500084 Telangana. India, 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.) Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District Nanakramguda, Seriligampalli Hyderabad – 500032, Toll Free No. 1800 309 4001 E-mail: einward.ris@kfinfintech.com/ rajeev.kr@kfinfintech.com Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.



Sl. No.	Particulars	Description
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.
11	Nomination Facility	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. Investors are advised to avail of this facility, especially investors holding securities in single name. 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.
12	Details of all credit ratings obtained by the Company along with any revisions thereto during the year 2022-23, 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-' (Single A Minus; Outlook: Positive) and Short term bank facilities 'CARE A2+' (A Two Plus).

The Company has paid Listing fees for the year 2023-24 to all the aforesaid Stock Exchanges.

#### 18. Distribution of shareholding as on March 31, 2023 was as under:

Sl. No.	Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1.	1-5000	56,126	90.289888	1,08,20,115	5,41,00,575	8.018094
2.	5001- 10000	2,644	4.253402	41,13,127	2,05,65,635	3.047975
3.	10001- 20000	1,463	2.353528	42,85,879	2,14,29,395	3.175990
4.	20001- 30000	666	1.071394	33,41,439	1,67,07,195	2.476126
5.	30001- 40000	234	0.376436	16,58,543	82,92,715	1.229040
6.	40001- 50000	239	0.384479	22,66,177	1,13,30,885	1.679318
7.	50001- 100000	352	0.566262	51,96,890	2,59,84,450	3.851082
8.	100001& Above	438	0.704611	10,32,64,061	51,63,20,305	76.522375
	<b>Total</b>	<b>62,162</b>	<b>100.00</b>	<b>13,49,46,231</b>	<b>67,47,31,155</b>	<b>100.00</b>



Shareholding Pattern as on March 31, 2023 was as under:

Sl. No.	Description	Cases	Shares	% Equity
1.	Alternative Investment Fund	1	34,700	0.03
2.	Banks	6	1,648	0.00
3.	Bodies Corporates	257	97,43,655	7.22
4.	Clearing Members	27	48,893	0.04
5.	Directors	1	2,27,360	0.17
6.	Foreign Portfolio – Corp	28	65,55,761	4.86
7.	H U F	1,182	34,95,435	2.59
8.	I E P F	1	8,95,122	0.66
9.	Key Management Personnel	1	889	0.00
10.	Mutual Funds	3	950	0.00
11.	Nationalised Banks	2	160	0.00
12.	Non Resident Indian Non Repatriable	322	7,04,348	0.52
13.	Non Resident Indians	476	13,66,513	1.01
14.	Promoter Group	8	26,14,911	1.94
15.	Promoters	11	5,10,15,416	37.80
16.	Resident Individuals	59,836	5,82,40,470	43.16
	<b>Total</b>	<b>62,162</b>	<b>13,49,46,231</b>	<b>100.00</b>

## 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. 99.50% of equity shares are held in dematerialised form as on March 31, 2023.
- (b) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: During the financial year 2022-23, 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) Sadasivpet plant : Chandapur Village, Sadasivpet Mandal, Medak (Dist)
- 7) Mallapur plant : 186/A & 188/A, IDA Mallapur, RR (Dist)
- 8) Tiruchirappalli plant : D-9 & 10, Developed Plot Estate, Thuvakudi, Tiruchirappalli



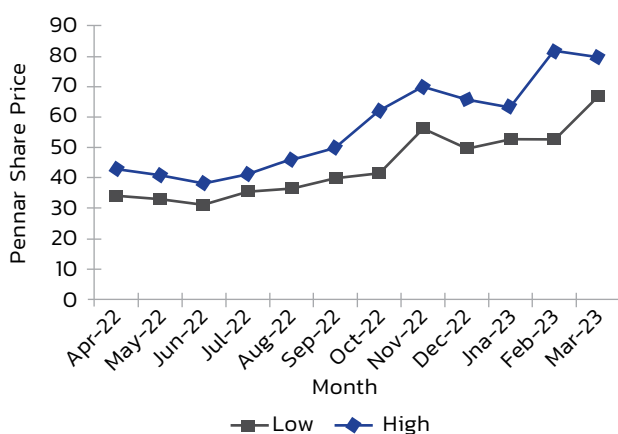
## 21. Market price data:

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 2022-23 were as follows:

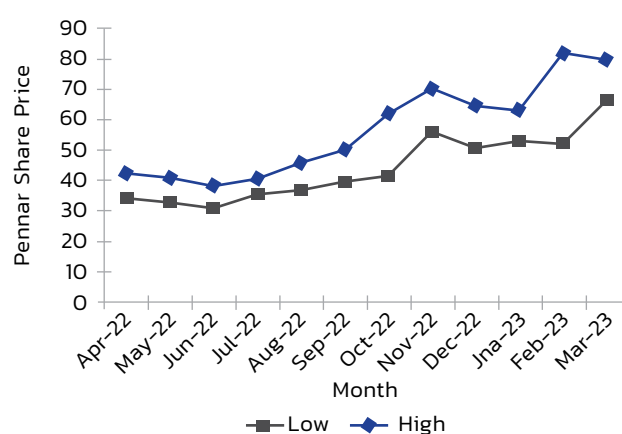
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-22	42.95	34.55	27,96,157	42.7	34.75	2,19,99,428
May-22	41.15	33	13,93,432	41.2	33	96,64,200
Jun-22	38.45	31.05	5,46,857	38.45	31.05	57,16,038
Jul-22	41.35	35.75	8,03,496	40.75	35.75	99,19,600
Aug-22	46.05	36.65	17,92,526	46	37.05	1,75,40,638
Sep-22	50.1	40.1	26,26,116	50.2	39.95	2,54,69,000
Oct-22	62.35	41.85	36,80,951	62.25	41.55	3,80,01,598
Nov-22	70.2	56.6	43,61,712	70.3	56.55	3,08,45,846
Dec-22	65.95	50	20,17,576	64.9	51	1,46,46,056
Jan-23	63.3	53.15	11,64,589	63.45	53.1	96,93,588
Feb-23	82.2	52.5	46,10,787	82.25	52.25	4,48,91,753
Mar-23	79.87	66.98	12,85,080	79.8	66.55	1,41,33,490

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

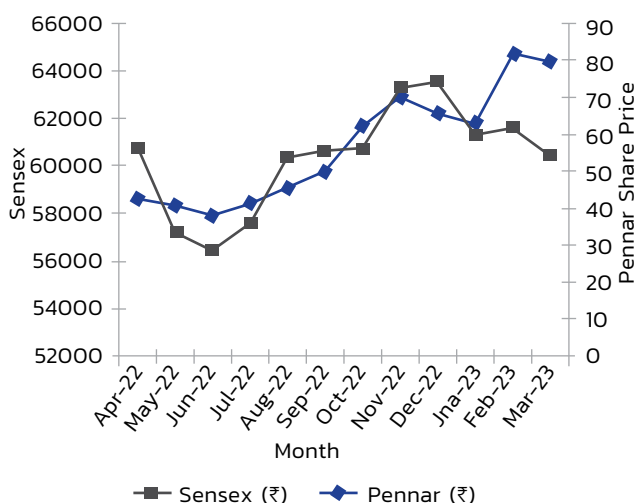
### Share prices at BSE



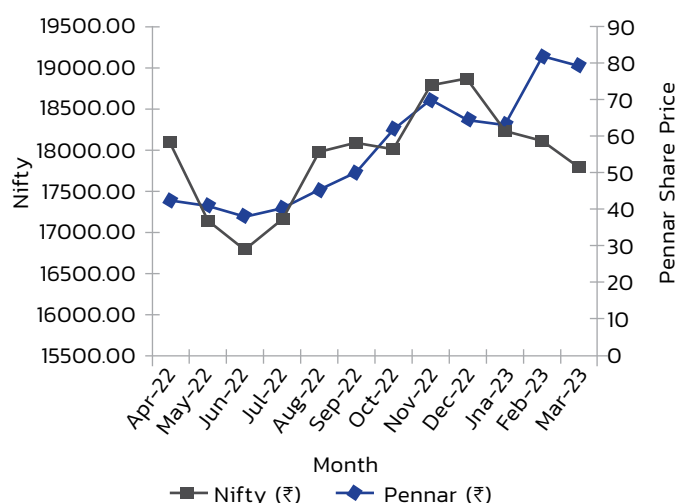
### Share prices at NSE



### Performance in comparison to broad based indices such as BSE Sensex:



### Performance in comparison to broad based indices such as Nifty:



Comparison is done between the Share price- High and Sensex index close price

Comparison is done between the Share price- High and Nifty index close price.

## 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 January 25, 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 (CDSL) 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 CDSL 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 March 31, 2023.

**for Pennar Industries Limited**

**Aditya Rao**

Date: 09.08.2023  
Place: Hyderabad

Vice-Chairman and Managing Director  
DIN 01037343



# Annexure - D

Ref: RK/161/2023-24

## 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 March 31, 2023, 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

Place: Hyderabad  
Date: 12/07/2023

M.no: 221908  
UDIN: 23221908BGUIFFS8422

# Annexure – E

## Annual Report on Corporate Social Responsibility activities for the Financial Year 2022-23

### 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. Varun Chawla *	Member (Non-Executive Independent Director)	1	1
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 August 09, 2022.

\* Mr. Varun Chawla, Non-Executive Director resigned on March 7, 2023.

- 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%20committees%20in%20PIL%20w.e.f%2024052023.pdf> and <https://www.pennarindia.com/csr-policy.php>
- 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.- ₹ 2931.11 lakhs
  - Two percent of average net profit of the company as per sub-section (5) of section 135 - ₹ 58.63 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)]-₹ 58.63 Lakhs
- Amount spent on CSR Projects (both Ongoing Projects and other than Ongoing Projects) : ₹ 175.07 Lakhs
  - Amount spent in Administrative Overheads: Nil
  - Amount spent on Impact Assessment, if applicable: Nil
  - Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 175.07 lakhs



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

Total Amount spent for the Financial Year (in ₹ lakhs)	Amount Unspent (in ₹ 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
175.07	-	-	-	-	-

(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)	₹ 58.63
(ii)	Total amount spent for the Financial Year	₹ 58.63
(iii)	Excess amount spent for the financial year [(ii)-(i)]	-
(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 ₹ lakhs)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹ 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 ₹ lakhs)	Deficiency, if any
					Amount (in ₹ lakhs)	Date of transfer		
1.	2021-22	86	86	Nil	Nil	Nil	86	-
2.	2020-21	23	1.27	21.51	Nil	Nil	1.27	-
3.	2019-20	Nil	Nil	Nil	Nil	Nil	Nil	-

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

**B Kamalaker Rao**  
Chairman of CSR Committee  
DIN 00038686

# Annexure – F

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2023

[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  
Floor No. 3, DHFLVC Silicon Towers,  
Kondapur, Hyderabad-500084  
Telangana India

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 April 01, 2022 and ended March 31, 2023, 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, 2023 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 2022-2023.**
- (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 CNV Act, 1959 & Rules
- (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 except the following:

1. There has been non compliance for appointment of women director on the Board of the Company during the quarter ended September 30, 2022. Subsequently, the same has been complied by the Company in term of Regulation 17(I).
2. There has been non compliance for composition of the Board during the quarter ended December 31, 2022. Subsequently, the same has been complied by the Company in term of Regulation 17(I).

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 2022-2023**
- (iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

**As on 31/03/2023, the Company Buy Back 72,16,000 shares from its shareholders through Open Market Purchase.**

- (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 2022-2023**

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 except as stated above herein. 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 apart from the following:

- a. As on 31/03/2023, the Company Buy Back 72,16,000 shares from its shareholders through Open Market Purchase.**

Place: Hyderabad,  
Date: May 02, 2023

**CS. Subhash Kishan Kandrappu**  
ACS: 32743, CP: 17545  
UDIN: AO32743E000234857

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.



## “Annexure – A”

To  
The Members  
**M/s. PENNAR INDUSTRIES LIMITED**  
CIN: L27109TG1975PLC001919  
Floor No. 3, DHFLVC Silicon Towers,  
Kondapur, Hyderabad-500084  
Telangana India

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.

Place: Hyderabad,  
Date: May 02, 2023

**CS. Subhash Kishan Kandrapu**  
ACS: 32743, CP: 17545  
UDIN: A032743E000234857



# Annexure - G

## 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:

<b>(A) Conservation of Energy:</b>	
I. The steps taken or impact on conservation of energy	<ul style="list-style-type: none"> <li>Replaced the 355 No's 150W led fittings in place of 400W metal halide fittings. Patancheru Plant – 202 No's Isnapur Plant – 220 No's Velchal Plant – 63 No's Tarapur Plant – 42 No's Chennai Plant – 78 No's</li> </ul>
II. The steps taken by the company for utilizing alternate sources of energy	Roof top solar power installed in all plants in 2020-2021
III. The capital investment on energy conservation equipment;	Nil
<b>(B) Technology absorption:</b>	
I. The efforts made towards technology absorption	<ul style="list-style-type: none"> <li>Digital DC Drives used for 4HI-2 Screw down system in place of Analog drives.</li> <li>In Paint Booth used AC Drives for Blower's &amp; Coil Cars for smooth operations.</li> <li>For HRS II Coiler Motor used DC drive</li> </ul>
II. The benefits derived like product improvement, cost reduction, product development or import substitution.	200T on line press Ac drive used for leveller motor with break. Loss of material was saving.
III. 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	In Isnapur plant Ac drives, Motors ABB used for 4 <sup>th</sup> II mill.
IV. The expenditure incurred on research and development	-
<b>(C) Foreign exchange earnings and outgo</b>	Total Foreign Exchange earnings: ₹ 19,492 Lakhs Total Foreign Exchange Outgo: ₹ 8,678 lakhs

# Annexure – H

## Form No. MGT-9 Extract of Annual Return

As on the financial year ended on March 31, 2023

[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	M/s. Pennar Industries Limited
iv)	Category/Sub Category of the Company	Public Company/Limited by Shares
v)	Address of the Registered office and contact details	Floor No.: 3, DHFLVC Silicon Towers, Kondapur, Hyderabad, Telangana – 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 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, 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	50.10%
2.	Custom designed building solutions & auxiliaries	28112	49.90%

### 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 , Willington 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.	Eneritech Pennar Defense and Engineering Systems Private Limited Registered Office: 3 <sup>rd</sup> Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad – 500084	U74999TG2018PTC123704	Subsidiary	51%	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 ₹ Lakhs			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	58,062	848	NIL	58,910
ii. Interest due but not paid	-	-	NA	-
iii. Interest accrued but not due	204	-	NA	-
<b>Total (i+ii+iii)</b>	<b>58,266</b>	<b>848</b>	<b>-</b>	<b>59,114</b>
Change in Indebtedness during the financial year				
* Additions	9,119	-	NIL	9,119
* Reductions	5,742	298	NIL	6,040
Net Change	3,377	-298	0	3,079
Indebtedness at the end 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	154
<b>Total (i+ii+iii)</b>	<b>61,593</b>	<b>550</b>	<b>0</b>	<b>62,143</b>

#### 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 ₹ 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	155	124	124	403
	(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	-	-	-	-
	<b>Total</b>	<b>155</b>	<b>124</b>	<b>124</b>	<b>403</b>

## B) Remuneration to other directors

Sl No.	Particulars of Remuneration	Name of the Directors						Total Amount
		B Kamalaker Rao	Chandrasekhar Sripada	Manish Sabharwal	Virginia Sharma	RVS Ramakrishna	P V Rao	
1.	Independent Directors							
	* Fee for attending board, committee meetings	5	8	4	7	9	-	33
	* Commission	-	-	-	-	-	-	-
	* Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>5</b>	<b>8</b>	<b>4</b>	<b>7</b>	<b>9</b>	<b>-</b>	<b>33</b>
2.	Others Non-Executive Directors							
	* Fee for attending board meetings	-	-	-	-	-	4	4
	* Commission	-	-	-	-	-	-	-
	* Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>
	<b>Total (1+2)</b>	<b>5</b>	<b>8</b>	<b>4</b>	<b>7</b>	<b>9</b>	<b>4</b>	<b>37</b>

Note: Mr. Varun Chawla, Non-Executive Director resigned on March 7, 2023 and paid a sitting fee of ₹ 4 lakhs for attending the Board and Committee meetings during the year ended 31.03.2023.

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

Sl No.	Particulars of Remuneration	Amount in ₹ Lakhs		
		J S Krishna Prasad *	Mirza Mohammed Ali Baig	Total Amount
		Chief Financial Officer	Company Secretary	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		47	15
	(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		-	-
	<b>Total</b>		<b>47</b>	<b>15</b>
				<b>62</b>

\* Mr. J S Krishna Prasad resigned as Chief Financial Officer w.e.f 24.05.2023.

## 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)	Authority (RD/ NCLT/Court)
<b>A. Company</b>					
Penalty, Punishment Compounding					
<b>B. Directors</b>					
Penalty, Punishment Compounding					
<b>C. Other Officers in Default</b>					
Penalty, Punishment Compounding					



## Attachment - A

## (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 31/03/2022				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2023				% 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	3,26,00,823	-	3,26,00,823	22.93	3,26,24,872	-	3,26,24,872	24.18	1.24
(b)	Central Government/State Government(s)	-	-	-	0.00	-	-	-	0.00	0.00
(c)	Bodies Corporate	2,10,05,455	-	2,10,05,455	14.78	2,10,05,455	-	2,10,05,455	15.57	0.79
(d)	Financial Institutions / Banks	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Others	-	-	-	0.00	-	-	-	0.00	0.00
	<b>Sub-Total A(1) :</b>	<b>5,36,06,278</b>	<b>-</b>	<b>5,36,06,278</b>	<b>37.71</b>	<b>5,36,30,327</b>	<b>-</b>	<b>5,36,30,327</b>	<b>39.74</b>	<b>2.03</b>
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	0.00	-	-	-	0.00	0.00
(b)	Bodies Corporate	-	-	-	0.00	-	-	-	0.00	0.00
(c)	Institutions	-	-	-	0.00	-	-	-	0.00	0.00
(d)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Others	-	-	-	0.00	-	-	-	0.00	0.00
	<b>Sub-Total A(2) :</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total A=A(1)+A(2)</b>	<b>5,36,06,278</b>	<b>-</b>	<b>5,36,06,278</b>	<b>37.71</b>	<b>5,36,30,327</b>	<b>-</b>	<b>5,36,30,327</b>	<b>39.74</b>	<b>2.03</b>
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	950	-	950	0.00	35,650	-	35,650	0.03	0.03
(b)	Financial Institutions /Banks	458	1,350	1,808	0.00	458	1,350	1,808	0.00	0.00
(c)	Central Government / State Government(s)	-	-	-	0.00	-	-	-	0.00	0.00
(d)	Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Insurance Companies	-	-	-	0.00	-	-	-	0.00	0.00
(f)	Foreign Institutional Investors	2,80,247	-	2,80,247	0.20	65,55,761	-	65,55,761	4.86	4.66
(g)	Foreign Venture Capital Investors	-	-	-	0.00	-	-	-	0.00	0.00
(h)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
(i)	Others	-	-	-	0.00	-	-	-	0.00	0.00
	<b>Sub-Total B(1) :</b>	<b>2,81,655</b>	<b>1,350</b>	<b>2,83,005</b>	<b>0.20</b>	<b>65,91,869</b>	<b>1,350</b>	<b>65,93,219</b>	<b>4.89</b>	<b>4.69</b>
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	1,13,98,374	3,555	1,14,01,929	8.02	97,40,800	2,855	97,43,655	7.22	-0.80
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	3,94,77,518	6,26,826	4,01,04,344	28.21	2,94,18,099	6,11,545	3,00,29,644	22.25	-5.96
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	3,32,76,857	44,000	3,33,20,857	23.44	3,16,62,261	44,000	3,17,06,261	23.50	0.06
(c)	Others									
	CLEARING MEMBERS	3,67,091	-	3,67,091	0.26	48,893	-	48,893	0.04	-0.22
	DIRECTORS	-	-	-	0.00	2,27,360	-	2,27,360	0.17	0.17
	KEY MANAGERIAL PERSONNEL	-	-	-	0.00	889	-	889	0.00	0.00
	I E P F	8,98,282	-	8,98,282	0.63	8,95,122	-	8,95,122	0.66	0.03
	NON RESIDENT INDIANS	13,93,992	14,679	14,08,671	0.99	13,52,494	14,019	13,66,513	1.01	0.02
	NRI NON-REPATRIATION	7,59,134	-	7,59,134	0.53	7,04,348	-	7,04,348	0.52	-0.01
	TRUSTS	12,640	-	12,640	0.01	-	-	-	0.00	-0.01
(d)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
	<b>Sub-Total B(2) :</b>	<b>8,75,83,888</b>	<b>6,89,060</b>	<b>8,82,72,948</b>	<b>62.09</b>	<b>7,40,50,266</b>	<b>6,72,419</b>	<b>7,47,22,685</b>	<b>55.37</b>	<b>-6.72</b>
	<b>Total B=B(1)+B(2) :</b>	<b>8,78,65,543</b>	<b>6,90,410</b>	<b>8,85,55,953</b>	<b>62.29</b>	<b>8,06,42,135</b>	<b>6,73,769</b>	<b>8,13,15,904</b>	<b>60.26</b>	<b>-2.03</b>
	<b>Total (A+B) :</b>	<b>14,14,71,821</b>	<b>6,90,410</b>	<b>14,21,62,231</b>	<b>100.00</b>	<b>13,42,72,462</b>	<b>6,73,769</b>	<b>13,49,46,231</b>	<b>100.00</b>	<b>0.00</b>

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2022				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2023				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	0.00	-	-	-	0.00	0.00
<b>GRAND TOTAL (A+B+C) :</b>		<b>14,14,71,821</b>	<b>6,90,410</b>	<b>14,21,62,231</b>	<b>100.00</b>	<b>13,42,72,462</b>	<b>6,73,769</b>	<b>13,49,46,231</b>	<b>100.00</b>	

**(ii) Shareholding of Promoters**

Sl 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 - 31/03/2022	PENNAR HOLDINGS PRIVATE LIMITED	2,10,05,455	14.78	2,10,05,455	14.78
	31/03/2023	Closing Balance - 31/03/2023				2,10,05,455	15.57
2		Opening Balance - 31/03/2022	Aditya Rao	84,27,203	5.93	84,27,203	5.93
	07/10/2022	Purchase		24,000	0.02	84,51,203	6.26
	25/11/2022	Purchase		1,08,000	0.08	85,59,203	6.34
	02/12/2022	Purchase		86,000	0.06	86,45,203	6.41
	09/12/2022	Purchase		70,000	0.05	87,15,203	6.46
	16/12/2022	Purchase		39,500	0.03	87,54,703	6.49
	30/12/2022	Purchase		17,500	0.01	87,72,203	6.50
	31/03/2023	Closing Balance - 31/03/2023				87,72,203	6.50
3		Opening Balance - 31/03/2022	J. RAJYALAKSHMI	69,33,038	4.88	69,33,038	4.88
	31/03/2023	Closing Balance - 31/03/2023				69,33,038	5.14
4		Opening Balance - 31/03/2022	NRUPENDER RAO (*)	60,10,786	4.23	60,10,786	4.23
	08/04/2022	Purchase		400	0.00	60,11,186	4.23
	08/04/2022	Sale		400	0.00	60,10,786	4.23
	31/03/2023	Closing Balance - 31/03/2023				60,10,786	4.45
5		Opening Balance - 31/03/2022	J. AVANTI RAO	23,97,951	1.69	23,97,951	1.69
	31/03/2023	Closing Balance - 31/03/2023				23,97,951	1.78
6		Opening Balance - 31/03/2022	JAYANTHI PULJAL	20,95,202	1.47	20,95,202	1.47
	25/11/2022	Sale		1,07,951	0.08	19,87,251	1.47
	02/12/2022	Sale		86,000	0.06	19,01,251	1.41
	09/12/2022	Sale		70,000	0.05	18,31,251	1.36
	16/12/2022	Sale		39,500	0.03	17,91,751	1.33
	31/03/2023	Closing Balance - 31/03/2023				17,91,751	1.33
7		Opening Balance - 31/03/2022	DANAPUNENI SUDEEPTA RAO	18,61,054	1.31	18,61,054	1.31
	31/03/2023	Closing Balance - 31/03/2023				18,61,054	1.38
8		Opening Balance - 31/03/2022	KALPANA PULJAL	17,50,091	1.23	17,50,091	1.23
	31/03/2023	Closing Balance - 31/03/2023				17,50,091	1.30



Sl 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
9		Opening Balance - 31/03/2022	BHAVANA PULJAL	16,94,027	1.19	16,94,027	1.19
	31/03/2023	Closing Balance - 31/03/2023				16,94,027	1.26
10		Opening Balance - 31/03/2022	JOGINAPALLY NRUPENDER RAO HUF	6,60,114	0.46	6,60,114	0.46
	31/03/2023	Closing Balance - 31/03/2023				6,60,114	0.49
11		Opening Balance - 31/03/2022	LAVANYAKUMAR RAO KONDAPALLY	2,54,900	0.18	2,54,900	0.18
	30/12/2022	Sale		17,500	0.01	2,37,400	0.18
	31/03/2023	Closing Balance - 31/03/2023				2,37,400	0.18
12		Opening Balance - 31/03/2022	Y REKHA RAO	1,59,057	0.11	1,59,057	0.11
	31/03/2023	Closing Balance - 31/03/2023				1,59,057	0.12
13		Opening Balance - 31/03/2022	Y MURALIDHAR RAO	1,10,400	0.08	1,10,400	0.08
	31/03/2023	Closing Balance - 31/03/2023				1,10,400	0.08
14		Opening Balance - 31/03/2022	KONDAPALLY LAKSHMAN RAO HUF	95,200	0.07	95,200	0.07
	31/03/2023	Closing Balance - 31/03/2023				95,200	0.07
15		Opening Balance - 31/03/2022	KONDAPALLY LAVANYA KUMAR RAO HUF	82,200	0.06	82,200	0.06
	31/03/2023	Closing Balance - 31/03/2023				82,200	0.06
16		Opening Balance - 31/03/2022	KONDAPALLY SANDHYA	69,600	0.05	69,600	0.05
	31/03/2023	Closing Balance - 31/03/2023				69,600	0.05
17		Opening Balance - 31/03/2022	FORT KOCHI HOLDINGS LIMITED	-	0.00	-	0.00
		Closing Balance - 31/03/2023				-	0.00

(\*) The demat accounts of promoter were transferred from one DP to another DP in view of the same the shareholding were shown as sale and purchase.

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

Sl 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 - 31/03/2022	Aditya Rao	84,27,203	5.93				84,27,203	5.93
	Purchase		24,000	0.02	07/10/2022	Increase	Purchase	84,51,203	6.26
	Purchase		1,08,000	0.08	25/11/2022	Increase	Purchase	85,59,203	6.34
	Purchase		86,000	0.06	02/12/2022	Increase	Purchase	86,45,203	6.41
	Purchase		70,000	0.05	09/12/2022	Increase	Purchase	87,15,203	6.46
	Purchase		39,500	0.03	16/12/2022	Increase	Purchase	87,54,703	6.49
	Purchase		17,500	0.01	30/12/2022	Increase	Purchase	87,72,203	6.50
	Closing Balance - 31/03/2023				31/03/2023			87,72,203	6.50



Sl 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
2	Opening Balance - 31/03/2022	NRUPENDER RAO (*)	60,10,786	4.23				60,10,786	4.23
	Purchase		400	0.00	08/04/2022	Increase	(*)	60,11,186	4.45
	Sale		400	0.00	08/04/2022	Decrease	(*)	60,10,786	4.45
	Closing Balance - 31/03/2023				31/03/2023			60,10,786	4.45
3	Opening Balance - 31/03/2022	JAYANTHI PULJAL	20,95,202	1.47				20,95,202	1.47
	Sale		1,07,951	0.08	25/11/2022	Decrease	Sale	19,87,251	1.47
	Sale		86,000	0.06	02/12/2022	Decrease	Sale	19,01,251	1.41
	Sale		70,000	0.05	09/12/2022	Decrease	Sale	18,31,251	1.36
	Sale		39,500	0.03	16/12/2022	Decrease	Sale	17,91,751	1.33
	Closing Balance - 31/03/2023				31/03/2023			17,91,751	1.33
4	Opening Balance - 31/03/2022	LAVANYAKUMAR RAO KONDAPALLY	2,54,900	0.18				2,54,900	0.18
	Sale		17,500	0.01	30/12/2022	Decrease	Gift	2,37,400	0.18
	Closing Balance - 31/03/2023				31/03/2023			2,37,400	0.18

(\*) The demat accounts of promoter were transferred from one DP to another DP in view of the same the shareholding were shown as sale and purchase.

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

Sl 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 - 31/03/2022	VINOD HASHMATRAI PUNWANI	33,15,000	2.33	33,15,000	2.33
	31/03/2023		Closing Balance - 31/03/2023				33,15,000	2.46
2		LTD	Opening Balance - 31/03/2022	SOUTHEND SECURITIES PRIVATE LIMITED	20,94,730	1.47	20,94,730	1.47
	31/03/2023		Closing Balance - 31/03/2023				20,94,730	1.55
3		LTD	Opening Balance - 31/03/2022	CLEAR TRAIL TECHNOLOGIES PRIVATE LIMITED	13,83,024	0.97	13,83,024	0.97
	08/04/2022		Purchase		25,000	0.02	14,08,024	0.99
	22/04/2022		Sale		20,000	0.01	13,88,024	0.98
	29/04/2022		Sale		15,000	0.01	13,73,024	0.97
	06/05/2022		Sale		10,000	0.01	13,63,024	0.96
	13/05/2022		Purchase		30,000	0.02	13,93,024	0.98
	20/05/2022		Purchase		10,000	0.01	14,03,024	0.99
	17/06/2022		Sale		1,40,000	0.10	12,63,024	0.90
	19/08/2022		Sale		1,50,000	0.11	11,13,024	0.81
	26/08/2022		Sale		1,00,000	0.07	10,13,024	0.73
	02/09/2022		Sale		10,000	0.01	10,03,024	0.73
	09/09/2022		Sale		1,96,757	0.14	8,06,267	0.59
	23/09/2022		Sale		2,29,481	0.17	5,76,786	0.42
	07/10/2022		Sale		98,110	0.07	4,78,676	0.35
	14/10/2022		Sale		2,00,000	0.15	2,78,676	0.21
	21/10/2022		Purchase		3,69,850	0.27	6,48,526	0.48



Sl 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
	28/10/2022		Sale		1,50,665	0.11	4,97,861	0.37
	04/11/2022		Sale		46,950	0.03	4,50,911	0.33
	11/11/2022		Sale		50,000	0.04	4,00,911	0.30
	18/11/2022		Sale		1,00,000	0.07	3,00,911	0.22
	25/11/2022		Sale		1,00,000	0.07	2,00,911	0.15
	24/02/2023		Sale		50,000	0.04	1,50,911	0.11
	31/03/2023		Closing Balance - 31/03/2023				1,50,911	0.11
4		LTD	Opening Balance - 31/03/2022	ZEN SECURITIES LIMITED -CLIENTS (DORMANT)	13,62,399	0.96	13,62,399	0.96
	01/04/2022		Purchase		10,000	0.01	13,72,399	0.97
	08/04/2022		Purchase		21,890	0.02	13,94,289	0.98
	15/04/2022		Sale		32,770	0.02	13,61,519	0.96
	22/04/2022		Purchase		5,092	0.00	13,66,611	0.96
	29/04/2022		Sale		5,132	0.00	13,61,479	0.96
	06/05/2022		Purchase		14,158	0.01	13,75,637	0.97
	13/05/2022		Sale		10,493	0.01	13,65,144	0.96
	20/05/2022		Sale		4,045	0.00	13,61,099	0.96
	27/05/2022		Purchase		8,200	0.01	13,69,299	0.97
	03/06/2022		Purchase		5,800	0.00	13,75,099	0.97
	10/06/2022		Sale		13,600	0.01	13,61,499	0.97
	17/06/2022		Purchase		11,100	0.01	13,72,599	0.98
	24/06/2022		Sale		12,000	0.01	13,60,599	0.97
	30/06/2022		Sale		360	0.00	13,60,239	0.97
	01/07/2022		Purchase		1,860	0.00	13,62,099	0.97
	08/07/2022		Sale		1,999	0.00	13,60,100	0.97
	15/07/2022		Purchase		49,999	0.04	14,10,099	1.01
	22/07/2022		Sale		49,470	0.04	13,60,629	0.98
	29/07/2022		Purchase		70	0.00	13,60,699	0.98
	05/08/2022		Purchase		2,900	0.00	13,63,599	0.98
	12/08/2022		Sale		1,300	0.00	13,62,299	0.98
	19/08/2022		Purchase		10,849	0.01	13,73,148	0.99
	26/08/2022		Sale		9,099	0.01	13,64,049	0.99
	02/09/2022		Purchase		3,655	0.00	13,67,704	0.99
	09/09/2022		Purchase		21,195	0.02	13,88,899	1.01
	16/09/2022		Sale		22,450	0.02	13,66,449	1.00
	23/09/2022		Sale		6,200	0.00	13,60,249	1.00
	30/09/2022		Purchase		16,970	0.01	13,77,219	1.02
	07/10/2022		Sale		8,970	0.01	13,68,249	1.01
	14/10/2022		Purchase		15,965	0.01	13,84,214	1.03
	21/10/2022		Sale		21,130	0.02	13,63,084	1.01
	28/10/2022		Purchase		1,235	0.00	13,64,319	1.01
	04/11/2022		Sale		3,720	0.00	13,60,599	1.01
	11/11/2022		Sale		400	0.00	13,60,199	1.01
	18/11/2022		Sale		100	0.00	13,60,099	1.01
	31/03/2023		Closing Balance - 31/03/2023				13,60,099	1.01
5		PUB	Opening Balance - 31/03/2022	K.SWAPNA	12,50,000	0.88	12,50,000	0.88
	03/06/2022		Purchase		10,000	0.01	12,60,000	0.89
	10/06/2022		Purchase		1,10,000	0.08	13,70,000	0.97
	02/09/2022		Sale		10,000	0.01	13,60,000	0.99
	30/09/2022		Sale		15,000	0.01	13,45,000	1.00
	31/03/2023		Closing Balance - 31/03/2023				13,45,000	1.00

Sl 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	
6		LTD	Opening Balance - 31/03/2022	ARUNA FINECAP PVT LTD	11,78,846	0.83	11,78,846	0.83	
	31/03/2023		Closing Balance - 31/03/2023				11,78,846	0.87	
7		LTD	Opening Balance - 31/03/2022	DHOOT INDUSTRIAL FINANCE LIMITED	10,05,000	0.71	10,05,000	0.71	
	22/04/2022		Sale		50,000	0.04	9,55,000	0.67	
	29/04/2022		Sale		55,000	0.04	9,00,000	0.63	
	08/07/2022		Purchase		30,000	0.02	9,30,000	0.66	
	08/07/2022		Sale		30,000	0.02	9,00,000	0.64	
	26/08/2022		Sale		2,91,428	0.21	6,08,572	0.44	
	09/09/2022		Sale		30,000	0.02	5,78,572	0.42	
	23/09/2022		Sale		6,000	0.00	5,72,572	0.42	
	21/10/2022		Purchase		2,40,000	0.18	8,12,572	0.60	
	17/02/2023		Sale		75,000	0.06	7,37,572	0.55	
	31/03/2023		Closing Balance - 31/03/2023					7,37,572	0.55
	8			PUB	Opening Balance - 31/03/2022	JAIDEEP NARENDRA SAMPAT	9,98,898	0.70	9,98,898
17/03/2023		Purchase			2,46,630	0.18	12,45,528	0.92	
31/03/2023		Closing Balance - 31/03/2023					12,45,528	0.92	
9		IEP	Opening Balance - 31/03/2022	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY M	8,98,282	0.63	8,98,282	0.63	
	01/04/2022		Sale		500	0.00	8,97,782	0.63	
	08/04/2022		Sale		1,200	0.00	8,96,582	0.63	
	13/05/2022		Sale		660	0.00	8,95,922	0.63	
	15/07/2022		Sale		800	0.00	8,95,122	0.64	
	31/03/2023		Closing Balance - 31/03/2023				8,95,122	0.66	
10		PUB	Opening Balance - 31/03/2022	LEKHYA KANTHETI	8,79,700	0.62	8,79,700	0.62	
	03/06/2022		Purchase		80,300	0.06	9,60,000	0.68	
	10/06/2022		Purchase		10,000	0.01	9,70,000	0.69	
	17/06/2022		Purchase		1,30,000	0.09	11,00,000	0.78	
	29/07/2022		Purchase		80,000	0.06	11,80,000	0.85	
	05/08/2022		Purchase		2,00,000	0.14	13,80,000	0.99	
	02/09/2022		Sale		20,000	0.01	13,60,000	0.99	
	23/09/2022		Sale		20,000	0.01	13,40,000	0.99	
	31/03/2023		Closing Balance - 31/03/2023				13,40,000	0.99	

**(v) Shareholding of Directors and Key Management Personnel**

Sl 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 - 31/03/2022	Aditya Rao	84,27,203	5.93				84,27,203	5.93
	Purchase		24,000	0.02	07/10/2022	Increase	Purchase	84,51,203	6.26
	Purchase		1,08,000	0.08	25/11/2022	Increase	Purchase	85,59,203	6.34
	Purchase		86,000	0.06	02/12/2022	Increase	Purchase	86,45,203	6.41
	Purchase		70,000	0.05	09/12/2022	Increase	Purchase	87,15,203	6.46
	Purchase		39,500	0.03	16/12/2022	Increase	Purchase	87,54,703	6.49
	Purchase		17,500	0.01	30/12/2022	Increase	Purchase	87,72,203	6.50
	Closing Balance - 31/03/2023				31/03/2023			87,72,203	6.50
2	Opening Balance - 31/03/2022	NRUPENDER RAO (*)	60,10,786	4.23				60,10,786	4.23
	Purchase		400	0.00	08/04/2022	Increase	(*)	60,11,186	4.45
	Sale		400	0.00	08/04/2022	Decrease	(*)	60,10,786	4.45
	Closing Balance - 31/03/2023				31/03/2023			60,10,786	4.45
3	Opening Balance - 31/03/2022	LAVANYAKUMAR RAO KONDAPALLI	2,54,900	0.18				2,54,900	0.18
	Sale		17,500	0.01	30/12/2022	Decrease	Gift	2,37,400	0.18
	Closing Balance - 31/03/2023				31/03/2023			2,37,400	0.18
4	Opening Balance	J S KRISHNA PRASAD	889	0.00	31/03/2022			889	0.00
	Closing Balance				31/03/2023			889	0.00
5	Opening Balance	MIRZA MOHAMMED ALI BAIG	-	0.00	31/03/2022			-	0.00
	Closing Balance				31/03/2023			-	0.00
6	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO HUF	82,200	0.06	31/03/2022			82,200	0.06
	Closing Balance				31/03/2023			82,200	0.06
7	Opening Balance	JOGINAPALLY NRUPENDER RAO HUF	6,60,114	0.46	31/03/2022			6,60,114	0.49
	Closing Balance				31/03/2023			6,60,114	0.49
8	Opening Balance	CHANDRASEKHAR SRIPADA	-	0.00	31/03/2022			-	0.00
	Closing Balance				31/03/2023			-	0.00
10	Opening Balance	RVS RAMAKRISHNA	-	0.00	31/03/2022			-	0.00
	Closing Balance				31/03/2023			-	0.00
11	Opening Balance	MANISH SABHARWAL	-	0.00	31/03/2022			-	0.00
	Closing Balance				31/03/2023			-	0.00
12	Opening Balance	KAMALAKER RAO BANDARI	-	0.00	31/03/2022			-	0.00
	Closing Balance				31/03/2023			-	0.00
13	Opening Balance	VIRGINIA SHARMA	-	0.00	31/03/2022			-	0.00
	Closing Balance				31/03/2023			-	0.00
14	Opening Balance	ERIC JAMES BROWN	-	0.00	31/03/2022			-	0.00
	Closing Balance				31/03/2023			-	0.00
15	Opening Balance	VENKATESWARA RAO POTLURI	4,58,573	0.32	31/03/2022			4,58,573	0.32
	Sale		50,000	0.04	21/11/2022	Decrease	Sale	4,08,573	0.30
	Sale		50,000	0.04	22/11/2022	Decrease	Sale	3,58,573	0.27
			1,31,213	0.09	28/03/2023	Decrease	Sale	2,27,360	0.17
				31/03/2023			2,27,360	0.17	

(\*) The demat accounts of the promoter were transferred from one DP to another DP in view of the same the shareholding were shown as sale and purchase.

# Annexure - I

## PARTICULARS OF EMPLOYEES

(a) The information required under section 197 of the Act read with rule 5(l) 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 ₹ lakhs

Sl No.	Name of the Director and KMP	Designation	Remuneration paid in 2022-23	Remuneration paid in 2021-22	Increase in remuneration from previous year	Ratio/median of employee remuneration (2022-23)
1.	Mr. Nrupender Rao	Chairman	155	168	-13	36.62
2.	Mr. Aditya Rao	Vice-Chairman & Managing Director	124	105	19	29.29
3.	Mr. K Lavanya Kumar Rao	Whole-time Director	124	90	34	29.29
4.	Mr. J S Krishna Prasad #	Chief Financial Officer	47	42	5	11.10
5.	Mr. Mirza Mohammed Ali Baig	Company Secretary & Compliance Officer	15	14	0	3.45
Non-Executive Directors						
1.	Mr. B Kamalaker Rao	Non-Executive Independent Director	5	5.55	-1	1.18
2.	Mr. Varun Chawla *	Non-Executive Independent Director	4	5.55	-2	0.94
3.	Mr. Chandrasekhar Sripada	Non-Executive Independent Director	8	5.10	3	1.89
4.	Mr. Manish Sabharwal	Non-Executive Independent Director	4	5.00	-1	0.94
5.	Mr. Ravi Venkata Siva Ramakrishna	Non-Executive Independent Director	9	4.00	5	2.13
6.	Ms. Virginia Sharma	Non-Executive Independent Director	7	-	7	1.65
7.	Mr. P V Rao	Non-Executive Non-Independent Director	4	5.00	-1	0.94

\* Mr. Varun Chawla, Non-Executive Director resigned on March 7, 2023 and paid a sitting fee of ₹ 4 lakhs for attending the Board and Committee meetings during the year ended 31.03.2023.

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

- (iii) The percentage increase in the median remuneration of employees in the financial year: 17.41%
- (iv) The number of permanent employees on the rolls of company: 2,665
- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- (a) The average annual increase for the Financial Year 2022-23 in salaries of employees was: 1.20%, this includes new joiners plus salary annual increment.
- (b) The increase in managerial remuneration for the Financial Year 2022-23 was: 11.70%.
- (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.



# Annexure - J

## 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 March 31, 2023.

**for Pennar Industries Limited**

Date: 09.08.2023  
Place: Hyderabad

**Aditya Rao**  
Vice-Chairman & Managing Director  
DIN 01307343

# Annexure – K

## 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 March 31, 2023 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**

Date: 09.08.2023  
Place: Hyderabad

**Shrikant Bhakkad**  
Chief Financial Officer

**Aditya Rao**  
Vice-Chairman and Managing Director  
DIN 01307343



# Annexure - L

## Certificate under Schedule V(C)(10)(i) of SEBI LODR Regulations, 2015

To

The Members

**M/s. PENNAR INDUSTRIES LIMITED**

CIN: L27109AP1975PLC001919

Floor No. 3, DHFLVC Silicon Towers,

Kondapur, Hyderabad-500084

Telangana India

### **SUB: Certificate under Schedule V(C)(10)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015**

I, Subhash Kishan Kandrapu, Practicing Company Secretaries, have examined the Company and Registrar of Companies records, books and papers of **PENNAR INDUSTRIES LIMITED** (CIN: L27109TG1975PLC001919) having its Registered Office at Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad-500084 Telangana India (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on March 31, 2023.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the Company, its officers and agents, I certify that none of the following Directors of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on March 31, 2023:

Sl. No.	Name of the Director	Designation
1.	Mr. Joginapally Venkata Nrupender Rao	Executive Chairman
2.	Mr. Aditya Rao	Vice-Chairman & Managing Director
3.	Mr. Potluri Venkateswara Rao	Non-Executive Director
4.	Mr. Lavanya Kumar Rao Kondapalli	Whole-time Director
5.	Mr. Eric James Brown	Non-Executive Director
6.	Mr. Bandari Kamalaker Rao	Non-Executive Independent Director
7.	Mr. Manish Sabharwal	Non-Executive Independent Director
8.	Mr. Ravi Venkata Siva Ramakrishna	Non-Executive Independent Director
9.	Mr. Chandrasekhar Sripada	Non-Executive Independent Director
10.	Ms. Virginia Sharma	Non-Executive Independent Director

**Thanking you.**

Yours Truly,

**SUBHASH KISHAN KANDRAPU**

Company Secretary

ACS 32743

PCS 17545

UDIN: AO32743E000538787

Date: July 03, 2023

Place: Hyderabad



# Business Responsibility and Sustainability Report

## Section A: GENERAL DISCLOSURES

### I. Details of the listed entity

Sr. No.	Indicator	Responses
1	Corporate Identity Number (CIN) of the Listed Entity	L27109TG1975PLC001919
2	Name of the Listed Entity	PENNAR INDUSTRIES LIMITED
3	Year of incorporation	1975
4	Registered office address	FLOOR NO. 3, DHFLVC SILICON TOWERS, KONDAPUR, HYDERABAD, TELANGANA INDIA - 500084
5	Corporate address	FLOOR NO. 3, DHFLVC SILICON TOWERS, KONDAPUR, HYDERABAD, TELANGANA INDIA - 500084
6	E-mail	corporatcommunications@pennarindia.com
7	Telephone	040-41923108
8	Website	https://www.pennarindia.com/index.php
9	Financial year for which reporting is being done	2022-2023
10	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Ltd & BSE Ltd.
11	Paid-up Capital	₹ 67,47,31,155
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).	The reporting boundary covers all the manufacturing plants of the Company in India for the period from April 01, 2022 to March 31, 2023

### II. Products/services

14	Details of business activities (accounting for 90% of the turnover):	S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
		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.	50.10%
		2	Custom designed building solutions & auxiliaries	Pre-engineered Buildings, construction equipments and Engineering Services	49.90%

15	Products/Services sold by the entity (accounting for 90% of the entity's Turnover)	S. No.	Product/Service	NIC Code	% of total Turnover contribute
		1	Diversified Engineering	24105	50.10%
		2	Custom designed building solutions & auxiliaries	28112	49.90%

### III. Operations

16	Number of locations where plants and/or operations/offices of the entity are situated	Location	Number of plants and Depot	Number of offices	Total
		National	11	42	53
		International	2	5	7



17	Markets served by the entity:	Location	Number
a.	Number of locations	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 entity?	6.00%	
c.	A brief on types of customers	The entity has B2B and B2C customers. In the B2B category, the entity supplies to auto and industrial OEM's. In the B2C category, the entity supplies to dealers, sub-dealers and retailers.	

#### IV. Employees

18 Details as at the end of Financial Year: a. Employees and workers (including differently abled):

##### Employees and workers

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>Employees</b>						
1	Permanent (D)	1,978	1,829	92%	149	8%
2	Other than Permanent (E)	78	73	94%	5	6%
3	Total employees (D + E)	2,056	1,902	93%	154	7%
<b>Workers</b>						
4	Permanent (F)	803	755	94%	48	6%
5	Other than Permanent (G)	3225	2721	84%	504	16%
6	<b>Total workers (F + G)</b>	<b>4,028</b>	<b>3,476</b>	<b>86%</b>	<b>552</b>	<b>14%</b>

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
1	Permanent (D)	2	2	100%	0	0%
2	Other than Permanent (E)	0	0	0%	0	0%
3	Total employees (D + E)	2	2	100%	0	0%
<b>Differently abled worker</b>						
4	Permanent (F)	2	2	100%	0	0%
5	Other than Permanent (G)	0	0	0%	0	0%
6	<b>Total workers (F + G)</b>	<b>2</b>	<b>2</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

19 Participation/Inclusion/Representation of women

S. No.	Particulars	Total (A)	No. and percentage of Females	
			No. (B)	% (B / A)
1	Board of Directors	10	1	10%
2	Key Management Personnel	5	0	0%

20 Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

S. No.	Particulars	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in current FY)			FY 2020-21 (Turnover rate in current FY)		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
1	Permanent Employees	33.94%	3.49%	<b>37.43%</b>	33.85%	2.85%	<b>36.70%</b>	27.87%	2.10%	<b>29.97%</b>
2	Permanent Workers	5.62%	0.26%	<b>5.88%</b>	6.13%	0.12%	<b>6.25%</b>	4.90%	0	<b>4.90%</b>

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

21	(a) Names of holding / subsidiary / associate companies / joint ventures	S. no	Name of the holding / subsidiary / associate companies / joint ventures (A)	indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
	Pennar Global Inc., USA	1		Wholly Owned Subsidiary	100	No
	Pennar GMBH	2		Wholly Owned Subsidiary	100	No
	Enertech Pennar Defense and Engineering Systems Private Limited, India (Enertech)	3		Subsidiary	51	No
<b>VI. CSR Details</b>						
22	(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	Yes				
	(ii) Turnover (in ₹)	₹ 228,83,000,000				
	(iii) Net worth (in ₹)	₹ 731,05,00000				

**VII. Transparency and Disclosures Compliances**

23 Complaints/Grievances on any of the principles (Principles 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)	FY2022-23 Current Financial Year			FY 2021-22 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	<a href="#">Yes</a>	0	0	-	0	0	-
Investors (other than shareholders)	<a href="#">Yes</a>	0	0	-	0	0	-
Shareholders	<a href="#">Yes</a>	60	0	-	28	0	-
Employees and workers	Yes, The company has in place a policy for prevention of sexual harassment in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act). Apart from this, the Company conducts Communication meetings, Daily Shift Assembly meetings, POSH meetings, Monthly Communication Meeting and Union Meetings at regular intervals. Further, grievance redressal is acknowledged through respective manager / HR and direct discussion with HR head.	0	0	0	0	0	0
Customers	<a href="#">Yes</a>	0	0	-	0	0	-
Value Chain Partners	<a href="#">Yes</a>	0	0	-	0	0	-
Other (please specify)	-	0	0	-	0	0	-



## 24 Overview of the entity's material responsible business conduct issues

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 and Opportunity	With the increasing awareness and concern about Climate across our key stakeholder groups like investors, customers, local communities, and employees, it becomes imperative that we treat this global risk as a company risk and turn it into an opportunity	The Company has invested in rooftop solar projects for captive consumption within the plants	Negative
2	Water Management	Risk	The Company is conscious that fresh water is a scarce resource and that it has a duty towards social and ecological ecosystems to ensure adequate availability of fresh and clean water including its conservation.	The plants treat waste water and reuse it in the manufacturing processes. It is also considering introducing processes that will minimize the use of water in and reduce water consumption.	Negative
3	Waste Management	Risk and Opportunity	The Company's approach to waste management at Pennar Industries Ltd reflects the principles of a circular economy, namely Reduce, Reuse and Recycle. It operates to zero defect standard in our manufactured products in order to minimize the generation of waste and maximize its reuse and recycling after the completion of manufacturing processes	Waste at all of our units is segregated as hazardous and non-hazardous and disposed in appropriate ways, while adhering to the applicable safety norms and regulations for each type of waste. Going forward, the Company is committed to reducing landfill wastes from Pennar Industries Ltd operations.	Negative
4	Product Stewardship	Opportunity	Pennar Industries Ltd believes in producing and providing the best to its customers. At Pennar Industries Ltd we strive to maintain our brand reputation and produce products that ensure customer and end user safety.		Positive

**Section B: MANAGEMENT AND PROCESS DISCLOSURES**

Sr. No.	Disclosure Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>										
1	a. Whether your entity'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. Web Link of the Policies, if available	<a href="https://www.pennarindia.com/corporate-governance.php">https://www.pennarindia.com/corporate-governance.php</a>								
2	Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3	Do the enlisted policies extend to your 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, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	All manufacturing units are ISO 9001:2008 Certified and TS 16949:2009 CERTIFICATION RECEIVED BY THE TUBES MANUFACTURING PLANT								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Nil	The Company is in the process of formulating its Supplier Code of Conduct..	Nil	Nil	Nil	Achieved zero liquid discharge across operation.	Nil	Nil	The Company conducts satisfaction survey, intend to enhance by including multiple dimensions in the survey process.
<b>Governance, leadership and oversight</b>										
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)	None								
8	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Din No : 01307343 Name: Mr. Aditya Rao Designation: Vice – Chairman and Managing Director Telephone No:040-41923108 Email Id: corporatecommunications@pennarindia.com								
9	Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details	NO								

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	Board Committee										Annually									
		Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Board Committee										Annually									
11	Has the entity carried out independent assessment / evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	Principles Answer	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 The entity does not consider the Principles 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)	P1	P2	P3	P4	P5	P6	P7	P8	P9	Pennar Industries has policies covering every BRSR principle										

## 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 Indicators

Sr. No.	Indicators	Response			
1	Percentage coverage by training and awareness programmes on any of the Principles during the financial year:	<b>Segment</b>	<b>Total number of training and awareness programmes held</b>	<b>Topics / principles covered under the training and its impact</b>	<b>%age of persons in respective category covered by the awareness programmes</b>
		Board of Directors		The Board is updated on ESG/BRSR development at regular intervals	
		Key Managerial Personnel	2	2	95%
		Employees other than BoD and KMPs	223	32	55%
		Workers	463	39	78%

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, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):	<b>Monetary</b>					
			<b>NGRBC Principle</b>	<b>Name of the regulatory/ enforcement agencies/ judicial institutions</b>	<b>Amount (In ₹)</b>	<b>Brief of the Case</b>	<b>Has an appeal been preferred? (Yes/No)</b>
		Penalty/ Fine	NIL	NIL	NIL	NIL	NIL
		Settlement	NIL	NIL	NIL	NIL	NIL
		Compounding fee	NIL	NIL	NIL	NIL	NIL
		<b>Non-Monetary</b>					
			<b>NGRBC Principle</b>	<b>Name of the regulatory/ enforcement agencies/ judicial institutions</b>	<b>Brief of the Case</b>	<b>Has an appeal been preferred? (Yes/No)</b>	
		Imprisonment	NIL	NIL	NIL	NIL	
		Punishment	NIL	NIL	NIL	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.	<b>Case Details</b>	<b>Name of the regulatory/ enforcement agencies/ judicial institutions</b>
		There were no fines or penalties being imposed during FY22-23	



- 4 Does the entity 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 based on upholding ethics, being transparent with stakeholders, providing proper and timely disclosure, etc. The Company's commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, the Senior Management and all other employees of the Company. It encourages the stakeholders of the entity to take positive actions, which not only are commensurate with the Company's values and beliefs but are also perceived to be so. Further, the Code of Conduct is applicable to the Directors and Senior Management personnel. The Code of Conduct embodies the belief that acting always with the Company's legitimate interest in mind and being aware of the Company's responsibility towards its stakeholders is an essential element of the Company's longterm excellence. In the selection of its vendors and contractors, the Company ensures to identify and deal with those who can maintain and follow ethical standards. The relevant stakeholders of the Company are also made aware through different engagement channel of the said values from time to time.

5	Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:	FY2022-23 (Current Financial Year)		FY2021-22 (Previous Financial Year)	
		Number	Remark	Number	Remark
	Directors	0	-	0	-
	KMPs	0	-	0	-
	Employees	0	-	0	-
	Workers	0	-	0	-

6	Details of complaints with regard to conflict of interest	FY2022-23 (Current Financial Year)		FY2021-22 (Previous Financial Year)	
		Number	Remark	Number	Remark
	Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
	Number of complaints received in relation to issues of Conflict of Interest of the KMPs	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 conflicts of interest

There were no complaints received during FY2022-23 therefore no corrective action plan has been undertaken.

#### 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
		FY2022-23 (Current Financial Year)	Safety, Workplace ethics and discipline. The company has engaged with its value chain partners to conduct these awareness programs covering all our manufacturing locations	90% of the major value chain partners engaged in facility management are covered
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. Further, the Board of Directors provide necessary disclosures about entities/firms in which they and/or their relatives are interested. Any transactions with these entities/firms gets prior approval of the Audit Committee or the Board as part of Related Party Transactions. If a Director is interested, she or he does not participate in the discussion in which this item is considered.		



**PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe**  
**Essential Indicators**

Sr. No.	Indicators	Response			
			FY2022-23 (Current Financial Year)	FY2021-22 (Previous Financial Year)	Details of improvements in environmental and social impacts
1	Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.	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 plans to create a sustainable supply chain programme that 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 (d) other waste.	The Company has an environmental management system where it has operational control procedures to generate, handle, store and disposal of wastes like plastics, E waste, hazardous wastes and other wastes. Reclamation of product is not applicable due to the nature of business.		
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.	EPR is now required for all plastic packaging materials used in businesses. As a result, the organisation is in the process of and registering for the EPR. The SOP's for recycling plastic waste is under development and it will be established across all operations after the registration process.			

**Leadership Indicators**

Sustainability	1	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.



2	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	<b>Name of Product / Service</b>	<b>Description of the risk / concern</b>	<b>Action Taken</b>	
			Pennar Industries Ltd intends to evaluate the life cycle impact of products in future. Hence, this is not applicable at the moment		
3	Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).	<b>Indicate input material</b>	<b>Recycled or re-used input material to total material</b>	<b>FY21-22 Previous Financial Year</b>	
			<b>FY22-23 Current Financial Year</b>		
			NA	NA	
4	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:		<b>FY22-23 Current Financial Year</b>	<b>FY21-22 Previous Financial Year</b>	
			<b>Re-Used</b>	<b>Re-Used</b>	
			<b>Recycled</b>	<b>Recycled</b>	
			<b>Safely Disposed</b>	<b>Safely Disposed</b>	
	Plastics (including packaging)		Reclamation of product is not applicable due to the nature of business.		
	E-waste				
	Hazardous waste				
	Other waste				
5	Reclaimed products and their packaging materials (as percentage of products sold) for each product category	<b>Indicate product category</b>	<b>Reclaimed products and their packaging materials as % of total products sold in respective category</b>	<b>Reclamation of product is not applicable due to the nature of business.</b>	
				Reclamation of product is not applicable due to the nature of business.	

### PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

#### Essential Indicators

Sr. No.	Indicators	Response											
1	a. Details of measures for the well-being of employees:	<b>% of employees covered by</b>											
		<b>Category</b>	<b>Total (A)</b>	<b>Health insurance</b>		<b>Accident insurance</b>		<b>Maternity benefits</b>		<b>Paternity Benefits</b>		<b>Day Care facilities</b>	
				<b>Number (B)</b>	<b>% (B/A)</b>	<b>Number (C)</b>	<b>% (C/A)</b>	<b>Number (D)</b>	<b>% (D/A)</b>	<b>Number (E)</b>	<b>% (E/A)</b>	<b>Number (F)</b>	<b>% (F/A)</b>
		<b>Permanent employees</b>											
		Male	1829	1829	100%	1829	100%	0	0	0	0	0	0
		Female	149	149	100%	149	100%	3	2%	0	0	0	0
		<b>Total</b>	<b>1978</b>	<b>1978</b>	<b>100%</b>	<b>1978</b>	<b>100%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
		<b>Other than Permanent employees</b>											
		Male	73	73	100%	73	100%	0	0	0	0	0	0
		Female	5	5	100%	5	100%	0	0	0	0	0	0
		<b>Total</b>	<b>78</b>	<b>78</b>	<b>100%</b>	<b>78</b>	<b>100%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Sr. No.	Indicators	Response									
		% of workers covered by									
Category	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)
<b>Permanent employees</b>											
Male	805	805	100%	803	100%	0	0%	0	0	0	0
Female	48	48	100%	48	100%	1	2%	0	0	0	0
<b>Total</b>	<b>853</b>	<b>853</b>	<b>100%</b>	<b>851</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other than Permanent employees</b>											
Male	2721	2721	100%	2721	100%	0	0%	0	0	0	0
Female	504	504	100%	504	100%	0	0%	0	0	0	0
<b>Total</b>	<b>3225</b>	<b>3225</b>	<b>100%</b>	<b>3225</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

2	Details of retirement benefits, for Current FY and Previous Financial Year.	Benefits	FY22-23 Current Financial Year			FY 21-22 Previous Financial Year		
			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	95%	100%	Y	99%	100%	Y
		Gratuity	95%	100%	Y	99%	100%	Y
		ESI	25%	13%	Y	30%	21%	Y
		Others – please specify						

3. Accessibility of workplaces Are the premises / offices of the entity 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 entity in this regard. Yes, the venues where the Company conducts business are accessible to those with disabilities. Elevators, ramps, and other infrastructure are present in offices buildings and manufacturing facilities where ever required.

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

YES

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
			Return to work rate	Retention rate	
		Male	NA	NA	NA
		Female	NA	NA	NA
		Total	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	Welfare Officer is appointed to address the Grievances (The Company has in place the Whistle Blower policy and Welfare Committee that takes care of employee grievances. It also conducts POSH Meetings. Dedicated channels for raising such grievances have been put in place and communicated to all the concerned stakeholders for smooth and direct communication.)
	Other than Permanent Worker	Welfare Officer is appointed to address the Grievances (All non-permanent employees who work in TII manufacturing locations are covered as part of TII's policy frameworks. We have dedicated channels to capture the grievances of non-permanent employee (if any).)
	Permanent Employees	SLA based Help Desk on HRMS
	Other than Permanent Employees	-

7	Membership of employees and worker in association(s) or Unions recognised by the listed entity	Category	FY2022-23 (Current Financial Year)			FY2021-22 (Previous Financial Year)		
			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)
		<b>Total Permanent Employees</b>	0	0	0%	0	0	0%
		Male	0	0	0%	0	0	0%
		Female	0	0	0%	0	0	0%
		<b>Total Permanent Workers</b>	853	813	95%	855	815	95%
		Male	805	765	95%	806	766	95%
		Female	48	48	100%	49	49	100%

8.	Details of training given to employees and workers:	FY2022-23 Current Financial Year					FY2021-22 Previous Financial Year					
		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)	
		<b>Employees</b>										
		Male	1829	1329	73%	0	0%	1792	1243	69%	0	0%
		Female	149	56	38%	0	0%	135	54	40%	0	0%
		<b>Total</b>	<b>1978</b>	<b>1385</b>	<b>70%</b>	<b>0</b>	<b>0%</b>	<b>1927</b>	<b>1297</b>	<b>67%</b>	<b>0</b>	<b>0%</b>
		<b>Worker</b>										
		Male	805	805	100%	46	6%	806	806	100%	43	5%
		Female	48	48	100%	12	25%	49	49	100%	9	18%
		<b>Total</b>	<b>853</b>	<b>853</b>	<b>100%</b>	<b>58</b>	<b>7%</b>	<b>855</b>	<b>855</b>	<b>100%</b>	<b>52</b>	<b>6%</b>

9	Details of performance and career development reviews of employees and worker:	FY2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
	<b>Employees</b>						
	Male	1829	1166	64%	1792	1114	62%
	Female	149	86	58%	135	64	47%
	<b>Total</b>	<b>1978</b>	<b>1252</b>	<b>63%</b>	<b>1927</b>	<b>1178</b>	<b>61%</b>
	<b>Worker</b>						
	Male	NA	NA	NA	NA	NA	NA
	Female	NA	NA	NA	NA	NA	NA
	<b>Total</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

## 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?

Yes: Implementation of PIL Occupational Health and Safety policy, OHSAS 18001:2007. In order to create and maintain a safe and healthy working environment and comply with the OSH requirements pursuant to national laws and regulations, employers are encouraged to make appropriate arrangements for the establishment of an OSH management 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?

Hazard identification and risk assessment is being carried out for identifying potential hazards/risks. Risk reduction programs are taken up for elimination/minimizing risks. safety council conducted meetings with all critical employees of safety, HR, admin every week key indicators review for leadership on monthly basis to ensure all risks are identified and diagnosed with strict SLA's.

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

Yes, workers' participation to report work related hazards are covered as part of Safety Committee meetings. Going forward this is planned to be horizontally deployed in other locations.

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

Yes. The employees / workers have access to non-occupational medical and health care services. For smaller issues/ concerns they get treated at factory occupational health centres. For other issues, on a need basis they are referred to hospitals and get covered under medical insurance.

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

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
		Current Financial Year	Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	2	2
	Workers	2	0
Total recordable work-related injuries	Employees	2	7
	Workers	7	25
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	2	5
	Workers	5	9

12. Describe the measures taken by the entity to ensure a safe and healthy work place. Identify suitable safety gear (PPEs) and issue to employees based work, Carryout the risk assesment study, Conduct

EHS training on various topics, implementation of work permit systems, identify the unsafe conditons and unsafe acts, Conduct safety committee meetings periodically, conduct safety awarness campines to create safety awarness on employee and reward system, implement the statutory requirements and etc.



13	Number of Complaints on the following made by employees and workers:	FY 2022- 23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
		Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
	Working Conditions	45	0		64	5	
	Health & Safety	1	1		2	1	

14	Assessments for the year:	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
	Health and safety practices	80%
	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.

Identify suitable safety gear (PPEs) and issue to employees based work, Carryout the risk assesment study, Conduct EHS training on various tops, implementation of work permit systems, identify the unsafe conidtions and unsafe acts, Conduct safety committee meetings periodically, conduct safety awarness campines to create safety awarness on employee and reward system, implement the statutory requirements and etc.

#### 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)

Yes, we have death benefits

- 2 Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company collects the proofs of deposits of statutory dues like payment challans etc. from the value chain partners before releasing their bills regularly and ensures that the statutory dues have been deducted and deposited by the value chain partners with the relevant statutory authorities.

3	Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	Total no. of affected employees/ worker		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
		FY 2022- 23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
	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)

No.

5	Details on assessment of value chain partners:		<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
		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		NA

#### **PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

##### **Essential Indicators**

S r. No.	Indicators	Response
1	Describe the processes for identifying key stakeholder groups of the entity	<p>Pennar Industries Limited has developed organization-level processes aimed at fostering open and constructive interactions with its stakeholders. These processes serve to enhance the company's comprehension of pertinent matters and aid in recognizing the attributes of stakeholders that contribute to their significance within the business context, warranting meaningful engagement.</p> <p>Engagement with stakeholders presents a valuable opportunity for Pennar Industries Limited to serve them in a sustainable manner and to adapt its strategies to deliver optimal value. Through collaborative partnerships with stakeholders, the company actively involves them in decision-making processes, product and process enhancements, thus cultivating an environment conducive to mutual growth.</p> <p>At a strategic level, the company diligently considers stakeholder concerns, incorporating them into its decision-making processes. Pennar Industries Limited's stakeholder engagement framework serves as a blueprint for connecting with stakeholders and addressing their primary issues. The subsequent table outlines various stakeholder groups that have established direct or indirect interactions with the company, delineating their modes of involvement and key concerns.</p>



2 List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group	Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
	Customers	No	One on One meetings, Exhibitions	Regular interval	<ol style="list-style-type: none"> <li>1. Product and delivery timelines,</li> <li>2. Customer data protection and privacy,</li> <li>3. Product efficacy,</li> <li>4. Quality,</li> <li>5. Sustainable supplies and</li> <li>6. Safety</li> </ol>
	Investors	No	Investor calls/ presentations Press releases and publications Statutory reports Annual General Meeting Stock Exchange announcements	Regular interval	<ol style="list-style-type: none"> <li>1. Financial performance</li> <li>2. Business updates</li> <li>3. Growth plans and product pipeline</li> <li>4. Sustainability performance</li> </ol>
	Regulators	No	Engagement on a need basis, Participation in forums		<ol style="list-style-type: none"> <li>1. Sustainable practices,</li> <li>2. Compliance and</li> <li>3. Inclusive growth</li> </ol>
	Employees	No	Formal induction at the time of joining, Technical and non-technical 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	<ol style="list-style-type: none"> <li>1. Workplace safety,</li> <li>2. employee welfare,</li> <li>3. Professional growth,</li> <li>4. Employee benefits and other facilities,</li> <li>4. Diversity at the workplace,</li> <li>5. Leadership connect sessions,</li> <li>6. Equal opportunities,</li> <li>7. Wages and benefits and,</li> <li>8. Work-life balance</li> </ol>
	Business partners / suppliers and service providers	No	Contract agreements, Seminars and Industrial Meets	Regular interval	<ol style="list-style-type: none"> <li>1. Payment processing cycles</li> <li>2. Business ethics and transparency and</li> <li>3. Sustainability performance</li> </ol>



## 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 Company leverages various formal as well as informal channels communication to engage its stakeholders with the Board. These encompass digital means as well as Corporate Social Responsibility (CSR) initiatives, statutory report, learning and development platforms and events for internal communications. Other significant topics are communicated to the Board at regular intervals through various channels.

- 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, By engaging with stakeholders provides us an opportunity to serve them in the best sustainable way and redefine our strategies to deliver the maximum value. By partnering with the stakeholders, the Company involves them in the decision making, product and process improvement and create an enabling environment to do better together.

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

At a strategic level, stakeholder issues are examined and taken into account. The stakeholder engagement framework represents how the Company connect with our stakeholders and address their major problems. The table provided in the principle 4 details the various stakeholder groups that have had direct or indirect contact with Laurus Labs, as well as their ways of involvement and key concerns.

## PRINCIPLE 5: Businesses should respect and promote human rights

Sr. No.	Indicators	Response					
		FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Total (A)	No. of employees / workers covered (B)	% (B / A)	Total (C)	No. of employees / workers covered (D)	% (D / C)
1	Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:						
	<b>Employees</b>						
	Permanent	1,978	1,978	100%	1927	1927	100%
	Other than permanent	78	78	100%	85	85	100%
	<b>Total Employees</b>	<b>2,056</b>	<b>2,056</b>	<b>100%</b>	<b>2012</b>	<b>2012</b>	<b>100%</b>
	<b>Workers</b>						
	Permanent	805	805	100%	806	806	100%
	Other than permanent	3225	3225	100%	49	49	100%
	<b>Total Workers</b>	<b>4,030</b>	<b>4,030</b>	<b>100%</b>	<b>855</b>	<b>855</b>	<b>100%</b>



2. Details of minimum wages paid to employees and workers, in the following format	Category	FY 2022-23 Current Financial Year				FY 2021-22 Previous Financial Year					
		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)
<b>Employees</b>											
<b>Permanent</b>											
Male	1829	0	0%	1829	100%	1792	0	0%	1792	100%	
Female	149	0	0%	149	100%	135	0	0%	135	100%	
<b>Other than Permanent</b>											
Male	73	0	0%	73	100%	71	0	0%	71	100%	
Female	5	0	0%	5	100%	5	0	0%	5	100%	
<b>Workers</b>											
<b>Permanent</b>											
Male	805	0	0%	805	100%	806	0	0%	806	100%	
Female	48	0	0%	48	100%	49	0	0%	49	100%	
<b>Other than Permanent</b>											
Male	2721	2721	100%	0	0%	2747	2747	100%	0	0%	
Female	504	504	100%	0	0%	443	443	100%	0	0%	

3. Details of remuneration/ salary/wages, in the following format:	Male		Female	
	Number	Median remuneration / salary / wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	10	₹ 12 LPA	1	₹ 7 LPA
Key Managerial Personnel	5	₹ 124 LPA	0	0
Employees other than BoD and KMP	1833	₹ 4.33 LPA	151	₹ 3.28 LPA
Workers	755	₹ 4.26 LPA	48	₹ 3.84 LPA

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)

Yes, the Internal Complaints Committee (w.r.t POSH) , the human resources departments are responsible for addressing human rights impacts or issues caused or contributed to by the business.

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

The Company has a POSH policy in place that acts as a blanket in addressing grievances related to human rights issues.

Further, PIL's Whistle Blower Policy and Code of Conduct provides guidelines for the committee formation and working should there be an investigation.

6 Number of Complaints on the following made by employees and workers:	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	-	-	-	-	-	-
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced Labour/Involuntary Labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

## 7 Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases

The Company has an internal committee (w.r.t POSH policy) which addresses grievances related discrimination and harassment cases. Whistle-blower Policy provides Directors, Employees, customers and vendors an avenue to raise concerns, in line with the commitment of PIL to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication. Code of Conduct addresses grievances related to employee's conduct at work.

## 8. 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.

9. Assessments for the year:	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)					
Child labour	-	-	-	-	-	-
Forced/involuntary labour	-	-	-	-	-	-
Sexual harassment	-	-	-	-	-	-
Discrimination at workplace	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Others – please specify	-	-	-	-	-	-

## 10 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above

There were no significant risks identified. Hence, no corrective action has been taken.

**Leadership Indicators**1 Details of a business process being modified / introduced as a result of addressing human rights grievances complaints.  
Nil

## 2 Details of the scope and coverage of any Human rights due-diligence conducted.

Nil

## 3 Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, the Company's operating locations are accessible to differently abled employees, workers and visitors. Corporate office locations and plants have Ramps, sidewalks and elevators and all the necessary infrastructure to support differentially abled. Sign-boards are placed at every location to assist employees/workers with hearing aids.

4	Details on assessment of value chain partners:	% of value chain partners (by value of business done with such partners) that were assessed	
	Child labour		Nil
	Forced/involuntary labour		
	Sexual harassment		
	Discrimination at workplace		
	Wages		
	Others – please specify		

## 5 Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

NA

**PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment****Essential Indicators**

Sr. No.	Indicators	Response		
		Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
1	Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:	Total electricity consumption (A)	23,824,714	23,129,988
		Total fuel consumption (B)	56,632	49,347
		Energy consumption through other sources ©	3,759,638	20,566,428
		Total energy consumption (A+B+C)	27,640,984	43,745,763
		Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0	0
		Energy intensity (optional) – the relevant metric may be selected by the entity	0	0
		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

3.	Provide details of the following disclosures related to water, in the following format.	Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
		(i) Surface water	58,139	55,471
		(ii) Groundwater	2,486	2,254
		(iii) Third party water	37,723	45,644
		(iv) Seawater / desalinated water	-	-
		(v) Others	-	-
		Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	98,348	1,03,369
		Total volume of water consumption (in kilolitres)	96,636	1,02,696
		Water intensity per rupee of turnover (Water consumed / turnover)	-	-
		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	-	-

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

We have ZLD plant. In this we receive two types of effluents one for LOW TDS Rinse water and other is spent acid. Low TDS rinse water will be neutralised (9 PH) with Caustic lye solution and then pass through filter press for separation of suspended solids (Iron sludge will be sent to Co-Processing units like cement factors) and then pass through RO system. The product water will be reused for process and reject water will be sent to Multiple Effect Evaporator feed tank. Other Effluent spent acid will be neutralised with LIME powder solution (9 PH) and pass through Filter press for separation of suspended solids and High TDS water will be treated in MEE system. MEE condensate water will be treated through RO and further used in process. And Reject water will pass through ATFD system to separate solids. And solids disposal through TSDF Telangana Government certified industry (Re-Sustainability Ltd).

5.	Please provide details of air emissions (other than GHG emissions) by the entity, in the following format	Parameter	Please specify unit	FY 2022-23	FY 2021-22
				(Current Financial Year)	(Previous Financial Year)
		NOx	(mg /m3)	26	24
		SOx	(mg /m3)	12	12
		Particulate matter (PM)	(mg /m3)	65	59
		Persistent organic pollutants (POP)	NA	NA	NA
		Volatile organic compounds (VOC)	NA	NA	NA
		Hazardous air pollutants (HAP)	NA	NA	NA
		Others – please specify	(mg / m3)	25	21
		1. Particulate matter (PM 2.5)			
		2. Suspended particulate matter	(mg / N m3)	61	59
		3. Hydrochloric Acid Concentration	(mg / N m3)	11	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.		Yes, M/s Lawn enviro associates as a third Party to monitor the Environment monitoring data for every month.M/s Lawn enviro associates is Recognised by Ministry of Environment forest & Climate Change (MoEF & CC), GOI ,New Delhi & Laboratory Accredited by NABL.	

6.	Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:	Parameter	Please specify unit	FY 2022-23	FY 2021-22
				(Current Financial Year)	(Previous Financial Year)
		Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	0	0
		Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	0	0
		Total Scope 1 and Scope 2 emissions per rupee of turnover	NA	0	0
		Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	NA	0	0
		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 Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details

All lightings changed to LED



8.	Provide details related to waste management by the entity, in the following format:	Parameter	FY 2022-23	FY 2021-22
			(Current Financial Year)	(Previous Financial Year)
		Plastic waste (A)	NA	NA
		E-waste (B)	0.36	0.31
		Bio-medical waste (C)	0.25	0.2
		Construction and demolition waste (D)	NA	NA
		Battery waste (E)	66 NO'S	BUY BACK POLICY
		iron sludge(G)	NA	1220
		PPE waste(H)	1669.28	34.86
		MEE Salts(I)	21.56	90.52
		Coolant oil(J)	30.64	46.3
		Radioactive waste (F)	50.64	NA
		Other Hazardous waste. Please specify, if any. (G)	NA	NA
		Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	NA	NA
		<b>Total (A+B + C + D + E + F + G + H)</b>	<b>1772.48</b>	<b>1391.99</b>
		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	1669.28	1220
		(ii) Re-used	NA	NA
		(iii) Other recovery operations	NA	NA
		<b>Total</b>	<b>1669.28</b>	<b>1220</b>
		For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
		Category of waste		
		(i) Incineration	NA	NA
		(ii) Landfilling	30.64	90.52
		(iii) Other disposal operations	NA	NA
		<b>Total</b>	<b>30.64</b>	<b>90.52</b>
		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

- 9 Briefly describe the waste management practices adopted in your establishments. 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 collect all the generated hazardous waste in house. The collected separate hazardous will storage as per classification like iron sludge-waste etc. and the storage waste will dispose as per TSPCB authorised vendors only.

10	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
		1	-	-	-
		2	-	-	-
		3	-	-	-
		4	-	-	-

11	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
		1	-	-	-	-	-
		2	-	-	-	-	-
		3	-	-	-	-	-
		4	-	-	-	-	-
		5	-	-	-	-	-

- 12 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:

Yes, the Company comply with all applicable environmental laws/regulations

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
-	-	-	-	-

#### Leadership Indicators

1.	Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format	Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
		From renewable sources		
		Total electricity consumption (A)		
		Total fuel consumption (B)		
		Energy consumption through other sources (C)		
		Total energy consumption (A+B+C)		
		From Non renewable sources		
		Total electricity consumption (D)		
		Total fuel consumption €		
		Energy consumption through other sources (F)		
		Total energy consumption (D+E+F)		
		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		None



2	Provide the following details related to water discharged:	Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
		Water discharge by destination and level of treatment (in kilolitres)		
		(i) To Surface water	55471	58139
		No treatment		
		With treatment – please specify level of treatment	33709	34372
		(ii) To Groundwater	2254	2486
		No treatment		
		With treatment – please specify level of treatment	1765	1988
		(iii) To Seawater	NA	NA
		No treatment		
		With treatment – please specify level of treatment		
		(iv) Sent to third-parties	NA	NA
		No treatment		
		With treatment – please specify level of treatment		
		(v) Others	NA	NA
		No treatment		
		With treatment – please specify level of treatment		
		<b>Total water discharged (in kilolitres)</b>	<b>35474</b>	<b>36360</b>
		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
3.	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 (ii) Nature of operations (iii) Water withdrawal, consumption and discharge in the following format	Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
		(i) Surface water		
		(ii) Groundwater		
		(iii) Third party water		
		(iv) Seawater / desalinated water		
		(v) Others		
		<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	Not Applicable	Not Applicable
		<b>Total volume of water consumption (in kilolitres)</b>		
		Water intensity per rupee of turnover (Water consumed / turnover)		
		Water intensity (optional) – the relevant metric may be selected by the entity		
		<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
		(i) To Surface water		
		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	Not Applicable	Not Applicable
		(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		
		<b>Total water discharged (in kilolitres)</b>		
		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. Please provide details of total Scope 3 emissions & its intensity, in the following format	Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
	Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent		Not Applicable
Total Scope 3 emissions per rupee of turnover				
Total Scope 3 emission 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				

- 5 With respect to the ecologically sensitive areas reported at 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

6. If the entity has undertaken 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:	S.No	Unit	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
		1	Energy Efficiency	Replacement of MH lights with LED lights
	2	Renewable Energy	In-house Roof top solar power generation	Reduction in Carbon emission
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-

- 7 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 in the future.

- 8 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 has no significant adverse impact on the environment. However, the Company stays vigilant and promotes awareness on environment sustainability.

- 9 Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

The Company at present, looking into formulating a sustainable supply chain program to assess social and environmental practices of our 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.

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

	Name of authority	Brief of the case	Corrective action taken
2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities			No issues related to anticompetitive conduct by the entity has been identified by regulatory authorities.

**Leadership Indicators**

1. Details of public policy positions advocated by the entity:	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 the course of this year, we haven't 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 entity 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
		NA	NA	NA	NA	NA	NA
2	Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
		NA	NA	NA	NA	NA	NA
		NA	NA	NA	NA	NA	NA
		NA	NA	NA	NA	NA	NA
		NA	NA	NA	NA	NA	NA
		NA	NA	NA	NA	NA	NA

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

The Company continuously endeavours for the improvement of communities around its operating locations. All CSR programmes are closely monitored through field visits, comprehensive documentation and regular interaction with beneficiary communities. The Company has set in place a CSR Committee which streams down to personnel who act as key point of contacts for any communication from the communities. The Company also conducts needs assessment studies and accordingly focuses its efforts on community development projects in the vicinities of its operating locations.

4.	Percentage of input material (inputs to total inputs by value) sourced from suppliers	Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
			Directly sourced from MSMEs/ small producers	
	Sourced directly from within the district and neighbouring districts		Nil	

### 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	NA

2.	Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies	S. No	Project Name	State	Amount spent (In ₹)
		1	Promoting Education and health care	Telangana	77.63 Lakhs
		2	Promoting national recognise sports	Telangana	7 lakhs
		3	Rural development and construction of animal hostel	Telangana	90.45

- 3 (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/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

Not applicable as the Company does not have any intellectual properties owned or acquired by the entity (in the current financial year), based on traditional knowledge.

4.	Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (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	NA	NA	NA	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	NA	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	Donations to ABV Foundation for the promotion of education and primary health		

**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:	FY 2022-23 (Current Financial Year)		Remarks	FY 2021-22 (Previous Financial Year)	
		Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year
	Data privacy			The coverage of existing IT policy, do cover data privacy and cyber security for all employess/stakeholders, further to that we are in the process of redefining, PI, FPIs and other key sensitive information.		
	Advertising					
	Cyber-security					
	Delivery of essential services					
	Restrictive Trade Practices					
	Unfair Trade Practices					
	Other					

4.	Details of instances of product recalls on account of safety issues:	Number	Reasons for recall
	Voluntary recalls		The company manufactures safety critical products which are supplied directly supplied to automobile and non-automobile sectors as well as to Tier 1 and Tier 2 vendors manufacturing components for OEMs
	Forced recalls		

- 5 Does the entity 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.

There have no instances of 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.

**Leadership Indicators**

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

The platforms used for the information are the Company's website, Annual Report, social media platforms and media advertisement/publications. Information relating to all the products and services provided by the Company are available on the Company's website at <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 Ltd manufactures safety-critical components, supplying them directly to both automobile and non-automobile sectors. These components are also provided to Tier 1 and Tier 2 vendors engaged in manufacturing OEM components. The company takes all necessary measures to inform and educate customers about its products.

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

NA

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 a whole? (Yes/No)

5. Provide the following information relating to data breaches

- a. Number of instances of data breaches along-with impact: 0
- b. Percentage of data breaches involving personally identifiable information of customers: 0.00%

# **Financial Statements**

# 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, 2023, 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 a summary of significant accounting policies and other explanatory information.

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, 2023, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit 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, 2023. 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:

Key audit matter	How the Key Audit Matter was addressed in our audit
<p>Revenue Recognition- Refer note 2.12.</p> <p>Company recognizes the sale of goods based on the terms and conditions of transactions which varies with different customers.</p> <p>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. Hence, cut-off of revenue is also a significant for audit consideration.</p>	<p>Our audit procedures in respect of this matter included the following but not limited to:</p> <ol style="list-style-type: none"> <li>1. Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards.</li> <li>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.</li> <li>3. Obtained contracts with customers and basis which revenue is recognised and checked the underlying documents and evidences for transfer of control and fulfilment of performance obligations.</li> <li>4. Performed analytical procedures on revenue recognised during the year to identify and inquire on unusual variances, if any.</li> </ol>



Key audit matter	How the Key Audit Matter was addressed in our audit
	<p>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 evidences for transfer of control and fulfilment of performance obligations.</p> <p>6. Tested, on sample basis manual journal entries relating to revenues to identify and inquire on unusual items, if any.</p>

### 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, Report on Corporate Governance and Business Responsibility Report, Director's report but does not include the standalone financial statements and our auditor's report thereon. The Management Discussion and Analysis, Report on Corporate Governance and Business Responsibility Report, Director's report 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 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 Management Discussion and Analysis, Report on Corporate Governance and Business Responsibility Report, Director's report, 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 Those Charged with Governance for the Standalone Financial Statements

The Company's 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 Board of Directors is 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.

Those 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.



## Other Matter

The standalone financial statements of the Company for the year ended March 31, 2022, were audited by another auditor whose report dated May 25, 2022 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

## 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.
  - (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, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 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) 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. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.
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 of the Act and the rules thereunder.

**For M S K A & Associates**

Chartered Accountants

ICAI Firm Registration No. 105047W

**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 23214198BGXCQW3410

Place: Hyderabad

Date: May 24, 2023

## 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 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.
- Conclude on the appropriateness of management'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, 2023 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

#### Amit Kumar Agarwal

Partner

Membership No. 214198

UDIN: 23214198BGXCQW3410

Place: Hyderabad

Date: May 24, 2023

**ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE  
FINANCIAL STATEMENTS OF PENNAR INDUSTRIES LIMITED FOR THE YEAR ENDED MARCH 31, 2023**

[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, Capital work-in-progress and relevant details of right-of-use assets.
- B. The Company has maintained proper records showing full particulars of intangible assets.
- (b) All the Property, Plant and Equipment and Right-of-use assets have not been physically verified by the Management during the year but there is regular program of verification, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. 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 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 (In Lakhs)	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of Company (also indicate if in dispute)
1	Land at Sadasivpet	195	Pennar Engineered Building Systems Limited	No	From May 2019 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 at Mallapur	27	Pennar Enviro Limited	No	From May 2019 till Balance Sheet date	The said property is in the erstwhile name of the Company, not yet transferred in the current name of Company.
3	Land at Isnapur	74	Pennar Steels Limited	No	From April 1986 till Balance Sheet Date	

Further the title deeds of immovable properties aggregating to ₹ 807 Lakhs are pledged with the banks and are not available with the Company. The same has been independently confirmed by the bankers 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) or intangible assets or both during the year.
- (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 and rules made thereunder.
- ii. (a) The inventory (excluding stocks lying with third parties) has been physically verified during the year by the Management. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification, coverage and procedure of such verification is reasonable. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories.
- (b) The Company has been sanctioned working capital limits in excess of ₹ 5 crores in aggregate from Banks/financial institutions on the basis of security of current assets. Quarterly returns / statements are filed with such Banks/ financial institutions till the date of this report are in agreement with unaudited books of account of the Company for the quarter ended June 30, 2022, September 30, 2022 and December 31, 2022. The Company is yet to submit the return/statement for the quarter ended March 2023 with the banks.

- iii. (a) According to the information explanation provided to us, the Company has provided loans to any other entity during the year, the details of which are given below:

Particulars	Loans (₹ In Lakhs)
Aggregate amount provided during the year – Subsidiaries	1,159
Balance outstanding as at balance sheet date in respect of above Cases – Subsidiaries	9,761

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 terms and conditions in relation to investment made, are not prejudicial to the interest of the Company.

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 loans, schedule of repayment of principal and payment of interest have been stipulated and as per the terms of the agreement interest / principal amounts are 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 the Company.
- (e) According to the information explanation provided to us, the loan granted has not fallen due during the year. Hence, the requirements under paragraph 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 granted loans and / or advances in the nature of loans during the year which are repayable on demand and have stipulated the schedule for repayment of principal and interest. Hence, the requirements under paragraph 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 provided, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- 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. 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 determining 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 service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess have generally been regularly deposited with the appropriate authorities, though there has been delays in few cases.

Statutory dues which were outstanding, as at March 31, 2023 for a period of more than six months from the date they became payable are as follows.

Name of the statute	Nature of the dues	Amount ₹ (in Lakhs)	Period to which the amount relates	Due Date	Date of Payment
Income tax act, 1961	Buy back tax	125	September, 2022	September 21 to September 30, 2022	April 14, 2023 to April 29, 2023



- (b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded (₹ in Lakhs)	Amount paid (₹ 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	2013 - 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	High Court for the State of Telangana
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry Tax	11	4	2012 - 2014	
Telangana State Value Added Tax Act, 2005	VAT	576	-	2013 - 2015	High Court for the State of Telangana
	VAT	1,096	-	2015 - 2018	Deputy Commissioner (CT)
Gujarat Value Added Tax Act, 2003	VAT	144	10	2016 - 2018	Commercial Tax Officer
Central Sales Tax Act, 1956	GST	5,007	167	2015 - 2018	High Court for the State of Telangana
Goods and Services Tax Act, 2017	GST	2,143	350	2017 - 2021	Audit Commissionerate
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 accounts which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 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, 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 explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.
- (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.
- 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.
- (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.

- 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 nor on the Company has been noticed or reported during the course of our audit.
- (b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the standalone financial statement for the year ended March 31, 2023, accordingly the provisions stated in paragraph (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 in paragraph 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 internal audit reports of the Company issued till date, 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 non-cash transactions with directors or persons connected with its directors and hence, provisions of section 192 of the Act are not applicable to company.
- xvi. (a) The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph 3 (xvi)(a) of the Order are not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without any valid Certificate of Registration from Reserve Bank of India. Hence, the reporting under paragraph 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. Hence, the reporting under paragraph 3 (xvi)(c) of the Order are not applicable to the Company.
- (d) The Group does not have any CIC as part of its group. Hence the provisions stated in paragraph 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.
- xviii. There has been no resignation of the statutory auditors during the year.



- xix. According to the information and explanations given to us and on the basis of the financial ratios, 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 or to a Special Account as per the provisions of section 135 of the act read with schedule VII.
- 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

**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 23214198BGXCQW3410

Place: Hyderabad

Date: May 24, 2023



## **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, 2023]

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

#### **Opinion**

We have audited the internal financial controls with reference to standalone financial statements of Pennar Industries Limited (the "Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, 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, 2023, 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").

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is 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

### **Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 23214198BGXCQW3410

Place: Hyderabad

Date: May 24, 2023

# Balance Sheet

as at March 31, 2023

CIN:L27109TG1975PLC001919

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
<b>I ASSETS</b>			
<b>1 Non-current assets</b>			
Property, plant and equipment	3	57,590	52,094
Right-of-use Assets	4	4,457	3,530
Capital work-in-progress	36 (iii)	1,005	7,556
Other intangible assets	5	1,041	1,173
Financial assets			
(a) Investments	6	885	885
(b) Trade receivables	11	3,085	2,089
(c) Loans	7	9,761	7,863
(d) Other financial assets	8	1,019	1,009
Income-tax assets (net)	18 (f)	1,267	1,314
Other non-current assets	9	1,015	431
<b>Total Non-current assets</b>		<b>81,125</b>	<b>77,944</b>
<b>2 Current assets</b>			
Inventories	10	73,664	57,651
Financial assets			
(a) Investments	6	2,697	4,497
(b) Trade receivables	11	36,329	42,420
(c) Cash and cash equivalents	12	2,310	1,600
(d) Bank balances other than cash and cash equivalents	13	2,960	4,934
(e) Loans	7	-	30
(f) Other financial assets	8	6,300	4,044
Other current assets	9	9,488	12,335
<b>Total Current assets</b>		<b>1,33,748</b>	<b>1,27,511</b>
<b>Total assets (1+2)</b>		<b>2,14,873</b>	<b>2,05,455</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
Equity share capital	14	6,747	7,108
Other equity	15	66,358	65,233
<b>Total Equity</b>		<b>73,105</b>	<b>72,341</b>
<b>2 LIABILITIES</b>			
Non-current liabilities			
Financial liabilities			
(a) Borrowings	16	9,760	9,859
(a.i) Lease Liabilities	4	3,512	2,850
(b) Other financial liabilities	21	563	1,226
Provisions	17	1,201	1,428
Deferred tax liabilities (net)	18 (d)	567	695
Other non-current liabilities	19	23	79
<b>Total Non-current liabilities</b>		<b>15,626</b>	<b>16,137</b>
<b>3 Current liabilities</b>			
Financial liabilities			
(a) Borrowings	16	52,149	48,889
(a.i) Lease Liabilities	4	1,132	814
(b) Trade payables	20		
Total outstanding dues to micro and small enterprises		540	731
Total outstanding dues of other than micro and small enterprises		55,255	50,769
(c) Other financial liabilities	21	3,736	4,705
Other current liabilities	19	9,147	7,416
Provisions	17	1,012	778
Current tax liabilities (net)	18 (f)	3,171	2,875
<b>Total Current liabilities</b>		<b>1,26,142</b>	<b>1,16,977</b>
<b>Total Liabilities (2+3)</b>		<b>1,41,768</b>	<b>1,33,114</b>
<b>Total Equity and Liabilities (1+2+3)</b>		<b>2,14,873</b>	<b>2,05,455</b>
Corporate information and significant accounting policies	1 and 2		

See accompanying notes forming part of the Standalone financial statements

In terms of our report attached

For M S K A &amp; Associates

Chartered Accountants

Firm Registration Number : 105047W

Amit Kumar Agarwal

Partner

Membership No. 214198

For and on behalf of the Board of Directors

Aditya Rao

Vice Chairman &  
Managing Director  
(DIN: 01307343)

Lavanya Kumar Rao K

Whole Time Director  
(DIN: 01710629)

JS Krishna Prasad

Chief Financial Officer

Mirza Mohammed Ali Baig

Company Secretary  
(M No: A29058)

Place: Hyderabad

Date: May 24, 2023

Place: Bengaluru

Date: May 24, 2023



# Statement of Profit and Loss

for the year ended March 31, 2023

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>I. INCOME</b>			
Revenue from operations	22	2,28,830	1,99,475
Other income	23	3,727	1,865
<b>Total income</b>		<b>2,32,557</b>	<b>2,01,340</b>
<b>II. EXPENSES</b>			
Cost of materials consumed		1,54,354	1,28,438
Purchase of traded goods		1,376	2,352
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(8,110)	(7,566)
Employee benefits expense	25	15,374	15,048
Finance costs	26	8,943	7,508
Depreciation and amortisation expense	27	5,598	5,034
Other expenses	28	49,064	45,961
<b>Total expenses</b>		<b>2,26,599</b>	<b>1,96,775</b>
<b>III Profit before tax (I- II)</b>		<b>5,958</b>	<b>4,565</b>
<b>IV. Tax expense:</b>	18 (a)		
Current tax		1,689	1,935
Deferred tax		(151)	(786)
		<b>1,538</b>	<b>1,149</b>
<b>V. Profit for the Year (III-IV)</b>		<b>4,420</b>	<b>3,416</b>
<b>VI. Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
- Remeasurements of the net defined benefit liability	17 (c)	90	(176)
- Income tax relating to above items	18 (b)	(23)	44
<b>Total other comprehensive (loss)/Income</b>		<b>67</b>	<b>(132)</b>
<b>VII. Total comprehensive income for the year (V + VI)</b>		<b>4,487</b>	<b>3,284</b>
<b>VIII. Earning per equity share (par value of ₹ 5 each)</b>			
Basic and Diluted (₹)	31	3.22	2.40
Corporate information and significant accounting policies	1 and 2		

See accompanying notes forming part of the Standalone financial statements

**In terms of our report attached****For M S K A & Associates**

Chartered Accountants

Firm Registration Number : 105047W

**For and on behalf of the Board of Directors****Amit Kumar Agarwal**

Partner

Membership No. 214198

**Aditya Rao**Vice Chairman &  
Managing Director  
(DIN: 01307343)**Lavanya Kumar Rao K**Whole Time Director  
(DIN: 01710629)**JS Krishna Prasad**

Chief Financial Officer

**Mirza Mohammed Ali Baig**Company Secretary  
(M No: A29058)

Place: Hyderabad

Date: May 24, 2023

Place: Bengaluru

Date: May 24, 2023

# Statement of Cash Flow

for the year ended March 31, 2023

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax</b>	<b>5,958</b>	<b>4,565</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	5,598	5,034
Loss on sale/scrap of property, plant and equipments (net)	18	9
Gain on sale of current investments (net)	(20)	(15)
Net gain arising from financial instruments designated as FVTPL	(46)	(11)
Unrealized foreign exchange differences (net)	(1,137)	258
Liabilities no longer required written back	(810)	(604)
Provision for credit impaired trade receivables	1,387	2,413
Credit impaired trade receivables written off	1,867	-
Finance costs	8,943	7,508
Interest income	(1,008)	(625)
<b>Operating profit before working capital changes:</b>	<b>20,750</b>	<b>18,532</b>
Changes in working capital:		
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade payables	5,054	7,779
Other liabilities	315	4,159
Provisions	97	221
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Trade receivables	2,255	(695)
Inventories	(16,013)	(10,825)
Other assets	552	2,781
<b>Cash generated from operations</b>	<b>13,010</b>	<b>21,952</b>
Income-tax paid (net of refunds)	(1,346)	(1,003)
<b>Net cash flow from operating activities (A)</b>	<b>11,664</b>	<b>20,949</b>
<b>B. Cash flows from investing activities:</b>		
Purchase of property, plant and equipments, including capital work-in-progress, capital advances and payable on purchase of property, plant and equipments	(3,594)	(2,142)
Proceeds from sale of property, plant and equipments	25	70
Proceeds from sale of subsidiary	-	62
Proceeds from sale of / purchase of current investments (net)	1,866	(2,713)
Inter-corporate deposits/ loans (net)	(1,094)	(6,401)
Movement in other bank balances	1,974	(2,751)
Interest received	437	459
<b>Net cash used in investing activities (B)</b>	<b>(386)</b>	<b>(13,416)</b>



# Statement of Cash Flow

for the year ended March 31, 2023

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>C. Cash flow from financing activities:</b>		
Proceeds from long term borrowings	7,500	3,853
Repayment of long term borrowings	(6,207)	(5,908)
Increase in short-term borrowings (net)	1,786	2,392
Buyback of shares including transaction costs	(3,723)	(32)
Interest and other borrowing costs paid	(8,466)	(6,983)
Repayment of lease liability	(1,458)	(1,253)
<b>Net cash used in financing activities (C)</b>	<b>(10,568)</b>	<b>(7,931)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>710</b>	<b>(398)</b>
Cash and cash equivalents at the beginning of the year	1,600	1,998
<b>Cash and cash equivalents at the end of the year (Refer note 12)</b>	<b>2,310</b>	<b>1,600</b>

See accompanying notes forming part of the Standalone financial statements

## Notes:

- (a) Cash Flow Statement has been prepared under the Indirect method as set out in the Indian Accounting Standard 7 on Cash Flow Statements. Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, demand deposits and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments.
- (b) 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

### Amit Kumar Agarwal

Partner

Membership No. 214198

## For and on behalf of the Board of Directors

### Aditya Rao

Vice Chairman &  
Managing Director  
(DIN: 01307343)

### Lavanya Kumar Rao K

Whole Time Director  
(DIN: 01710629)

### JS Krishna Prasad

Chief Financial Officer

### Mirza Mohammed Ali Baig

Company Secretary  
(M No: A29058)

Place: Hyderabad

Date: May 24, 2023

Place: Bengaluru

Date: May 24, 2023

# Statement of Changes in Equity

for the year ended March 31, 2023

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

## A. Equity share capital

Particulars	No of Shares	Amount
<b>Balance as at April 01, 2021</b>	14,21,62,231	7,108
Shares bought back and extinguished during the year	-	-
Shares bought back and pending extinguishment	50	*
<b>Balance as at March 31, 2022</b>	<b>14,21,62,181</b>	<b>7,108</b>
Shares bought back and extinguished during the year	72,15,950	361
<b>Balance as at March 31, 2023</b>	<b>13,49,46,231</b>	<b>6,747</b>

\* less than a lakh

## 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	
<b>Balance as at April 01, 2021</b>	<b>386</b>	<b>10,407</b>	<b>762</b>	<b>6</b>	<b>1,695</b>	<b>48,725</b>	<b>61,981</b>
Profit for the year	-	-	-	-	-	3,416	3,416
Remeasurement defined benefit liability net of tax	-	-	-	-	-	(132)	(132)
Transaction costs towards Buyback of equity shares	-	(32)	-	-	-	-	(32)
Amount transferred to capital redemption reserve upon Buyback	-	-	(*)	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>386</b>	<b>10,375</b>	<b>762</b>	<b>6</b>	<b>1,695</b>	<b>52,009</b>	<b>65,233</b>
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	-	-
<b>Balance as at March 31, 2023</b>	<b>386</b>	<b>7,013</b>	<b>401</b>	<b>6</b>	<b>2,056</b>	<b>56,496</b>	<b>66,358</b>

\* less than a lakh

### In terms of our report attached

#### For M S K A & Associates

Chartered Accountants

Firm Registration Number : 105047W

#### Amit Kumar Agarwal

Partner

Membership No. 214198

### For and on behalf of the Board of Directors

#### Aditya Rao

Vice Chairman &  
Managing Director  
(DIN: 01307343)

#### Lavanya Kumar Rao K

Whole Time Director  
(DIN: 01710629)

#### JS Krishna Prasad

Chief Financial Officer

#### Mirza Mohammed Ali Baig

Company Secretary  
(M No: A29058)

Place: Hyderabad

Date: May 24, 2023

Place: Bengaluru

Date: May 24, 2023



# 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, galvanized products, Solar panels. Design, manufacture, supply, service and installation of pre-engineered steel buildings, building components and erection for industries, warehouses, commercial centers, multi storied buildings, aircraft hangars, defense installations, metro stations, stadiums and power plants. 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. Pennar Industries Limited has manufacturing facilities at Patancheru, Isnapur, Velchal, Sadashivpet in the state of Telangana, Chennai and Hosur in Tamil Nadu, Tarapur in Maharashtra. The Company's shares are listed on the Bombay Stock Exchange and National Stock Exchange of India.

## 2. Significant 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 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 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 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.

### 2.3 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.



# Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Cost in respect of work-in-progress 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 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 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 recognized 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 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 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.

## 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.



# Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

## 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.

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 Exceptional item

Significant gains/ losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'.

## 2.10 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 the Standalone 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 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 Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

### 2.11 Cash and cash equivalents:

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.

### 2.12 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 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.



# Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

## 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 recognized 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 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.

## 2.13 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 Company 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.

## 2.14 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	10-20

Depreciation methods, useful lives, residual values are reviewed and adjusted as appropriate, at each reporting date.

Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalization.

# Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

## 2.15 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 (ERP 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.

## 2.16 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.

## 2.17 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.

## 2.18 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 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. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Changes



# Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

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 Company 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 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 recognized during the period when the employee renders service.

## 2.19 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 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 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 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 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 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 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 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.

## Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

- 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.
- 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.

### 2.20 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 realized.

### 2.21 Impairment of assets

#### a. Financial assets:

The Company 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 Company 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.



# Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

## 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 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.

## 2.22 Government Grants:

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognized in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

## 2.23 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 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 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.

#### 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 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.



# Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Items requiring significant estimate	Assumption and estimation uncertainty
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 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.

## 2.24 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.

## 2.25 Standards (including amendment) issued but not yet effective:

The Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023 to amend certain Ind ASs which are effective from April 01, 2023. Below is a summary of such amendments:

(i) Disclosure of Accounting Policies – Amendment to Ind AS 1 Presentation of financial statements:

The MCA issued amendments to Ind AS 1, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The amendments are effective for annual reporting periods beginning on or after April 01, 2023. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(ii) Definition of Accounting Estimates – Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors:

The amendment to Ind AS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after April 01, 2023. The amendments are not expected to have a material impact on the Company's financial statements.



# Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to Ind AS 12 Income taxes:

The amendment to Ind AS 12, requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. Ind AS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Company is currently assessing the impact of the amendments.

(iv) The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

## 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, 2023	As at March 31, 2022
<b>Carrying amount of:</b>		
Freehold land (Refer note 35)	2,413	1,341
Leasehold Improvements	7	12
Buildings	28,740	27,204
Plant and equipment	21,513	18,366
Electrical equipment	4,166	4,396
Computers	90	109
Office equipment	92	98
Furniture and fixtures	268	280
Vehicles	301	288
<b>Total</b>	<b>57,590</b>	<b>52,094</b>
<b>Capital work-in-progress [Refer note (a) and (b) below]</b>	<b>1,005</b>	<b>7,556</b>

#### Notes:

- Capital work-in-progress includes borrowing cost of ₹ Nil (March 31, 2022: ₹ 182 Lakhs) capitalised during the year.
- Refer Note 36 (iii) for ageing of Capital work-in-progress.
- Refer Note 16 (a) & 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	Freehold Land	Freehold Land	Buildings	Plant and equipment	Electrical equipments	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
<b>Cost as at April 01, 2021</b>	<b>1,330</b>	<b>45</b>	<b>33,590</b>	<b>40,388</b>	<b>7,356</b>	<b>623</b>	<b>320</b>	<b>462</b>	<b>402</b>	<b>84,516</b>
Additions	11	-	271	70	22	37	2	194	131	738
Disposals/ adjustments/ write offs	-	-	-	-	-	-	(14)	(103)	(56)	(173)
Dismantling cost	-	-	-	18	-	-	-	-	-	18
<b>Balance as at March 31, 2022</b>	<b>1,341</b>	<b>45</b>	<b>33,861</b>	<b>40,476</b>	<b>7,378</b>	<b>660</b>	<b>308</b>	<b>553</b>	<b>477</b>	<b>85,099</b>
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
<b>Balance as at March 31, 2023</b>	<b>2,413</b>	<b>45</b>	<b>36,527</b>	<b>46,273</b>	<b>7,481</b>	<b>606</b>	<b>359</b>	<b>580</b>	<b>545</b>	<b>94,829</b>
<b>Accumulated depreciation as at April 01, 2021</b>	<b>-</b>	<b>28</b>	<b>5,598</b>	<b>19,694</b>	<b>2,664</b>	<b>477</b>	<b>168</b>	<b>259</b>	<b>194</b>	<b>29,082</b>



## 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 (Contd..)

Particulars	Freehold Land	Freehold Land	Buildings	Plant and equipment	Electrical equipments	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
Depreciation for the year	-	5	1,059	2,416	318	74	55	41	49	4,017
Disposals/ adjustments/ write offs	-	-	-	-	-	-	(13)	(27)	(54)	(94)
<b>Accumulated depreciation as at March 31, 2022</b>	-	<b>33</b>	<b>6,657</b>	<b>22,110</b>	<b>2,982</b>	<b>551</b>	<b>210</b>	<b>273</b>	<b>189</b>	<b>33,005</b>
Depreciation for the year	-	5	1,130	2,677	333	65	57	39	55	4,361
Disposals/ adjustments/ write offs	-	-	-	(27)	-	(100)	-	-	-	(127)
<b>Accumulated depreciation as at March 31, 2023</b>	-	<b>38</b>	<b>7,787</b>	<b>24,760</b>	<b>3,315</b>	<b>516</b>	<b>267</b>	<b>312</b>	<b>244</b>	<b>37,239</b>
<b>Net carrying amount as at March 31, 2023</b>	<b>2,413</b>	<b>7</b>	<b>28,740</b>	<b>21,513</b>	<b>4,166</b>	<b>90</b>	<b>92</b>	<b>268</b>	<b>301</b>	<b>57,590</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>1,341</b>	<b>12</b>	<b>27,204</b>	<b>18,366</b>	<b>4,396</b>	<b>109</b>	<b>98</b>	<b>280</b>	<b>288</b>	<b>52,094</b>

### 4. Right-of-Use Assets

Particulars	As at March 31, 2023	As at March 31, 2022
Carrying amount of:		
Land	144	158
Buildings	1,858	1,658
Plant and equipment	2,455	1,714
	<b>4,457</b>	<b>3,530</b>

Movement in the carrying amounts of right-of-use assets is as below:

Particulars	Land	Buildings	Plant and equipment	Total
<b>I. Gross Carrying Value</b>				
<b>Cost as at April 01, 2021</b>	<b>105</b>	<b>2,558</b>	<b>1,094</b>	<b>3,757</b>
Additions	64	232	910	1,206
Disposals	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>169</b>	<b>2,790</b>	<b>2,004</b>	<b>4,963</b>
Additions	-	772	1,221	1,993
Disposals	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>169</b>	<b>3,562</b>	<b>3,225</b>	<b>6,956</b>
<b>II. Accumulated amortisation</b>				
<b>Accumulated depreciation as at April 01, 2021</b>	<b>3</b>	<b>585</b>	<b>18</b>	<b>606</b>
Amortisation	8	521	322	851
Disposals/adjustments/write offs	-	26	(50)	(24)
<b>Balance as at March 31, 2022</b>	<b>11</b>	<b>1,132</b>	<b>290</b>	<b>1,433</b>

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(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 4. Right-of-Use Assets (Contd..)

Particulars	Land	Buildings	Plant and equipment	Total
Amortisation	14	572	480	1,066
Disposals/adjustments/write offs	-	-	-	-
<b>Balance as at March 31, 2023</b>	<b>25</b>	<b>1,704</b>	<b>770</b>	<b>2,499</b>
<b>Net Carrying amount as at March 31, 2023</b>	<b>144</b>	<b>1,858</b>	<b>2,455</b>	<b>4,457</b>
<b>Net Carrying amount as at March 31, 2022</b>	<b>158</b>	<b>1,658</b>	<b>1,714</b>	<b>3,530</b>

### Lease liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Current	1,132	814
Non-current	3,512	2,850
	<b>4,644</b>	<b>3,664</b>

### 5. Other intangible assets

Particulars	As at March 31, 2023	As at March 31, 2022
Carrying amount of:		
Computer software	294	362
Software license	103	114
Other intangible assets	644	697
<b>Total Other intangible assets</b>	<b>1,041</b>	<b>1,173</b>

Movement in the carrying amounts of other intangible assets is as below:

Particulars	Land	Buildings	Plant and equipment	Total
<b>I. Cost</b>				
<b>Balance as at April 01, 2021</b>	<b>715</b>	<b>292</b>	<b>1,126</b>	<b>2,133</b>
Additions	31	3	-	34
<b>Balance as at March 31, 2022</b>	<b>746</b>	<b>295</b>	<b>1,126</b>	<b>2,167</b>
Additions	47	11	-	58
Disposals/adjustments/write offs	(41)	-	-	(41)
<b>Balance as at March 31, 2023</b>	<b>752</b>	<b>306</b>	<b>1,126</b>	<b>2,184</b>
<b>II. Accumulated amortisation</b>				
<b>Balance as at April 01, 2021</b>	<b>294</b>	<b>158</b>	<b>376</b>	<b>828</b>
Amortisation for the year	90	23	53	166
<b>Balance as at March 31, 2022</b>	<b>384</b>	<b>181</b>	<b>429</b>	<b>994</b>
Amortisation for the year	96	22	53	171
Disposals/adjustments/write offs	(22)	-	-	(22)
<b>Accumulated depreciation as at March 31, 2023</b>	<b>458</b>	<b>203</b>	<b>482</b>	<b>1,143</b>
<b>Net Carrying amount as at March 31, 2023</b>	<b>294</b>	<b>103</b>	<b>644</b>	<b>1,041</b>
<b>Net Carrying amount as at March 31, 2022</b>	<b>362</b>	<b>114</b>	<b>697</b>	<b>1,173</b>



# 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

Particulars	Face Value per share	As at March 31, 2023		As at March 31, 2022	
		No. of shares	Amount	No. of shares	Amount
<b>I. Investments - Non-current</b>					
<b>Unquoted investments (all fully paid):</b>					
<b>(A) Investments in equity shares of subsidiaries at cost</b>					
Pennar Global Inc., USA	USD 0.01 each	4,000	862	4,000	862
Eneritech Pennar Defense and Engineering Systems Pvt Ltd	₹ 10 each	5,100	1	5,100	1
Pennar GmbH, Germany	Euro 1 each	25,000	20	25,000	20
<b>(B) Investments Carried at fair value through other comprehensive income (FVTOCI)</b>					
Mana Effluent treatment plant Limited	₹ 1,000 each	200	2	200	2
<b>Aggregate value of Unquoted Non-current investments (A+B)</b>			<b>885</b>		<b>885</b>
<b>II. Investments - Current</b>					
<b>Unquoted Investment carried at fair value through profit and loss (FVTPL)</b>					
Investments in mutual funds (Refer note below)			2,697		4,497
<b>Aggregate value of unquoted current investments</b>			<b>2,697</b>		<b>4,497</b>

### Notes:

- 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.
- Details of current-investments (unquoted)

Particulars	As at March 31, 2023		As at March 31, 2022	
	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	4,36,373	500
Nippon India Money Market Fund-Direct Growth	3,294	117	-	-
Nippon India Money Market Fund-Direct Growth	17,222	611	-	-
Nippon India Overnight Fund - Growth Plan	2,28,600	275	4,44,874	507
Aditya Birla Sunlife Limited - Money Manager Fund - Growth - Direct	1,13,330	358	1,19,931	359
Aditya Birla Sunlife Limited - Overnight Direct Growth	8,507	103	43,500	500
SBI Overnight Fund - Direct - Growth	-	-	7,223	250
HDFC Overnight Fund - Direct Plan- Growth Option	-	-	7,919	250
UTI Liquid Cash Plan - Direct Plan Growth	-	-	712	25
UTI Overnight Fund - Direct - Growth	-	-	8,592	250
DSP Overnight Fund - Direct - Growth	-	-	21,962	250
DSP Ultra short fund - Direct - Growth	-	-	3,564	106
Invesco India Overnight Fund - Direct - Growth	-	-	23,272	250
Kotak Overnight Fund - Direct - Growth	-	-	44,110	500
Franklin India Overnight Fund - Direct - Growth	-	-	22,519	250
Axis Overnight Fund - Direct - Growth	-	-	22,246	250
TATA Overnight Fund - Direct - Growth	-	-	22,296	250
<b>Total current investment</b>		<b>2,697</b>		<b>4,497</b>

## Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 7. Loans (Unsecured, considered good)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current:</b>		
<b>At amortised cost *</b>		
Loan to related parties [Refer note 34 (iii)]	9,761	7,863
<b>Total</b>	<b>9,761</b>	<b>7,863</b>
<b>Current:</b>		
Inter corporate deposit	-	30
<b>Total</b>	<b>-</b>	<b>30</b>

\*Percentage of Loans to related parties to the total loans 100% (March 31, 2022: 100%)

### 8. Other financial assets (Unsecured, considered good)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current:</b>		
Deposits	1,019	1,009
<b>Total</b>	<b>1,019</b>	<b>1,009</b>
<b>Current:</b>		
Interest accrued on deposits*	871	300
Unbilled revenue	2,646	796
Incentive receivable	8	8
Security deposits	2,749	2,862
Other	26	78
<b>Total</b>	<b>6,300</b>	<b>4,044</b>

\* Includes interest receivable from related parties [Refer note 34 (iii)]

### 9. Other assets (Unsecured, considered good)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current</b>		
Capital advances	412	428
Balance with Statutory/Government Authorities	603	-
Others	-	3
<b>Total</b>	<b>1,015</b>	<b>431</b>
<b>Current:</b>		
Advances recoverable in kind or for value to be received	7,053	7,879
Prepaid expenses	853	749
Employee advance	63	145
Balance with Statutory/Government Authorities	1,519	3,562
<b>Total</b>	<b>9,488</b>	<b>12,335</b>

### 10. Inventories (At lower of cost or net realisable value)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials	16,709	10,806
Work-in-progress	40,972	30,362
Finished goods	7,228	9,602
Stores and spares	8,046	6,046
Scrap	709	835
<b>Total</b>	<b>73,664</b>	<b>57,651</b>

**Note: Refer Note 16 (a) & 16 (c) for details of charge created on assets.**



# 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

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non Current</b>		
Unsecured, considered good	3,085	2,089
	<b>3,085</b>	<b>2,089</b>
<b>Current</b>		
Unsecured, considered good*	36,329	42,420
Credit impaired	9,702	8,315
	<b>46,031</b>	<b>50,735</b>
Less: Allowance for credit impaired [Refer note (b) Below]	9,702	8,315
<b>Total</b>	<b>36,329</b>	<b>42,420</b>
<b>Total</b>	<b>39,414</b>	<b>44,509</b>

\* Includes dues from related parties [Refer note 34 (iii)]

### Notes:

a. Trade receivables includes retention money aggregating to ₹ 7,993 lakhs (March 31, 2022 : ₹ 9,053 lakhs).

### b. 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 loss 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, 2023	For the year ended March 31, 2022
<b>Balance at the beginning of the year</b>	8,315	5,902
Impairment losses recognised on receivables (net of write off)	1,387	2,413
<b>Balance at the end of the year</b>	<b>9,702</b>	<b>8,315</b>

c. Of the trade receivables balance as at March 31, 2023, ₹ 5,710 Lakhs (As at March 31, 2022 : ₹ 6,526 Lakhs) is due from the Company's Largest customers individually representing more than 5% of total trade receivables balance.

d. Refer 36 (ii) for ageing of Trade receivables

## 12. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks		
in current accounts	555	24
in cash credit accounts	1,255	-
in deposit accounts	500	1,484
Remittance in-transit	-	92
<b>Total</b>	<b>2,310</b>	<b>1,600</b>



## Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 13. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non Current</b>		
Earmarked balances with banks		
- in preference shares redemption accounts	24	49
- in margin money deposits*^	2,936	1,584
- in deposit accounts (maturity greater than 3 months, up to 12 months)	-	3,301
<b>Total</b>	<b>2,960</b>	<b>4,934</b>

\*Margin money deposits are provided as a security to State Bank of India, Bandhan bank, Axis Bank and Punjab national bank for the Cash Credit and other short term borrowing facilities including letter of credit and bank guarantees availed by the Company.

^ Margin money deposits includes ₹ Nil (March 31, 2022 : 101 Lakhs) money deposited in escrow account with Yes Bank against buy back of Shares

### 14. Equity share capital

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Authorised share capital:</b>		
<b>Equity shares</b>		
25,20,00,000 (March 31, 2022: 25,20,00,000) equity shares of ₹ 5 each	12,600	12,600
<b>Preference Shares:</b>		
Series - A: 5,00,000 (March 31, 2022: 5,00,000) cumulative redeemable preference shares of ₹ 100 each	500	500
Series - B: 4,00,00,000 (March 31, 2022: 4,00,00,000) cumulative redeemable preference shares of ₹ 5 each	2,000	2,000
	<b>15,100</b>	<b>15,100</b>
<b>Issued, subscribed and paid-up capital:</b>		
<b>Equity shares</b>		
13,49,46,231 (March 31, 2022: 14,21,62,181) fully paid up equity shares of ₹ 5 each [Refer note (a) and (d) below]	6,747	7,108
<b>Total</b>	<b>6,747</b>	<b>7,108</b>

#### 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, 2023		Year ended March 31, 2022	
	Number of Shares	Share Capital (Amount)	Number of Shares	Share Capital (Amount)
Opening balance	14,21,62,181	7,108	14,21,62,231	7,108
Less: Shares bought back and extinguished during the year	72,15,950	361	-	-
Less: Shares bought back and pending extinguishment	-	-	50	*
<b>Balance</b>	<b>13,49,46,231</b>	<b>6,747</b>	<b>14,21,62,181</b>	<b>7,108</b>

\* Less than a lakh

#### 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, 2023		As at March 31, 2022	
	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	14.78%
Aditya Rao	87,72,203	6.50%	84,27,203	5.93%
J Rajyalakshmi	69,33,038	5.14%	-	0.00%



# 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.)

### 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.

**Preference Shares:** The Company has two classes of cumulative redeemable preference shares having face value of ₹ 100 each and ₹ 5 each with such rights, privileges and conditions respectively attached thereto as may be from time to time confirmed by the regulations of the Company.

### d. Buyback of equity shares:

During the year 2021-22 the Board of Directors, at its meeting held on March 09, 2022, has approved Buyback of the Company's fully paid-up equity shares of face value of ₹ 5 each from the eligible equity shareholders of the Company, other than promoters, promoter group and persons who are in control of the Company, at a price not exceeding ₹ 50 per equity share (Maximum Buyback price), for an aggregate amount not exceeding ₹ 4,000 lakhs (Maximum Buyback size), payable in cash from the open market route through the stock exchange mechanism under the Buyback Regulations and the Companies Act. The Buyback shall not exceed ₹ 4,000 lakhs (Maximum Buyback size) excluding the transaction charges.

As of March 31, 2023, the Buyback process was completed and the Company bought back 72,16,000 equity shares as of that date (including 50 shares during FY 2021-22), resulting in total cash consideration of ₹ 3,755 lakhs (including ₹ 745 lakhs towards buyback related costs and tax on Buyback). Out of the 72,16,000 equity shares bought back, the Company has extinguished 72,16,000 equity shares as at September 30, 2022, as per records of depositories. In line with the requirements of Companies Act, 2013, an amount of ₹ 3,394 lakhs has been utilized from securities premium account for the Buyback. Further, capital redemption reserve of ₹ 361 lakhs representing the nominal value of shares bought back, has been created in accordance with Section 69 of the Companies Act, 2013.

e. Refer Note 16 (c) for details of shares pledged.

f. Shareholding of Promoters as at:

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	
Aditya 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%
Kalpna 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 the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

## 15. Other equity

Other equity consist of the following:

Particulars	As at / For the year ended March 31, 2023	As at / For the year ended March 31, 2022
<b>(a) Capital reserve</b>		
Opening balance	386	386
<b>Closing Balance</b>	<b>386</b>	<b>386</b>
<b>(b) Securities premium</b>		
Opening balance	10,375	10,407
Utilised on		
- Buyback of equity shares	(2,617)	-
- Transaction cost related to Buyback of equity shares	(129)	(32)
- Tax on Buyback of equity shares	(616)	-
<b>Closing Balance</b>	<b>7,013</b>	<b>10,375</b>
<b>(c) General reserve</b>		
Opening balance	762	762
Transfer to capital redemption reserve upon Buyback of equity shares	(361)	*
<b>Closing Balance</b>	<b>401</b>	<b>762</b>
<b>(d) Profit on forfeiture of shares</b>	<b>6</b>	<b>6</b>
<b>(e) Capital redemption reserve</b>		
Opening balance	1,695	1,695
Transfer from general reserve upon Buyback of equity shares	361	-
<b>Closing Balance</b>	<b>2,056</b>	<b>1,695</b>
<b>(f) Retained earnings</b>		
Opening balance	52,009	48,725
Add: Profit for the year	4,420	3,416
Remeasurement of net defined benefit liability net of income tax	67	(132)
<b>Closing Balance</b>	<b>56,496</b>	<b>52,009</b>
<b>Total</b>	<b>66,358</b>	<b>65,233</b>

\* less than a lakh

### 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.



# 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.)

### (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, 2023	As at March 31, 2022
<b>Non-Current</b>		
<b>Term Loans - Secured - at amortised cost [Refer note (a) below]</b>		
- From banks	5,808	7,972
- From non banking financial companies (NBFC's)	3,817	1,500
	9,625	9,472
<b>Unsecured - at fair value</b>		
Sales tax deferment loan [Refer note (b) below]	135	387
<b>Total</b>	<b>9,760</b>	<b>9,859</b>
<b>Current</b>		
<b>Loans repayable on demand from banks - Secured - at amortised cost [Refer note (c) below]</b>		
(i) Cash credits	6,465	7,361
(ii) Working capital demand loans	19,837	20,027
(iii) Credit Cards and bills discounting	19,690	16,815
<b>Current maturities from long term borrowings</b>		
<b>Term Loans-Secured [Refer note (a) below]</b>		
- From banks	4,001	3,677
- From non banking financial companies (NBFC's)	1,821	711
<b>Unsecured</b>		
Sales tax deferment loan [Refer note (b) below]	335	298
<b>Total</b>	<b>52,149</b>	<b>48,889</b>
<b>Total Borrowings</b>	<b>61,909</b>	<b>58,748</b>

## 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, 2023	March 31, 2022	
<b>From Banks:</b>						
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	4,011	5,116	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	2,000	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	503	670	7.95% to 8.50% 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, 2023	March 31, 2022	
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	781	1,406	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	28	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	651	867	" 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	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, 2023	March 31, 2022	
State Bank of Mauritius Limited	13 equal quarterly instalments of ₹ 250 lakhs each commencing from November 2019	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)	3,250	-	750	10.40%
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	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	541	707	10.70%



## 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, 2023	March 31, 2022	
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	71	90	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	-	15	9.26%
<b>Total</b>			<b>21,672</b>	<b>9,809</b>	<b>11,649</b>	
<b>From Non Banking Financial Institutions:</b>						
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 Rao.	1,800	1,163	1,613	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 Rao.	427	250	356	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 Rao.	267	89	223	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	11	19	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 Rao.	2,500	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 Rao.	2,000	2,000	-	13.00%
<b>Total</b>			<b>7,043</b>	<b>5,638</b>	<b>2,211</b>	

(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 ₹ 1639 lakhs was paid during earlier years, an amount of ₹ 298 lakhs paid in the financial year 2022-23 and amount of ₹ 335 lakhs Payable in the financial year 2023-24 which is classified under the head "Current borrowings". Further ₹ 80 lakhs (As at March 31, 2022 - ₹ 162 lakhs) considered under Unearned government grant has been classified under the head "Other liabilities" which is discounted to present value.



## 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..)

The Sales tax deferment loan is repayable as under:

Year of Repayment	₹ in lakhs
2023-24	335
2024-25	215
<b>Total</b>	<b>550</b>

(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 NIL shares (March 31, 2022: 15,00,000 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 Rao (Vice – Chairman and Managing Director). These borrowings carried interest rate of 9.25% to 10.70% (March 31, 2022: 8% to 9.85%)

(d) Details of borrowings guaranteed by Directors :

Particulars	As at March 31, 2023	As at March 31, 2022
Aditya Rao (Vice Chairman and Managing Director)	1,37,424	1,13,724

(e) The Company has used the borrowings for the purposes for which it was taken.

(f) The returns of current assets for the quarter ended June 2022, September 2022 and December 2022 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 2023.

### 17. Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-Current</b>		
Provision for gratuity [Refer note c (iii) below]	233	402
Provision for compensated absences	576	685
Asset retirement obligation	392	341
<b>Total</b>	<b>1,201</b>	<b>1,428</b>
<b>Current</b>		
Provision for gratuity [Refer note c (iii) below]	756	555
Provision for compensated absences	256	223
<b>Total</b>	<b>1,012</b>	<b>778</b>
<b>Total Provisions</b>	<b>2,213</b>	<b>2,206</b>

#### 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 ₹ 308 lakhs (2021-22: ₹ 257 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	2022-23	2021-22
<b>i) Change in Defined Benefit Obligation (DBO) during the year:</b>		
Present Value of DBO at the beginning of the year	2,578	2,304
Interest cost	160	156
Current service cost	248	209
Actuarial loss on obligation	(83)	182
Benefits paid	(290)	(273)
<b>Present Value of DBO at the end of the year</b>	<b>2,613</b>	<b>2,578</b>
<b>ii) Changes in the Fair Value of Plan Asset during the year</b>		
Fair value of Plan Assets at the beginning of the year	1,621	1,596
Return on Plan Assets	22	6
Interest Income	100	108
Contributions paid	171	184
Benefits paid	(290)	(273)
<b>Fair value of Plan Assets at the end of the year</b>	<b>1,624</b>	<b>1,621</b>
<b>iii) Amount Recognized in Balance Sheet</b>		
Present Value of DBO of the year	(2,613)	(2,578)
Fair value of Plan Assets at the end of the year	1,624	1,621
<b>Net Liability recognized in the balance sheet</b>	<b>(989)</b>	<b>(957)</b>
- Non Current	(233)	(402)
- Current	(756)	(555)
<b>iv) Components of employer expense</b>		
Current service cost	248	209
Interest income on net defined benefit obligation	60	48
<b>Expense recognised in Statement of Profit and Loss</b>	<b>308</b>	<b>257</b>
<b>v) Remeasurement on the net defined benefit obligation</b>		
Actuarial (gain) / loss due to financial assumptions change in Defined Benefit Obligation	(173)	122
Actuarial loss due to experience on Defined Benefit Obligation	104	54
Return on Plan Assets excluding Interest Income	(21)	-
<b>Remeasurements recognised in other comprehensive income</b>	<b>(90)</b>	<b>176</b>
<b>Total defined benefit cost recognised</b>	<b>218</b>	<b>433</b>

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2023	Valuation as at March 31, 2022
Mortality	IALM (2012-14) Ult.	
Interest/Discount Rate	7.15%-7.25%	5.80%-6.75%
Rate of increase in compensation	8-9%	5%-8%
Expected average remaining service	20.25	20.16
Employee Attrition rate	19%	15%

### Sensitivity Analysis

Particulars	Change in assumption	Effect in Gratuity Obligation
Discount rate	1%	2,527
	(-1%)	(2,704)
Salary Escalation rate	1%	2,702
	(-1%)	(2,527)
Attrition rate	1%	2,571
	(-1%)	(2,690)
Mortality rate	1%	2,613
	(-1%)	(2,613)

## 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	2022-23	2021-22
Within 1 year	780	561
2 to 5 Years	1,696	1,414
6 to 10 Years	672	916
> 10 years	308	736

#### (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, 2023	Valuation as at March 31, 2022
Mortality	IALM (2012-14) Ult.	
Interest/Discount Rate	7.15%-7.25%	5.80%-6.75%
Rate of increase in compensation	8-9%	5%-8%
Expected average remaining service	20.15	5.20-12.89
Employee Attrition rate	19%	PS: 0 to 40:3%-15%

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, 2023	For the year ended March 31, 2022
Current tax	1,689	1,935
Deferred tax	(151)	(786)
	<b>1,538</b>	<b>1,149</b>

#### b. Income tax expense recognized directly in other comprehensive income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Tax effect on actuarial losses on defined benefit obligations (Items that will not be reclassified to profit or loss)	(23)	44
	<b>(23)</b>	<b>44</b>



# 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..)

### c. Reconciliation of effective tax rate

The following is the reconciliation of the Company's effective tax rates for the year ended March 31, 2023 and March 31, 2022.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Accounting Profit before tax	5,958	4,565
<b>Tax expense at statutory tax rate of 25.17% (2022: 25.17%)</b>	1,500	1,149
Add: Effect of disallowed expenses such that CSR, Interest on Income tax etc.	38	-
<b>Reported in statement of profit and loss</b>	<b>1,538</b>	<b>1,149</b>

### 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, 2023	March 31, 2022
Deferred tax assets	(1,223)	(4,108)
Deferred tax liabilities	1,790	4,803
	<b>567</b>	<b>695</b>

### e. Movement in deferred tax assets and liabilities:

2022-23	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities / (assets) in relation to:</b>				
<b>Liabilities</b>				
Property, plant and equipment and intangible assets	4,803	169	-	4,972
<b>Assets</b>				
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)
<b>Total</b>	<b>695</b>	<b>(151)</b>	<b>23</b>	<b>567</b>

Particulars	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities/(assets) in relation to:</b>				
<b>Liabilities</b>				
Property, plant and equipment and Intangible assets	4610	193	-	4803
<b>Assets</b>				
Provision for employee benefits	(597)	(268)	(44)	(909)
Provision for credit impaired trade receivables	(2,127)	(657)	-	(2,784)
Provision for loss on onerous contracts	-	(6)	-	(6)
Provision for dismantling cost	(76)	-	-	(76)
Provision for ROU and Lease liability	(9)	(48)	-	(57)
Others	(276)	-	-	(276)
<b>Total</b>	<b>1,525</b>	<b>(786)</b>	<b>(44)</b>	<b>695</b>

# 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.)

### f. Income-tax assets and liabilities

Particulars	As at	
	March 31, 2023	March 31, 2022
Income-tax assets [net of provisions]	1,267	1,314
Current tax liabilities [net of advance tax]	(3,171)	(2,875)
	<b>(1,904)</b>	<b>(1,561)</b>

## 19. Other liabilities

Particulars	As at	
	March 31, 2023	March 31, 2022
<b>Non-Current</b>		
Unearned government grants [Refer note 16 (b)]	23	79
	<b>23</b>	<b>79</b>
<b>Current</b>		
Advances from customers	7,169	5,976
Unearned revenue	1,921	1,342
Unearned government grants [Refer note 16 (b)]	57	83
Others	-	15
<b>Total</b>	<b>9,147</b>	<b>7,416</b>
<b>Total other liabilities</b>	<b>9,170</b>	<b>7,495</b>

## 20. Trade payables

Particulars	As at	
	March 31, 2023	March 31, 2022
Acceptances	25,033	25,482
Other than acceptances	30,762	26,018
<b>Total</b>	<b>55,795</b>	<b>51,500</b>
Of the above:		
i) Dues to micro, small and medium enterprises*	540	731
ii) Outstanding dues of creditors other than micro enterprises and small enterprises**	55,255	50,769

\*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, 2023	March 31, 2022
<b>Non-Current</b>		
Retention money payable	563	1,226
	<b>563</b>	<b>1,226</b>
<b>Current</b>		
Preference share capital payable	24	49
Interest accrued	154	204
Statutory liabilities	664	604
Payables on purchase of property, plant and equipment	606	828
Other payables (including employee related payables)	2,288	3,020
<b>Total other financial liabilities</b>	<b>3,736</b>	<b>4,705</b>



# Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

## 22. Revenue from operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue From operations (Refer note below)		
- Sale of products	2,06,121	1,29,927
- Revenue from contracts	8,184	60,982
- Sale of services	5,930	3,598
- Scrap Sales	8,595	4,968
<b>Total</b>	<b>2,28,830</b>	<b>1,99,475</b>

Note: There is no single customers contributing 10% or more to the Company's revenue (2021-22: Nil).

## 23. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income earned on financial assets		
- Bank deposits	113	148
- Other interest income	895	477
Net gain arising from financial instruments designated as fair value through Profit and Loss	46	11
Gain on sale of current investments (net)	20	15
Net gain on foreign currency transactions and translation	1,510	-
Liabilities no longer required written back	810	604
Duty drawback received	244	267
Others	89	343
<b>Total</b>	<b>3,727</b>	<b>1,865</b>

## 24. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Opening stock of inventories</b>		
Work-in-progress	30,362	25,093
Finished goods	9,602	7,711
Scrap	835	429
<b>Total</b>	<b>40,799</b>	<b>33,233</b>
<b>Closing stock of inventories</b>		
Work-in-progress	40,972	30,362
Finished goods	7,228	9,602
Scrap	709	835
<b>Total</b>	<b>48,909</b>	<b>40,799</b>
<b>Increase in inventories of finished goods, work-in-progress and stock-in-trade</b>	<b>(8,110)</b>	<b>(7,566)</b>

## 25. Employee benefits expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	13,474	13,568
Contribution to provident and other funds	1,056	872
Staff welfare expenses	898	831
	<b>15,428</b>	<b>15,271</b>
Less: Capitalization of salaries	54	223
<b>Total</b>	<b>15,374</b>	<b>15,048</b>

## 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, 2023	For the year ended March 31, 2022
Interest:		
Term loans	1,462	1,396
Working capital demand loans	3,056	2,535
Interest on leases	446	387
Others	836	-
Bill discounting charges	1,455	763
Other bank charges	1,688	2,609
	<b>8,943</b>	<b>7,690</b>
Less: Capitalization Interest	-	182
<b>Total</b>	<b>8,943</b>	<b>7,508</b>

### 27. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on property, plant and equipment (Refer note 3)	4,361	4,017
Amortisation on Right-of-use assets (Refer note 4)	1,066	851
Amortisation of intangible assets (Refer note 5)	171	166
<b>Total</b>	<b>5,598</b>	<b>5,034</b>

### 28. Other Expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Job work and processing charges	9,470	5,653
Sub-contract expenses	2,367	2,627
Erection expenses	5,439	6,499
Stores and spares consumed	12,844	12,014
Power and fuel	2,383	1,899
Repairs and maintenance		
- Plant and equipment	304	279
- Buildings	68	31
- Others	193	294
Rent	316	369
Carriage and freight	5,142	6,898
Payment to Auditors (Refer note below)	84	83
Loss on sale of property, plant and equipment	18	9
Net loss on foreign currency transactions and translation	-	178
Expenditure for Corporate social responsibility	59	94
Credit impaired trade and other receivables written off	1,867	-
Provision for credit impaired trade receivables	1,387	2,413
Advances written off	-	6
Miscellaneous expenses	7,123	6,615
<b>Total</b>	<b>49,064</b>	<b>45,961</b>



# 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: Payments to Auditors

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit fee	40	42
Limited review	15	15
Certificates	26	24
Out of pocket expenses	3	2
<b>Total</b>	<b>84</b>	<b>83</b>

Note: Amounts given above excludes Goods and Service tax

## 29. Contingent liabilities and commitments

Particulars	As at March 31, 2023	As at March 31, 2022
a) Claims against the company not acknowledged on debt:		
i) Sales Tax	6,823	5,699
ii) Excise duty and service tax	312	313
iii) Goods and Services Tax	2,143	416
iv) Entry tax	250	249
v) Income-tax	119	119
<b>Total</b>	<b>9,647</b>	<b>6,796</b>

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.

(b) The Company has provided Corporate Performance Guarantee to Amara Raja Power systems Limited in April 2022 for a value not exceeding ₹100 Lakhs with regards to contractual liabilities under applicable agreements/contracts entered by company with Amara Raja power systems Limited. The Guarantee is valid up to April 25, 2023.

(c) During previous year the Company has provided Corporate Performance Guarantee to Westera Limited in October 2021 for a value not exceeding USD 931,000 with regards to contractual liabilities under applicable agreements/contracts entered by company with Westera Limited. The Guarantee was valid till May 31, 2022.

### (d) Capital and other commitments:

Particulars	As at March 31, 2023	As at March 31, 2022
Capital commitment-Estimated Amount of contracts remaining to be executed on capital account (Net of Advances)	2,311	1,630
Other commitment-Investments	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 ₹ 59 lakhs (2021-22 - ₹ 94 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.



## 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..)

a) Gross amount required to be spent by the Company during the year is ₹ 59 lakhs (2021-22 : ₹ 94 lakhs)

b) Amount spent during the year on:

Details of expenditure on corporate social responsibility expenditure

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) Construction / acquisition of any asset	29	25
(ii) On purposes other than (i) above	30	44

c) Details of amount unspent:

Opening Balance		Amount required to be spent during the year	Amount Spent during the year		Subsequently Spent*	Closing Balance In Separate CSR Unspent A/c#
With Company	In separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c		
181	23	59	153	22	2	86

\*The Company subsequently Spent ₹ 2 lakhs till April 27, 2023.

#The Company has transferred unspent ₹ 86 lakhs into CSR account on May 22, 2023.

### 31. Earnings per Share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit after tax	4,420	3,416
Weighted average number of equity shares	13,73,31,427	14,21,62,181
Face value per share	5	5
Basic and Diluted earnings per Equity Share	3.22	2.40

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	As at March 31, 2023	As at March 31, 2022
(a) Principal amount remaining unpaid to suppliers at the end of the year	540	731
(b) Interest due there on remaining unpaid to suppliers at the end of the year	49	34
(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	68	13
(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)].	49	34



# 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, 2023	March 31, 2022
Equity share capital	6,747	7,108
Other equity	66,358	65,233
<b>Total Equity (A)</b>	<b>73,105</b>	<b>72,341</b>
Non-current borrowings	9,760	9,859
Short term borrowings	45,992	44,203
Current maturities of long-term borrowings	6,157	4,686
<b>Gross Debt</b>	<b>61,909</b>	<b>58,748</b>
Less: Current investments	(2,697)	(4,497)
Less: Cash and cash equivalents	(2,310)	(1,600)
Less: Bank balances other than cash and cash equivalents	(2,960)	(4,934)
<b>Net debt (B)</b>	<b>53,942</b>	<b>47,717</b>
<b>Net debt to equity (B/A)</b>	<b>0.74</b>	<b>0.66</b>

### b. Financial instruments by category

Particulars	Carrying value as at	
	March 31, 2023	March 31, 2022
<b>Financial assets</b>		
<b>Measured at amortised cost</b>		
Other financial assets	7,319	4,983
Loans (Inter-corporate deposits)	9,761	7,893
Trade receivables	39,414	44,509
Cash and cash equivalents	2,310	1,600
Bank balances other than cash and cash equivalents	2,960	4,934
Non-current investments	885	885
<b>Total financial assets measured at amortised cost (A)</b>	<b>62,649</b>	<b>64,804</b>
<b>Measured at fair value through profit and loss</b>		
Investments in mutual funds	2,697	4,497
<b>Total financial assets at fair value through profit and Loss (B)</b>	<b>2,697</b>	<b>4,497</b>
<b>Total Financial Assets (A+B)</b>	<b>65,346</b>	<b>69,301</b>
<b>Financial Liabilities</b>		
<b>Measured at amortised cost</b>		
Long-term borrowings	9,625	9,472
Short-term borrowings	51,814	48,591

## 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, 2023	March 31, 2022
Trade payables	55,795	51,500
Other financial liabilities	4,299	5,931
<b>Total financial liabilities carried at amortised cost (A)</b>	<b>1,21,533</b>	<b>1,15,494</b>
<b>Measured at fair value through Profit and Loss</b>		
Sales tax deferment loan	470	685
Lease Liabilities	4,644	3,664
<b>Financial liabilities at fair value through Profit and Loss (B)</b>	<b>5,114</b>	<b>4,349</b>
<b>Total Financial Liabilities (A+B)</b>	<b>1,26,647</b>	<b>1,19,843</b>

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



# 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..)

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.

### 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, 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)
<b>Total</b>	<b>15,795</b>	<b>280</b>	<b>104</b>	<b>253</b>	<b>16,432</b>

\*Others include currencies such as Qatari Rial, Malaysian Ringgit, and Oman rial.

#### Currency exposure as at March 31, 2022

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	AED (in equivalent INR)	Other Currencies* (in equivalent INR)	Total (INR)
Trade receivables	6,093	195	197	235	6,720
Loans	7,863	-	-	-	7,863
Interest Receivable	199	-	-	-	199
Trade payables	(1,227)	-	-	(4)	(1,231)
<b>Total</b>	<b>12,928</b>	<b>195</b>	<b>197</b>	<b>231</b>	<b>13,551</b>

\*Others include currencies such as Qatari Rial, Malaysian Ringgit, Singapore Dollars etc

## 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..)

#### Unhedged foreign currency exposure

##### 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)	-	*

\* Less than a lakh

##### Amounts receivable/ (payable) in foreign currency

Particulars	As at March 31, 2022			
	USD (In Lakhs)	Euro (In Lakhs)	AED (In Lakhs)	Others (In Lakhs)
Trade receivables	80.42	2.30	9.51	11.76
Loans	103.72	-	-	-
Interest Receivable	2.63	-	-	-
Trade payables	(16.19)	-	-	(0.07)

#### 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, 2023	March 31, 2022
Strengthening	192.75	5.28
Weakening	(192.75)	(5.28)

#### 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.



# 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..)

### Working Capital position

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Current assets	1,33,748	1,27,511
Current liabilities	(1,26,142)	(1,16,977)
<b>Working capital</b>	<b>7,606</b>	<b>10,534</b>

### Sensitivity analysis:

Particulars	Impact on profit and loss	
	March 31, 2023	March 31, 2022
1% increase in interest rate	(76)	(105)
1% decrease in interest rate	76	105

### 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, 2023

Particulars	< 1 year	1-5 years	> 5 years	Total
<b>Financial liabilities</b>				
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
	<b>1,12,812</b>	<b>13,835</b>	<b>-</b>	<b>1,26,647</b>

#### (ii) Liquidity exposure as at March 31, 2022

Particulars	< 1 year	1-5 years	> 5 years	Total
<b>Financial liabilities</b>				
Long-term Borrowings	-	9,859	-	9,859
Short-term Borrowings	48,889	-	-	48,889
Trade payables	51,500	-	-	51,500
Lease Liabilities	814	2,850	-	3,664
Other financial liabilities	4,705	1,226	-	5,931
	<b>1,05,908</b>	<b>13,935</b>	<b>-</b>	<b>1,19,843</b>

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).

## 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..)

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, 2023 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
Non current- Investments	2	-	-	2
Current Investments	2,697	2,697	-	-
<b>Financial liabilities</b>				
Lease Liabilities	4,644	-	4,644	-
Sales tax deferment loan	470	-	-	470

#### (ii) Level wise disclosure of Financial instruments as at March 31, 2022 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
Non current- Investments	2	-	-	2
Current Investments	4,497	4,497	-	-
<b>Financial liabilities</b>				
Lease Liabilities	3,664	-	3,664	-
Sales tax deferment loan	685	-	-	685

#### (iii) 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
<b>Financial assets</b>				
Non current Investments	883	-	883	-
Trade receivables	39,414	-	39,414	-
Cash and cash equivalents	2,310	-	2,310	-
Bank balances other than cash and cash equivalents	2,960	-	2,960	-
Loans	9,761	-	9,761	-
Other financial assets	7,319	-	7,319	-
<b>Financial liabilities</b>				
Borrowings	61,439	-	61,439	-
Trade payables	55,795	-	55,795	-
Other financial liabilities	4,299	-	4,299	-

#### (iv) Level wise disclosure of Financial instruments as at March 31, 2022 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
<b>Financial assets</b>				
Non current Investments	883	-	883	-
Trade receivables	44,509	-	44,509	-
Cash and cash equivalents	1,600	-	1,600	-
Bank balances other than cash and cash equivalents	4,934	-	4,934	-
Loans	7,893	-	7,893	-
Other financial assets	4,983	-	4,983	-



# 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	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
<b>Financial liabilities</b>				
Borrowings	58,063	-	58,063	-
Trade payables	51,500	-	51,500	-
Other financial liabilities	5,931	-	5,931	-

## 34. Related parties

As per the Indian Accounting Standards – “Related Party Disclosures” (Ind AS 24) the following disclosures are made:

### (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, 2023	March 31, 2022
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 (w.e.f. September 08, 2022)	Step-down Subsidiary	France	100%	-
Pennar global Investments LLC (w.e.f. February 16, 2023)	Step-down Subsidiary	USA	100%	-

Details of other related parties	
Pennar Holdings Private Limited	Promoter Company
Pennar Foundation	Trust in which KMP's are trustees
Joginapally Venkata Nrupender Rao	Executive Chairman
Aditya 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
Varun Chawla	Non Executive Director (Resigned w.e.f March 7, 2023)
Bhandari Kamalakar Rao	Non Executive & Independent Director
Manish Sabharwal	Non Executive & Independent Director
Bharati Jacob	Non Executive & Independent Director (Resigned w.e.f April 4, 2022)
Chandra Sekhar Sripada	Non Executive & Independent Director
Ravi Venkata Siva Ramakrishna	Non Executive & Independent Director
Virginia Sharma	Non Executive & Independent Director (Appointed w.e.f. November 09, 2022)
Kondapalli Siddharth Rao	Relative of KMP

### (ii) Details of transactions with related parties during the year:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Sale of goods and services</b>		
Pennar Global Inc.	8,575	6,103
Enertech Pennar Defense and Engineering Systems Private Limited	-	664
Pennar GmbH	1,147	268
Pennar Global Metals, LLC	1,939	5,643
Ascent Buildings, LLC	-	65



## 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 (Contd..)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Purchase of goods and services</b>		
Pennar Global Inc.	123	127
Enertech Pennar Defense and Engineering Systems Private Limited	387	378
Pennar GmbH	-	27
<b>Professional charges</b>		
Kondapalli Siddharth Rao	10	18
<b>Intercorporate deposits / Loans given to:</b>		
Pennar Global Inc.	1,233	7,128
<b>Intercorporate deposits / Loans repayment:</b>		
Enertech Pennar Defense and Engineering Systems Private Limited	-	150
<b>Interest income on intercorporate deposits / Loans given:</b>		
Enertech Pennar Defense and Engineering Systems Private Limited	3	23
Pennar Global Inc.	707	196
<b>Advances given :</b>		
Pennar Global Inc.	-	3,335
<b>Advances received back:</b>		
Pennar Global Inc.	-	6,392
<b>Paid towards corporate social responsibility</b>		
Pennar Foundation	135	44

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Director's remuneration (Including Perquisites, Contribution to Funds and Commission)</b>		
Joginapally Venkata Nrupender Rao	155	168
Aditya Rao	124	105
Lavanya Kumar Rao Kondapally	124	90
Chandra Sekhar Sripada	5	-
Ravi Venkata Siva Ramakrishna	5	-
Virginia Sharma	5	-
<b>Directors sitting fees</b>		
Bhandari Kamalakar Rao	5	6
Varun Chawla	4	6
Manish Mahender Sabharwal	4	5
Chandra Sekhar Sripada	3	5
Bharati Jacob	-	3
Potluri Venkateswara Rao	4	5
Ravi Venkata Siva Ramakrishna	4	4
Virginia Sharma	2	-

### (iii) Balances with related parties:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Trade payables</b>		
Pennar Global Inc.	67	60
Kondapalli Siddharth	2	2
<b>Managerial Remuneration Payable</b>		
Joginapally Venkata Nrupender Rao	13	13
Managerial Commission payable	16	20



## 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 (Contd..)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Trade receivables</b>		
Enertech Pennar Defense and Engineering Systems Private Limited	1,489	1,507
Pennar Global Inc.	902	1,151
Pennar Global Metals, LLC	3,063	3,782
Pennar GmbH	771	176
Ascent Buildings, LLC	65	65
Cadnum SARL	36	-
<b>Advances to suppliers and others</b>		
Enertech Pennar Defense and Engineering Systems Private Limited	651	923
<b>Investment in subsidiary companies</b>		
Enertech Pennar Defense and Engineering Systems Private Limited	1	1
Pennar Global Inc.	862	862
Pennar GmbH	20	20
<b>Loans / Inter corporate deposits receivable</b>		
Enertech Pennar Defense and Engineering Systems Private Limited	-	30
Pennar Global Inc	9,761	7,863
<b>Interest on Inter corporate deposits receivable</b>		
Pennar Global Inc	821	199

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:

Details of other related parties	Gross carrying value as at March 31, 2023 (₹ 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.
Pennar Enviro Limited	27	No	May 2019 till Balance sheet date	Same is pending to be transferred in the name of the Company.
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 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)

### 36. Ageing schedules

#### (i) Trade Payables

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	
(ii) Others	25,033	5,298	21,015	1,744	1,248	917	55,255
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>25,278</b>	<b>5,298</b>	<b>21,284</b>	<b>1,758</b>	<b>1,260</b>	<b>917</b>	<b>55,795</b>

As at March 31, 2022	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	310	-	385	
(ii) Others	582	3,242	44,119	1,616	652	558	50,769
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>892</b>	<b>3,242</b>	<b>44,504</b>	<b>1,629</b>	<b>675</b>	<b>558</b>	<b>51,500</b>

#### (ii) Trade Receivables (Current & Non-current)

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	1,754	-	-	
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	1,123	1,907	2,565	3,238	8,833
(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
<b>Total</b>	<b>27,060</b>	<b>10,601</b>	<b>2,877</b>	<b>1,907</b>	<b>2,593</b>	<b>4,078</b>	<b>49,116</b>

As at March 31, 2022	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	9,053	31,947	1,701	1,087	349	
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	1,065	143	1,723	1,922	2,509	7,362



# 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..)

As at March 31, 2022	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	
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	11	81	24	837	953
<b>Total</b>	<b>9,053</b>	<b>33,012</b>	<b>1,855</b>	<b>2,891</b>	<b>2,295</b>	<b>3,718</b>	<b>52,824</b>

### (iii) Capital-Work-in Progress (CWIP)

(a) 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	-	-	-	-
<b>Total</b>	<b>1,005</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(b) For Capital-work-in progress as at March 31, 2022, following is the ageing schedule :

As at March 31, 2022	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	2,349	4,914	221	-	7,484
Projects temporarily suspended	-	72	-	-	72
<b>Total</b>	<b>2,349</b>	<b>4,986</b>	<b>221</b>	<b>-</b>	<b>7,556</b>

(c) For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan, following CWIP completion schedule

As at March 31, 2022	To be completed in				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Body-in-White (BIW) - Auto parts for a new model 4 wheeler	6,315	-	-	-	6,315
EOT Crane	72	-	-	-	72
<b>Total</b>	<b>6,387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,387</b>

## 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.
- (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 4 bankers amounting to ₹ 1,06,751 lakhs are yet to be filed with the ROC, as the Company is in awaiting for no objection certificates from the respective banker.
- (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.

## Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 37. Other Statutory Information (Contd..)

(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, 2023	As at March 31, 2022	Absolute Change	Variation	Reasons
a	Current Ratio (in times)	1.06	1.09	(0.03)	(3%)	No Major change
b	Debt-Equity Ratio (in times)	0.91	0.86	0.05	6%	No Major change
c	Debt Service Coverage Ratio (in times)	1.21	1.26	(0.05)	(4%)	No Major change
d	Return on Equity Ratio (in %)	0.06	0.05	0.01	1%	No Major change
e	Inventory turnover ratio (in times)	3.90	4.25	(0.35)	(8%)	No Major change
f	Trade Receivables turnover ratio (in times)	5.45	4.38	1.07	24%	Due to collection of old outstanding receivables , write off of credit impaired trade receivables and fresh provision made for old outstanding dues during the year.
g	Trade payables turnover ratio (in times)	3.29	3.04	0.25	8%	No Major change
h	Net capital turnover ratio (in times)	30.09	18.94	11.15	59%	Due to increase in turnover and efficient utilization of working capital by the Company
i	Net profit ratio (in %)	0.02	0.02	-	0%	No Major change
j	Return on Capital employed (in %)	0.04	0.03	0.01	1%	No Major change
k	Return on investment (in %)	0.02	0.01	0.01	1%	No Major change

Ratio	Numerator	Denominator
a Current Ratio	Current Assets	Current liabilities
b Debt-Equity Ratio	Total Debt consists borrowings (including Lease liability)	Shareholders equity
c Debt Service Coverage Ratio	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 Return on Equity Ratio	Profit after tax	Average Shareholders equity
e Inventory turnover ratio	Sales (Revenue from operations)	Average inventory



# 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..)

	Ratio	Numerator	Denominator
f	Trade Receivables turnover ratio	Net credit sales consist of gross credit sales minus sales return.	Average account receivables
g	Trade payables turnover ratio	Net credit purchases (Cost of goods sold adjusted with increase / decrease in stocks)	Average Trade payables
h	Net capital turnover ratio	Sales (Revenue from operations)	Working Capital= Current Assets -Current Liabilities
i	Net profit ratio	Profit after tax	Net Sales ( Operating Revenue)
j	Return on Capital employed	Profit before Interest and tax	Capital Employed = Net worth + Lease Liabilities + Total Debt + Deferred tax liabilities
k	Return on investment	Income from the Investment	Average Investment

## 39. Disposal of Subsidiary:

During the previous year, the Company has disposed off its investment in a subsidiary Oneworks BIM Technologies Private Limited and accounting for disinvestment of stake is given effect as of that date i.e. August 31, 2021:

Particulars	Amount
Investment in Subsidiary	349
Reversal of contingent consideration payable	(288)
Proceeds from disposal of Subsidiary	(62)
<b>Profit on disposal of investment in subsidiary</b>	<b>(1)</b>

## 40 Movement in borrowings and lease liabilities:

Particulars	Opening Balance	Proceed from borrowings / Addition during the year	Interest added during the year/ Other Adjustments	Repayment of Borrowings / lease payments	Closing Balance
<b>Year ended March 31, 2023</b>					
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
<b>Total</b>	<b>62,412</b>	<b>11,278</b>	<b>528</b>	<b>(7,665)</b>	<b>66,553</b>
<b>Year ended March 31, 2022</b>					
Short-term borrowings*	41,811	2,392	-	-	44,203
Long-term borrowings	16,042	3,853	558	(5,908)	14,545
Lease liabilities	3,300	1,230	387	(1,253)	3,664
<b>Total</b>	<b>61,153</b>	<b>7,475</b>	<b>945</b>	<b>(7,161)</b>	<b>62,412</b>

## 41 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.

**42** 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.

## Notes Forming part of the Standalone Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

**43** 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.

**44** 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, 2023 an amount of ₹ 425 lakhs (March 31, 2022: ₹ 430 Lakhs) are unutilized funds which have been temporarily invested in mutual funds.

**45** These financial statements were approved for issue by the Company's Board of Directors on May 24, 2023.

### For and on behalf of the Board of Directors

**Aditya Rao**

Vice Chairman &  
Managing Director  
(DIN: 01307343)

**Lavanya Kumar Rao K**

Whole Time Director  
(DIN: 01710629)

**JS Krishna Prasad**

Chief Financial Officer

**Mirza Mohammed Ali Baig**

Company Secretary  
(M No: A29058)

Place: Bengaluru

Date: May 24, 2023



# 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, 2023, 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 a summary of significant accounting policies 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 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, 2023, of consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit 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 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 India 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 paragraph (a) of the "Other Matters" 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, 2023. 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 these matters.

Key audit matter	How the Key Audit Matter was addressed in our audit
<p>Revenue Recognition- Refer note 2.12.</p> <p>The Holding Company recognizes the sale of goods based on the terms and conditions of transactions which varies with different customers.</p> <p>In respect of sale transactions executed there are significant management judgements and estimations involved in checking whether the control of goods has been transferred to the customers and there are no unfulfilled</p>	<p>Our audit procedures in respect of this matter included the following but not limited to:</p> <ol style="list-style-type: none"> <li>1. Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards.</li> <li>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 of Holding Company.</li> </ol>



Key audit matter	How the Key Audit Matter was addressed in our audit
obligations in regard to these sales. Hence, cut-off of revenue is also a significant for audit consideration.	<ol style="list-style-type: none"> <li>3. Obtained contracts with customers and basis which revenue is recognized and checked the underlying documents and evidence for transfer of control and fulfillment of performance obligations.</li> <li>4. Performed analytical procedures on revenue recognized during the for Holding Company to identify and inquire on unusual variances, if any.</li> <li>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.</li> <li>6. Tested, on sample basis manual journal entries relating to revenues of Holding Company to identify and inquire on unusual items, if any.</li> </ol>

### 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 information included in the Management Discussion and Analysis, Director's report, Report on Corporate Governance and Business Responsibility report but does not include the consolidated financial statements and our auditor's report thereon. The Management Discussion and Analysis, Report on Corporate Governance and Business Responsibility Report, Director's report 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 do 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 Management Discussion and Analysis, Director's report, Report on Corporate Governance and Business Responsibility report, 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 Those Charged with Governance 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 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 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 and 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 Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the entities 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 respective entities 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 the respective entities.



## 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 Matters

- a. We did not audit the financial statements of seven subsidiaries, whose financial statements reflect total assets of ₹ 35,583 Lakhs as at March 31, 2023, total revenues of ₹ 73,125 Lakhs and net cash flows amounting to ₹ 9,813 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.
- b. The consolidated Ind AS financial statements of the Company for the year ended March 31, 2022, were audited by another auditor whose report dated May 25, 2022, expressed an unmodified opinion on those statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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.
  - 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, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India are disqualified as on March 31, 2023 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 over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - g. 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 company, incorporated in India.
  - iv. a) The respective Managements of the Holding Company and its subsidiary, which is Company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary, that, 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 subsidiary, to 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 subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
b) The respective Managements of the Holding Company and its subsidiary, which is Company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary, respectively that, to the best of their knowledge and belief, no funds have been received by the Holding Company or any of such subsidiary, 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 subsidiary, 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.  
  
c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditor of the subsidiary, which is Company 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 (a) and (b) 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. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company, and its subsidiary, only w.e.f. April 01, 2023, reporting under this clause is not applicable.
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 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 by statutory auditor of subsidiary 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

**Amit Kumar Agarwal**

Partner

Membership No. 214198

UDIN: 23214198BGXCQX1050

Place: Hyderabad

Date: May 24, 2023



## 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 Company has internal financial controls with reference to 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.
- Conclude on the appropriateness of management'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 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 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, 2023 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

#### Amit Kumar Agarwal

Partner

Membership No. 214198

UDIN: 23214198BGXCQX1050

Place: Hyderabad

Date: May 24, 2023

## **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, 2023.

### **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, 2023, we have audited the internal financial controls with reference to consolidated financial statements of Pennar Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary Company, which is Company 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 Company, which is Company 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, 2023, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI").

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiary Company, which is Company 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 Company, which is Company 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 Matters 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 Company, which is 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 Matters

Our aforesaid reports 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 a subsidiary Company, which is Company incorporated in India, is based on the corresponding reports of the auditors of such Company incorporated in India.

### For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

### Amit Kumar Agarwal

Partner

Membership No. 214198

UDIN: 23214198BGXCQX1050

Place: Hyderabad

Date: May 24, 2023

# Consolidated Balance Sheet

as at March 31, 2023

CIN:L27109TG1975PLCO01919

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Note	As at	As at
		March 31, 2023	March 31, 2022
<b>I ASSETS</b>			
<b>1 Non-current assets</b>			
Property, plant and equipment	3	62,825	56,174
Right-of-use assets	4	8,142	6,985
Capital work-in-progress	36 (iii)	1,825	7,572
Other intangible assets	5	1,088	1,243
Financial assets			
(a) Investments	6	2	2
(b) Trade receivables	10	3,085	2,089
(c) Other financial assets	7	1,876	1,135
Income-tax assets (net)	17 (f)	1,289	1,333
Other non-current assets	8	1,845	431
<b>Total Non-current assets</b>		<b>81,977</b>	<b>76,964</b>
<b>2 Current assets</b>			
Inventories	9	78,270	64,285
Financial assets			
(a) Investments	6	2,697	4,497
(b) Trade receivables	10	36,346	42,506
(c) Cash and cash equivalents	11	14,299	3,777
(d) Bank balances other than cash and cash equivalents	12	2,960	4,934
(e) Other financial assets	7	5,493	4,349
Other current assets	8	9,780	12,791
<b>Total Current assets</b>		<b>1,49,845</b>	<b>1,37,139</b>
<b>Total assets (1+2)</b>		<b>2,31,822</b>	<b>2,14,103</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
Equity share capital	13	6,747	7,108
Other equity	14	71,055	66,410
<b>Equity attributable to shareholders of the company</b>		<b>77,802</b>	<b>73,518</b>
Non-controlling interest		96	95
<b>Total Equity</b>		<b>77,898</b>	<b>73,613</b>
<b>2 LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(a) Borrowings	15	9,881	9,859
(a.i) Lease liabilities	4	4,779	4,464
(b) Other financial liabilities	20	563	1,226
Provisions	16	1,201	1,428
Deferred tax liabilities (net)	17 (d)	567	695
Other non-current liabilities	18	23	79
<b>Total Non-current liabilities</b>		<b>17,014</b>	<b>17,751</b>
<b>3 Current liabilities</b>			
Financial liabilities			
(a) Borrowings	15	52,238	48,909
(a.i) Lease liabilities	4	1,626	1,306
(b) Trade payables	19		
Total outstanding dues to micro and small enterprises		540	731
Total outstanding dues of other than micro and small enterprises		57,857	53,634
(c) Other financial liabilities	20	7,905	5,681
Other current liabilities	18	11,528	8,542
Provisions	16	1,012	778
Current tax liabilities (net)	17 (f)	4,204	3,158
<b>Total Current liabilities</b>		<b>1,36,910</b>	<b>1,22,739</b>
<b>Total Liabilities (2+3)</b>		<b>1,53,924</b>	<b>1,40,490</b>
<b>Total Equity and Liabilities (1+2+3)</b>		<b>2,31,822</b>	<b>2,14,103</b>
Corporate information and significant accounting policies	1 and 2		

See accompanying notes forming part of the Consolidated financial statements

In terms of our report attached

For M S K A &amp; Associates

Chartered Accountants

Firm Registration Number : 105047W

Amit Kumar Agarwal

Partner

Membership No. 214198

For and on behalf of the Board of Directors

Aditya Rao

Vice Chairman &  
Managing Director  
(DIN: 01307343)

Lavanya Kumar Rao K

Whole Time Director  
(DIN: 01710629)

JS Krishna Prasad

Chief Financial Officer

Mirza Mohammed Ali Baig

Company Secretary  
(M No: A29058)Place: Hyderabad  
Date: May 24, 2023Place: Bengaluru  
Date: May 24, 2023



# Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>I. INCOME</b>			
Revenue from operations	21	2,89,462	2,26,575
Other income	22	3,343	1,706
<b>Total income</b>		<b>2,92,805</b>	<b>2,28,281</b>
<b>II. EXPENSES</b>			
Cost of materials consumed		1,76,631	1,29,762
Purchase of traded goods		10,116	20,832
Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(6,607)	(10,435)
Employee benefits expense	24	31,031	20,845
Finance costs	25	9,121	7,838
Depreciation and amortisation expense	26	6,497	5,413
Other expenses	27	56,172	48,435
<b>Total expenses</b>		<b>2,82,961</b>	<b>2,22,690</b>
<b>III. Profit before tax (I- II)</b>		<b>9,844</b>	<b>5,591</b>
<b>IV. Tax expense:</b>	17 (a)		
Current tax		2,449	2,186
Deferred tax		(148)	(786)
		<b>2,301</b>	<b>1,400</b>
<b>V. Profit for the Year (III-IV)</b>		<b>7,543</b>	<b>4,191</b>
<b>Profit for the year attributable to:-</b>			
Shareholders of the Company		7,542	4,183
Non-controlling Interest		1	8
<b>VI. Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss:			
- Remeasurements of the net defined benefit liability	16 (c)	90	(176)
- Income tax relating to above items	17 (b)	(23)	44
Items that will be reclassified subsequently to profit or loss:			
Exchange difference in translating the financial statements of foreign operations		397	(121)
<b>Total other comprehensive (loss)/Income</b>		<b>464</b>	<b>(253)</b>
<b>VII. Total comprehensive income for the year (V + VI)</b>		<b>8,007</b>	<b>3,938</b>
<b>Total comprehensive income attributable to</b>			
Shareholders of the Company		8,006	3,930
Non-controlling Interest		1	8
<b>VIII. Earning per equity share (par value of ₹ 5 each)</b>			
Basic and Diluted (₹)	30	5.49	2.94
Corporate information and significant accounting policies	1 and 2		

See accompanying notes forming part of the Consolidated financial statements

**In terms of our report attached****For M S K A & Associates**

Chartered Accountants

Firm Registration Number : 105047W

**For and on behalf of the Board of Directors****Amit Kumar Agarwal**

Partner

Membership No. 214198

**Aditya Rao**

Vice Chairman &amp;

Managing Director

(DIN: 01307343)

**Lavanya Kumar Rao K**

Whole Time Director

(DIN: 01710629)

**JS Krishna Prasad**

Chief Financial Officer

**Mirza Mohammed Ali Baig**

Company Secretary

(M No: A29058)

Place: Hyderabad  
Date: May 24, 2023Place: Bengaluru  
Date: May 24, 2023



# Consolidated Statement of Cash Flow

for the year ended March 31, 2023

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax</b>	<b>9,844</b>	<b>5,591</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	6,497	5,413
Loss on sale/scrap of property, plant and equipments (net)	18	9
Gain on sale of current investments (net)	(20)	(15)
Net gain arising from financial instruments designated as FVTPL	(46)	(11)
Unrealised foreign exchange differences (net)	(513)	102
Liabilities no longer required written back	(810)	(604)
Provision for credit impaired trade receivables	1,387	2,413
Credit impaired trade receivables written off	1,923	-
Finance costs	9,121	7,838
Interest income	(420)	(420)
Dividend income		
<b>Operating profit before working capital changes:</b>	<b>26,981</b>	<b>20,316</b>
Changes in working capital:		
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade payables	4,791	11,007
Other liabilities	4,775	6,042
Provisions	471	221
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Trade receivables	2,252	(2,797)
Inventories	(13,985)	(15,630)
Other assets	476	1,355
<b>Cash generated from operations</b>	<b>25,761</b>	<b>20,514</b>
Income-tax paid (net of refunds)	(1,349)	(1,021)
<b>Net cash flow from operating activities (A)</b>	<b>24,412</b>	<b>19,493</b>
<b>B. Cash flows from investing activities:</b>		
Purchase of property, plant and equipments, including capital work-in-progress, capital advances and payable on purchase of property, plant and equipments	(7,131)	(5,748)
Proceeds from sale of property, plant and equipments	25	70
Proceeds from sale of subsidiary	-	62
Proceeds from sale/purchase of current Investment (net)	1,866	(2,713)
Inter-corporate deposits/loans (net)	-	792
Movement in other bank balances	1,974	(2,751)
Interest received	469	442
<b>Net cash used in investing activities (B)</b>	<b>(2,797)</b>	<b>(9,846)</b>



# Consolidated Statement of Cash Flow

for the year ended March 31, 2023

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>C. Cash flow from financing activities:</b>		
Proceeds from long term borrowings	7,500	3,853
Repayment of long term borrowings	(6,207)	(5,934)
Proceed / (repayment) of short-term borrowings (net)	1,975	2,277
Payment towards buyback of shares including transaction costs	(3,723)	(32)
Interest and other borrowing costs paid	(8,515)	(7,001)
Repayment of lease liability	(2,289)	(2,386)
<b>Net cash used in financing activities (C)</b>	<b>(11,259)</b>	<b>(9,223)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>10,356</b>	<b>424</b>
Cash and cash equivalents at the beginning of the year	3,777	3,353
Effect of exchange differences on translation of foreign currency cash and cash equivalents	166	-
<b>Cash and cash equivalents at the end of the year (Refer note 11)</b>	<b>14,299</b>	<b>3,777</b>

See accompanying notes forming part of the Consolidated financial statements

## Notes:

- (a) Cash Flow Statement has been prepared under the Indirect method as set out in the Indian Accounting Standard 7 on Cash Flow Statements. Cash and cash equivalents in the Cash Flow Statement comprise cash at bank and in hand, demand deposits and cash equivalents which are short-term and held for the purpose of meeting short-term cash commitments.
- (b) Refer note 39 for borrowings and lease liabilities movements.

## In terms of our report attached

### For M S K A & Associates

Chartered Accountants

Firm Registration Number : 105047W

### Amit Kumar Agarwal

Partner

Membership No. 214198

## For and on behalf of the Board of Directors

### Aditya Rao

Vice Chairman &  
Managing Director  
(DIN: 01307343)

### Lavanya Kumar Rao K

Whole Time Director  
(DIN: 01710629)

### JS Krishna Prasad

Chief Financial Officer

### Mirza Mohammed Ali Baig

Company Secretary  
(M No: A29058)

Place: Hyderabad

Date: May 24, 2023

Place: Bengaluru

Date: May 24, 2023

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

## A. Equity share capital

Particulars	No of Shares	Amount
<b>Balance as at April 01, 2021</b>	14,21,62,231	7,108
Shares bought back and extinguished during the year	-	-
Shares bought back and pending extinguishment	50	*
<b>Balance as at March 31, 2022</b>	<b>14,21,62,181</b>	<b>7,108</b>
Shares bought back and extinguished during the year	72,15,950	-
Shares bought back and pending extinguishment	-	361
<b>Balance as at March 31, 2023</b>	<b>13,49,46,231</b>	<b>6,747</b>

\* less than a lakh

## B. Other equity

Particulars	Reserves and surplus						Items of other comprehensive income	Non-controlling Interest	Total other equity
	Capital Reserve	Securities premium	General reserve	Profit on forfeiture of shares	Capital redemption reserve	Retained earnings			
<b>Balance as at April 01, 2021</b>	<b>386</b>	<b>10,407</b>	<b>762</b>	<b>6</b>	<b>1,695</b>	<b>49,183</b>	<b>36</b>	<b>87</b>	<b>62,562</b>
Profit for the year	-	-	-	-	-	4,183	-	8	4,191
Remeasurement defined benefit liability net of tax	-	-	-	-	-	(132)	-	-	(132)
Amount transferred to capital redemption reserve upon Buyback	-	-	(*)	-	-	-	-	-	-
Disposal of Subsidiary	-	-	-	-	-	37	-	-	37
Buyback of equity shares	-	-	-	-	-	-	-	-	-
Transaction costs towards Buyback of equity shares	-	(32)	-	-	-	-	-	-	(32)
Amount transferred to capital redemption reserve upon Buyback	-	-	-	-	-	-	-	-	-
Exchange difference in translation of Foreign operations	-	-	-	-	-	-	(121)	-	(121)
<b>Balance as at Mar 31, 2022</b>	<b>386</b>	<b>10,375</b>	<b>762</b>	<b>6</b>	<b>1,695</b>	<b>53,271</b>	<b>(85)</b>	<b>95</b>	<b>66,505</b>



# Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

## B. Other equity (Contd..)

Particulars	Reserves and surplus						Items of other comprehensive income	Non-controlling Interest	Total other equity
	Capital Reserve	Securities premium	General reserve	Profit on forfeiture of shares	Capital redemption reserve	Retained earnings			
Profit for the year	-	-	-	-	-	7,542	-	1	7,543
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	-	(615)	-	-	-	-	-	-	(615)
Amount transferred to capital redemption reserve upon Buyback	-	-	(361)	-	361	-	-	-	-
Exchange difference in translation of Foreign operations	-	-	-	-	-	-	397	-	397
<b>Balance as at Mar 31, 2023</b>	<b>386</b>	<b>7,014</b>	<b>401</b>	<b>6</b>	<b>2,056</b>	<b>60,813</b>	<b>379</b>	<b>96</b>	<b>71,151</b>

\* less than a lakh

See accompanying notes forming part of the Consolidated financial statements

### In terms of our report attached

#### For M S K A & Associates

Chartered Accountants

Firm Registration Number : 105047W

#### Amit Kumar Agarwal

Partner

Membership No. 214198

### For and on behalf of the Board of Directors

#### Aditya Rao

Vice Chairman &  
Managing Director  
(DIN: 01307343)

#### Lavanya Kumar Rao K

Whole Time Director  
(DIN: 01710629)

#### JS Krishna Prasad

Chief Financial Officer

#### Mirza Mohammed Ali Baig

Company Secretary  
(M No: A29058)

Place: Hyderabad

Date: May 24, 2023

Place: Bengaluru

Date: May 24, 2023

# Notes Forming part of these Consolidated Financial Statements

## 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, galvanized 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, metro stations, stadiums and power plants. 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. Pennar Industries Limited has manufacturing facilities at Patancheru, Isnapur, Velchal, Sadashivpet in the state of Telangana, Chennai and Hosur in Tamil Nadu, Tarapur in Maharashtra. 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 (hereinafter referred to as 'the Company') and its subsidiaries (collectively hereinafter to as 'the group')

## 2. Significant 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).



# Notes Forming part of these Consolidated Financial Statements

## 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.

Subsidiaries are consolidated from the date control over the subsidiary is acquired and they are discontinued from the date of cessation of control.

- II. 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.
- III. The consolidated financial statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.
- IV. 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.
- V. 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.
- VI. 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.
- VII. 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.
- VIII. 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.

## Notes Forming part of these Consolidated Financial Statements

The group has following investments in subsidiaries:

Name of the Entity	Principal Place of business and country of Incorporation	Investee Relationship		Proportion of Ownership interest	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
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 SARL, France (w.e.f, September 08, 2022)	France	Subsidiary	Subsidiary	100%	-
Pennar global Investments LLC (w.e.f from February 16, 2023)	USA	Subsidiary	Subsidiary	100%	-

### 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.



## Notes Forming part of these Consolidated Financial Statements

### 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.

### 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



## Notes Forming part of these Consolidated Financial Statements

### 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 Exceptional item

Significant gains/ losses or expenses incurred arising from external events that is not expected to recur are disclosed as 'Exceptional item'

### 2.10 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.

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.

### 2.11 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.

### 2.12 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



## Notes Forming part of these Consolidated Financial Statements

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.

### 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.

### 2.13 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

## Notes Forming part of these Consolidated Financial Statements

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, where ever applicable.

### 2.14 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	10-20

Depreciation methods, useful lives, residual values are reviewed and adjusted as appropriate, at each reporting date.

Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalization.

### 2.15 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.

### 2.16 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.



## Notes Forming part of these Consolidated Financial Statements

### 2.17 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.

### 2.18 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 a mount 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 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.

## Notes Forming part of these Consolidated Financial Statements

### 2.19 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.
- 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.



## Notes Forming part of these Consolidated Financial Statements

### 2.20 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.

### 2.21 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.

### 2.22 Government Grants:

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants are recognized in the Statement of Profit and Loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

## Notes Forming part of these Consolidated Financial Statements

### 2.23 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 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

### 2.24 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.



## Notes Forming part of these Consolidated Financial Statements

### 2.25 Standards (including amendment) issued but not yet effective:

The Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023 to amend certain Ind ASs which are effective from April 01, 2023. Below is a summary of such amendments:

(i) Disclosure of Accounting Policies – Amendment to Ind AS 1 Presentation of financial statements:

The MCA issued amendments to Ind AS 1, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The amendments are effective for annual reporting periods beginning on or after April 01, 2023. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

(ii) Definition of Accounting Estimates – Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors:

The amendment to Ind AS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after April 01, 2023. The amendments are not expected to have a material impact on the Company's financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to Ind AS 12 Income taxes:

The amendment to Ind AS 12, requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. Ind AS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Company is currently assessing the impact of the amendments.

(iv) The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.



## Notes Forming part of the 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, 2023	As at March 31, 2022
<b>Carrying amount of:</b>		
Freehold land (Refer note 35)	2,614	1,341
Leasehold Improvements	8	13
Buildings	30,359	28,196
Plant and equipment	23,989	20,735
Electrical equipment	4,171	4,401
Computers	429	453
Office equipment	214	238
Furniture and fixtures	419	444
Vehicles	622	353
<b>Total</b>	<b>62,825</b>	<b>56,174</b>
<b>Capital work-in-progress [Refer note (a) and (b) below]</b>	<b>1,825</b>	<b>7,572</b>

#### Notes:

- Capital work-in-progress includes borrowing cost of ₹ Nil (March 31, 2022: ₹ 182 Lakhs) capitalised during the year.
- Refer Note 36 (iii) for ageing of Capital work-in-progress.
- Refer Note 15 (a) & 15 (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	Freehold Land	Leasehold improvements	Buildings	Plant and equipment	Electrical equipments	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
<b>Cost as at April 01, 2021</b>	<b>1,330</b>	<b>45</b>	<b>33,592</b>	<b>40,382</b>	<b>7,367</b>	<b>946</b>	<b>329</b>	<b>518</b>	<b>402</b>	<b>84,911</b>
Additions	11	-	1,325	2,925	22	70	146	339	228	5,066
Disposals/ adjustments/write offs	-	-	-	-	-	-	(14)	(103)	(56)	(173)
Dismantling cost	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>1,341</b>	<b>45</b>	<b>34,917</b>	<b>43,307</b>	<b>7,389</b>	<b>1,016</b>	<b>461</b>	<b>754</b>	<b>574</b>	<b>89,804</b>
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
Transaction adjustment	-	-	95	251	-	3	12	16	14	391
<b>Balance as at March 31, 2023</b>	<b>2,614</b>	<b>45</b>	<b>38,391</b>	<b>49,643</b>	<b>7,492</b>	<b>965</b>	<b>524</b>	<b>797</b>	<b>932</b>	<b>1,01,403</b>
<b>Accumulated depreciation as at April 01, 2021</b>	<b>-</b>	<b>27</b>	<b>5,599</b>	<b>19,986</b>	<b>2,670</b>	<b>478</b>	<b>169</b>	<b>278</b>	<b>218</b>	<b>29,425</b>
Depreciation for the year	-	5	1,122	2,586	318	85	67	59	57	4,299
Disposals/ adjustments/write offs	-	-	-	-	-	-	(13)	(27)	(54)	(94)
<b>Accumulated depreciation as at March 31, 2022</b>	<b>-</b>	<b>32</b>	<b>6,721</b>	<b>22,572</b>	<b>2,988</b>	<b>563</b>	<b>223</b>	<b>310</b>	<b>221</b>	<b>33,630</b>



## Notes Forming part of the 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 (Contd..)

Particulars	Freehold Land	Leasehold improvements	Buildings	Plant and equipment	Electrical equipments	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
Depreciation for the year	-	5	1,315	3,131	333	73	88	69	90	5,104
Disposals/ adjustments/write offs	-	-	-	(27)	-	(100)	-	-	-	(127)
Transaction adjustment	-	-	(4)	(22)	-	-	(1)	(1)	(1)	(29)
<b>Accumulated depreciation as at March 31, 2023</b>	-	<b>37</b>	<b>8,032</b>	<b>25,654</b>	<b>3,321</b>	<b>536</b>	<b>310</b>	<b>378</b>	<b>310</b>	<b>38,578</b>
<b>Net carrying amount as at March 31, 2023</b>	<b>2,614</b>	<b>8</b>	<b>30,359</b>	<b>23,989</b>	<b>4,171</b>	<b>429</b>	<b>214</b>	<b>419</b>	<b>622</b>	<b>62,825</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>1,341</b>	<b>13</b>	<b>28,196</b>	<b>20,735</b>	<b>4,401</b>	<b>453</b>	<b>238</b>	<b>444</b>	<b>353</b>	<b>56,174</b>

### 4. Right-of-Use Assets

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Carrying amount of:</b>		
Land	144	158
Buildings	5,543	5,113
Plant and equipment	2,455	1,714
	<b>8,142</b>	<b>6,985</b>

Movement in the carrying amounts of right-of-use assets is as below:

Particulars	Land	Buildings	Plant and equipment	Total
<b>I. Gross Carrying Value</b>				
<b>Cost as at April 01, 2021</b>	<b>105</b>	<b>2,558</b>	<b>1,094</b>	<b>3,757</b>
Additions	64	3,768	910	4,742
Disposals	-	-	-	-
<b>Balance as at March 31, 2022</b>	<b>169</b>	<b>6,326</b>	<b>2,004</b>	<b>8,499</b>
Additions	-	772	1,221	1,993
Disposals	-	-	-	-
Transaction adjustment	-	297	-	297
<b>Balance as at March 31, 2023</b>	<b>169</b>	<b>7,395</b>	<b>3,225</b>	<b>10,789</b>
<b>II. Accumulated amortisation</b>				
<b>Accumulated depreciation as at April 01, 2021</b>	<b>3</b>	<b>585</b>	<b>18</b>	<b>606</b>
Amortisation	8	601	322	931
Disposals/adjustments/write offs	-	27	(50)	(23)
<b>Balance as at March 31, 2022</b>	<b>11</b>	<b>1,213</b>	<b>290</b>	<b>1,514</b>
Amortisation	14	699	480	1,193
Disposals/adjustments/write offs	-	-	-	-
Transaction adjustment	-	(60)	-	(60)
<b>Balance as at March 31, 2023</b>	<b>25</b>	<b>1,852</b>	<b>770</b>	<b>2,647</b>
<b>Net carrying amount as at March 31, 2023</b>	<b>144</b>	<b>5,543</b>	<b>2,455</b>	<b>8,142</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>158</b>	<b>5,113</b>	<b>1,714</b>	<b>6,985</b>

## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 4. Right-of-Use Assets (Contd..)

#### Lease liabilities

Particulars	As at	
	March 31, 2023	March 31, 2022
Current	1,626	1,306
Non-current	4,779	4,464
	<b>6,405</b>	<b>5,770</b>

### 5. Other intangible assets

Particulars	As at	
	March 31, 2023	March 31, 2022
<b>Carrying amount of:</b>		
Computer software	281	349
Software license	164	198
Other intangible assets	643	696
<b>Total other intangible assets</b>	<b>1,088</b>	<b>1,243</b>

Movement in the carrying amounts of other intangible assets is as below:

Particulars	Computer software	Software license	Other intangible assets	Total
<b>I. Cost</b>				
<b>Balance as at April 01, 2021</b>	<b>716</b>	<b>325</b>	<b>1,126</b>	<b>2,167</b>
Additions	31	71	-	102
<b>Balance as at March 31, 2022</b>	<b>747</b>	<b>396</b>	<b>1,126</b>	<b>2,269</b>
Additions	47	11	-	58
Disposals/adjustments/write offs	(41)	-	-	(41)
Transaction adjustment	-	6	-	6
<b>Balance as at March 31, 2023</b>	<b>753</b>	<b>413</b>	<b>1,126</b>	<b>2,292</b>
<b>II. Accumulated amortisation</b>				
<b>Balance as at April 01, 2021</b>	<b>308</b>	<b>158</b>	<b>377</b>	<b>843</b>
Amortisation for the year	90	40	53	183
<b>Balance as at March 31, 2022</b>	<b>398</b>	<b>198</b>	<b>430</b>	<b>1,026</b>
Amortisation for the year	96	51	53	200
Disposals/adjustments/write offs	(22)	-	-	(22)
<b>Accumulated depreciation as at March 31, 2023</b>	<b>472</b>	<b>249</b>	<b>483</b>	<b>1,204</b>
<b>Net carrying amount as at March 31, 2023</b>	<b>281</b>	<b>164</b>	<b>643</b>	<b>1,088</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>349</b>	<b>198</b>	<b>696</b>	<b>1,243</b>

### 6. Investments

Particulars	Face Value per share	As at March 31, 2023		As at March 31, 2022	
		No. of shares	Amount	No. of shares	Amount
<b>A. Investments - Non-current</b>					
<b>Unquoted Investments (all fully paid):</b>					
<b>Investments Carried at fair value through other comprehensive income (FVTOCI)</b>					
Mana Effluent treatment plant Limited	₹ 1000 each	200	2	200	2
<b>Aggregate value of Unquoted Non-current investment</b>			<b>2</b>		<b>2</b>



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 6. Investments (Contd..)

Particulars	Face Value per share	As at March 31, 2023		As at March 31, 2022	
		No. of shares	Amount	No. of shares	Amount
<b>B. Investments - Current</b>					
<b>Unquoted Investment carried at fair value through profit and loss (FVTPL)</b>					
Investments in mutual funds (Refer note below)			2,697		4,497
<b>Aggregate value of unquoted current investments</b>			<b>2,697</b>		<b>4,497</b>

#### 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.
- b) Details of current-investments (unquoted)

Particulars	As at March 31, 2023		As at March 31, 2022	
	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	4,36,373	500
Nippon India Money Market Fund-Direct Growth	3,294	117		
Nippon India Money Market Fund-Direct Growth	17,222	611		
Nippon India Overnight Fund - Growth Plan	2,28,600	275	4,44,874	507
Aditya Birla Sunlife Limited - Money Manager Fund - Growth - Direct	1,13,330	358	1,19,931	359
Aditya Birla Sunlife Limited - Overnight Direct Growth	8,507	103	43,500	500
SBI Overnight Fund - Direct - Growth			7,223	250
HDFC Overnight Fund - Direct Plan- Growth Option			7,919	250
UTI Liquid Cash Plan - Direct Plan Growth			712	25
UTI Overnight Fund - Direct - Growth			8,592	250
DSP Overnight Fund - Direct - Growth			21,962	250
DSP Ultra short fund - Direct - Growth			3,564	106
Invesco India Overnight Fund - Direct - Growth			23,272	250
Kotak Overnight Fund - Direct - Growth			44,110	500
Franklin India Overnight Fund - Direct - Growth			22,519	250
Axis Overnight Fund - Direct - Growth			22,246	250
TATA Overnight Fund - Direct - Growth			22,296	250
<b>Total current investment</b>		<b>2,697</b>		<b>4,497</b>

### 7. Other financial assets (Unsecured, considered good)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current:</b>		
Deposits	1,876	1,135
<b>Total</b>	<b>1,876</b>	<b>1,135</b>
<b>Current:</b>		
Interest accrued on deposits	63	112
Unbilled revenue	2,646	796
Incentive receivable	8	8
Security deposits	2,750	3,355
Other	26	78
<b>Total</b>	<b>5,493</b>	<b>4,349</b>

## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 8. Other assets (Unsecured, considered good) :

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-current</b>		
Capital advances	1,242	428
Balance with Statutory/Government Authorities	603	-
Others	-	3
<b>Total</b>	<b>1,845</b>	<b>431</b>
<b>Current:</b>		
Advances recoverable in kind or for value to be received	6,885	7,628
Prepaid expenses	1,149	761
Employee advance	63	145
Balance with Statutory/Government Authorities	1,639	3,742
Others	44	515
<b>Total</b>	<b>9,780</b>	<b>12,791</b>

### 9. Inventories (At lower of cost or net realisable value)

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials	17,682	12,707
Work-in-progress	42,277	31,722
Finished goods	9,556	12,975
Stores and spares	8,046	6,046
Scrap	709	835
<b>Total</b>	<b>78,270</b>	<b>64,285</b>

Note: Refer Note 15 (a) and 15 (c) for details of charge created on assets.

### 10. Trade receivables

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non Current</b>		
Unsecured, considered good	3,085	2,089
	<b>3,085</b>	<b>2,089</b>
<b>Current</b>		
Unsecured, considered good	36,346	42,506
Credit impaired	9,702	8,315
	<b>46,048</b>	<b>50,821</b>
Less: Allowance for credit impaired [Refer note (b) Below]	9,702	8,315
<b>Total</b>	<b>36,346</b>	<b>42,506</b>
<b>Total</b>	<b>39,431</b>	<b>44,595</b>

#### Notes:

a. Trade receivables includes retention money aggregating to ₹ 7,993 lakhs (March 31, 2022 : ₹ 9,053 lakhs).

#### b. 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.



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 10. Trade receivables (Contd.)

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 loss 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, 2023	For the year ended March 31, 2022
<b>Balance at the beginning of the year</b>	8,315	5,902
Impairment losses recognised on receivables	1,387	2,413
<b>Balance at the end of the year</b>	<b>9,702</b>	<b>8,315</b>

- c. Of the trade receivables balance as at March 31, 2023, ₹ 2,647 Lakhs (As at March 31, 2022 : ₹ 2,755 Lakhs) is due from the Company's Largest customers individually representing more than 5% of total trade receivables balance.
- d. Refer 36 (ii) for ageing of Trade receivables

### 11. Cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks		
in current accounts	12,413	2,191
in cash credit accounts	1,255	-
in deposit accounts	630	1,493
Cash on hand	1	1
Remittance in-transit	-	92
<b>Total</b>	<b>14,299</b>	<b>3,777</b>

### 12. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non Current</b>		
Earmarked balances with banks		
- in preference shares redemption accounts	24	49
- in margin money deposits**^	2,936	1,584
- in deposit accounts (maturity greater than 3 months, up to 12 months)	-	3,301
<b>Total</b>	<b>2,960</b>	<b>4,934</b>

\*Margin money deposits are provided as a security to State Bank of India, Bandhan bank and Axis Bank for the Cash Credit and other short term borrowing facilities including letter of credit and bank guarantees availed by the Company.

^ Margin money deposits includes ₹ Nil (March 31, 2022 : 101 Lakhs) money deposited in escrow account with Yes Bank against buy back of Shares.

## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 13. Equity share capital

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Authorised share capital:</b>		
<b>Equity shares</b>		
25,20,00,000 (March 31, 2022: 25,20,00,000) equity shares of ₹ 5 each	12,600	12,600
<b>Preference Shares:</b>		
Series - A: 5,00,000 (March 31, 2022: 5,00,000) cumulative redeemable preference shares of ₹ 100 each	500	500
Series - B: 4,00,00,000 (March 31, 2022: 4,00,00,000) cumulative redeemable preference shares of ₹ 5 each	2,000	2,000
	<b>15,100</b>	<b>15,100</b>
<b>Issued, subscribed and paid-up capital:</b>		
<b>Equity shares</b>		
13,49,46,231 (March 31, 2022: 14,21,62,181) fully paid up equity shares of ₹ 5 each [Refer note (a) and (d) below]	6,747	7,108
<b>Total</b>	<b>6,747</b>	<b>7,108</b>

#### 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, 2023		Year ended March 31, 2022	
	Number of Shares	Share Capital (Amount)	Number of Shares	Share Capital (Amount)
Opening balance	14,21,62,181	7,108	14,21,62,231	7,108
Less: Shares bought back and extinguished during the year	72,15,950	361	-	-
Less: Shares bought back and pending extinguishment	-	-	50	*
<b>Balance</b>	<b>13,49,46,231</b>	<b>6,747</b>	<b>14,21,62,181</b>	<b>7,108</b>

\*Less than a Lakh

#### 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, 2023		As at March 31, 2022	
	No of shares held	% holding of equity shares	No of shares held	% holding of equity shares
<b>Fully paid up equity shares:</b>				
Pennar Holdings Private Limited	2,10,05,455	15.57%	2,10,05,455	14.78%
Aditya Rao	87,72,203	6.50%	84,27,203	5.93%
J Rajyalakshmi	69,33,038	5.14%	-	0.00%

#### 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.

**Preference Shares:** The Company has two classes of cumulative redeemable preference shares having face value of ₹ 100 each and ₹ 5 each with such rights, privileges and conditions respectively attached thereto as may be from time to time confirmed by the regulations of the Company.



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 13. Equity share capital (Contd.)

#### d. Buyback of equity shares:

During the year 2021-22 the Board of Directors, at its meeting held on March 09, 2022, has approved Buyback of the Company's fully paid-up equity shares of face value of ₹ 5 each from the eligible equity shareholders of the Company, other than promoters, promoter group and persons who are in control of the Company, at a price not exceeding ₹ 50 per equity share (Maximum Buyback price), for an aggregate amount not exceeding ₹ 4,000 lakhs (Maximum Buyback size), payable in cash from the open market route through the stock exchange mechanism under the Buyback Regulations and the Companies Act. The Buyback shall not exceed ₹ 4,000 lakhs (Maximum Buyback size) excluding the transaction charges.

As of March 31, 2023, the Buyback process was completed and the Company bought back 72,16,000 equity shares as of that date (including 50 shares during FY 2021-22), resulting in total cash consideration of ₹ 3,755 lakhs (including ₹ 745 lakhs towards buyback related costs and tax on Buyback). Out of the 72,16,000 equity shares bought back, the Company has extinguished 72,16,000 equity shares as at September 30, 2022, as per records of depositories. In line with the requirements of Companies Act, 2013, an amount of ₹ 3,394 lakhs has been utilized from securities premium account for the Buyback. Further, capital redemption reserve of ₹ 361 lakhs representing the nominal value of shares bought back, has been created in accordance with Section 69 of the Companies Act, 2013.

e. Refer Note 15 (c) for details of shares pledged.

f. Details of shareholding of Promoters:

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 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%
Kalpna 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%

### 14. Other equity

Other equity consist of the following:

Particulars	As at / For the year ended March 31, 2023	As at / For the year ended March 31, 2022
<b>(a) Capital reserve</b>		
Opening balance	386	386
<b>Closing Balance</b>	<b>386</b>	<b>386</b>
<b>(b) Securities premium account</b>		
Opening balance	10,375	10,407
Utilised on		
- Buyback of equity shares	(2,617)	-
- Transaction cost related to Buyback of equity shares	(129)	(32)
- Tax on Buyback of equity shares	(615)	-
<b>Closing Balance</b>	<b>7,014</b>	<b>10,375</b>
<b>(c) General reserve</b>		
Opening balance	762	762
Transfer to capital redemption reserve upon Buyback of equity shares	(361)	*
<b>Closing Balance</b>	<b>401</b>	<b>762</b>



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 14. Other equity (Contd..)

Particulars	As at / For the year ended March 31, 2023	As at / For the year ended March 31, 2022
<b>(d) Profit on forfeiture of shares</b>	<b>6</b>	<b>6</b>
<b>(e) Capital redemption reserve</b>		
Opening balance	1,695	1,695
Appropriation from general reserve upon Buyback of equity shares	361	*
<b>Closing Balance</b>	<b>2,056</b>	<b>1,695</b>
<b>(f) Retained earnings</b>		
Opening balance	53,186	49,219
Add: Profit for the year	7,542	4,183
Remeasurement of net defined benefit liability net of income tax	67	(132)
Disposal of subsidiary	-	37
Exchange differences translation of foreign operations	397	(121)
<b>Closing Balance</b>	<b>61,192</b>	<b>53,186</b>
<b>Total</b>	<b>71,055</b>	<b>66,410</b>

\* less than a lakh

#### 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 the 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, 2023	As at March 31, 2022
<b>Non-Current</b>		
<b>Term Loans - Secured - at amortised cost [Refer note (a) below]</b>		
- From banks	5,808	7,972
- From non banking financial companies (NBFC's)	3,817	1,500
	9,625	9,472
<b>Term Loans - Unsecured - at amortised cost [Refer note (b) below]</b>		
- From banks	121	-
<b>Unsecured - at fair value</b>		
Sales tax deferment loan [Refer note (c) below]	135	387
<b>Total</b>	<b>9,881</b>	<b>9,859</b>
<b>Current</b>		
<b>Loans repayable on demand from banks- Secured - at amortised cost [Refer note (c) below]</b>		
(i) Cash credits	6,465	7,381
(ii) Working capital demand loans	19,837	20,027
(iii) Credit Cards and bills discounting	19,764	16,815
<b>Current maturities from long term borrowings</b>		
<b>Term Loans- Secured [Refer note (a) below]</b>		
- From banks	4,001	3,677
- From non banking financial companies (NBFC's)	1,821	711
<b>Term Loans- Unsecured [Refer note (b) below]</b>		
- From banks	15	-
<b>Unsecured</b>		
Sales tax deferment loan [Refer note (c) below]	335	298
<b>Total</b>	<b>52,238</b>	<b>48,909</b>
<b>Total Borrowings</b>	<b>62,119</b>	<b>58,768</b>

#### Notes:

(a) Summary of borrowings from banks-Secured

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2023	March 31, 2022	
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	4,011	5,116	7.00% to 8.55% p.a

## Notes Forming part of the 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, 2023	March 31, 2022	
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	2,000	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	503	670	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	781	1,406	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	28	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	651	867	9.15% to 9.25% p.a.



## Notes Forming part of the 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, 2023	March 31, 2022	
	48 equal monthly instalments commencing from August 2018	First charge by way of hypothecation of the vehicle for which the loan was taken.	54	50	-	8.77%
State Bank of Mauritius Limited	13 equal quarterly instalments of ₹ 250 lakhs each commencing from November 2019	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)	3,250	-	750	10.40%
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	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	541	707	10.70%
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	71	90	7.46%

## Notes Forming part of the 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, 2023	March 31, 2022	
	48 equal monthly instalments commencing from April 2019	First charge by way of hypothecation of the vehicle for which the loan was taken.	49	-	15	9.26%
			<b>21,672</b>	<b>9,809</b>	<b>11,649</b>	

Summary of borrowings from NBFC's--Secured

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2023	March 31, 2022	
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 Rao.	1,800	1,163	1,613	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 Rao.	427	250	356	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 Rao.	267	89	223	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	11	19	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 Rao.	2,500	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 Rao.	2,000	2,000	-	13.00%
<b>Total</b>			<b>7,043</b>	<b>5,638</b>	<b>2,211</b>	



## Notes Forming part of the 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, 2023	March 31, 2022	
Credit Agricole	84 equal monthly instalments of € 637.49 Euros each commencing from July 2018	45	15	-	2%
Credit Agricole	84 equal monthly instalments of € 371.92 Euros each commencing from May 2020	27	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	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	73	-	0.73%
Auvergne Rhône Alpes Region	Repayable advance as support companies affected by consequences of the covid 19 Pandemic	18	18	-	0.00%
<b>Total</b>		<b>198</b>	<b>136</b>	<b>-</b>	

- (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 ₹ 1,639 lakhs was paid during earlier years, an amount of ₹ 298 lakhs paid in the financial year 2022-23 and amount of ₹ 335 lakhs Payable in the financial year 2023-24 which is classified under the head "Current borrowings". Further ₹ 80 lakhs (As at March 31, 2022 - ₹ 162 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
2023-24	335
2024-25	215
<b>Total</b>	<b>550</b>

- (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 NIL shares (March 31, 2022: 15,00,000 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 Rao (Vice - Chairman and Managing Director). These borrowings carried interest rate of 9.25% to 10.70% (March 31, 2022: 8% to 9.85%).

## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 15. Borrowings (Contd..)

(d) Details of borrowings guaranteed by Directors:

Particulars	As at March 31, 2023	As at March 31, 2022
Aditya Rao (Vice Chairman and Managing Director)	1,37,424	1,13,724

(e) The Company has used the borrowings for the purposes for which it was taken.

(f) The returns of current assets for the quarter ended June 2022, September 2022 and December 2022 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 2023.

### 16. Provisions

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-Current</b>		
Provision for gratuity [Refer note c (iii) below]	233	402
Provision for compensated absences	576	685
Asset retirement obligation	392	341
<b>Total</b>	<b>1,201</b>	<b>1,428</b>
<b>Current</b>		
Provision for gratuity [Refer note c (iii) below]	756	555
Provision for compensated absences	256	223
<b>Total</b>	<b>1,012</b>	<b>778</b>
<b>Total Provisions</b>	<b>2,213</b>	<b>2,206</b>

**Note:**

#### 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 ₹ 308 lakhs (2021- 22: ₹ 257 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	2022-23	2021-22
<b>i) Change in Defined Benefit Obligation (DBO) during the year:</b>		
Present Value of DBO at the beginning of the year	2,578	2,304
Interest cost	160	156
Current service cost	248	209
Actuarial loss on obligation	(83)	182
Benefits paid	(290)	(273)
<b>Present Value of DBO at the end of the year</b>	<b>2,613</b>	<b>2,578</b>



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 16. Provisions (Contd..)

Particulars	2022-23	2021-22
<b>ii) Changes in the Fair Value of Plan Asset during the year</b>		
Fair value of Plan Assets at the beginning of the year	1,621	1,596
Return on Plan Assets	22	6
Interest Income	100	108
Contributions paid	171	184
Benefits paid	(290)	(273)
<b>Fair value of Plan Assets at the end of the year</b>	<b>1,624</b>	<b>1,621</b>
<b>iii) Amount Recognized in Balance Sheet</b>		
Present Value of DBO of the year	(2,613)	(2,578)
Fair value of Plan Assets at the end of the year	1,624	1,621
<b>Net Asset/(Liability) recognized in the balance sheet</b>	<b>(989)</b>	<b>(957)</b>
- Non Current	(233)	(402)
- Current	(756)	(555)
<b>iv) Components of employer expense</b>		
Current service cost	248	209
Interest income on net defined benefit obligation	60	48
<b>Expense recognised in Statement of Profit and Loss</b>	<b>308</b>	<b>257</b>
<b>v) Remeasurement on the net defined benefit obligation</b>		
Actuarial (gain) / loss due to financial assumptions change in Defined Benefit Obligation	(173)	128
Actuarial loss due to experience on Defined Benefit Obligation	104	54
Return on Plan Assets excluding Interest Income	(21)	(6)
<b>Remeasurements recognised in other comprehensive income</b>	<b>(90)</b>	<b>176</b>
<b>Total defined benefit cost recognised</b>	<b>218</b>	<b>433</b>

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2023	Valuation as at March 31, 2022
Mortality	IALM (2012-14) Ult.	
Interest/Discount Rate	7.15%-7.25%	5.80%-6.75%
Rate of increase in compensation	8-9%	5%-8%
Expected average remaining service	20.25	20.16
Employee Attrition rate	19%	15%

### Sensitivity Analysis

Particulars	Change in assumption	Effect in Gratuity Obligation
Discount rate	1%	2,527
	(-1%)	(2,704)
Salary Escalation rate	1%	2,702
	(-1%)	(2,527)
Attrition rate	1%	2,571
	(-1%)	(2,690)
Mortality rate	1%	2,613
	(-1%)	(2,613)

### Estimate of expected benefit payout (in absolute terms i.e. undiscounted)

Particulars	2022-23	2021-22
Within 1 year	780	561
2 to 5 Years	1,696	1,414
6 to 10 Years	672	916
> 10 years	308	736



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 16. Provisions (Contd.)

#### (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, 2023	Valuation as at March 31, 2022
Mortality	IALM (2012-14) Ult.	
Interest/Discount Rate	7.15%-7.25%	5.80%-6.75%
Rate of increase in compensation	8-9%	5%-8%
Expected average remaining service	20.25	20.16
Employee Attrition rate	19%	15%

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, 2023	For the year ended March 31, 2022
Current tax	2,449	2,186
Deferred tax	(148)	(786)
	<b>2,301</b>	<b>1,400</b>

#### b. Income tax expense recognized directly in other comprehensive income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Tax effect on actuarial losses on defined benefit obligations (Items that will not be reclassified to profit or loss)	(23)	44
	<b>(23)</b>	<b>44</b>
Items that may be reclassified to profit or loss	-	-

#### c. Reconciliation of effective tax rate

The following is the reconciliation of the Company's effective tax rates for the year ended March 31, 2023 and March 31, 2022.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Accounting Profit before tax	9,844	5,591
<b>Tax expense at statutory tax rate of 25.17% (2022: 25.17%)</b>	<b>2,478</b>	<b>1,407</b>
<b>Adjustments</b>		
Add: Effect of disallowed expenses such that CSR, Interest on Income etc.	38	-
Less: Effect of tax rates under different tax zones	(215)	(7)
<b>Reported in statement of profit and loss</b>	<b>2,301</b>	<b>1,400</b>



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 17. Income-taxes (Contd..)

#### d. Deferred tax liabilities (net)

The following is the analysis of deferred tax (assets) / liabilities presented in the balance sheet:

	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	(1,223)	(4,108)
Deferred tax liabilities	1,790	4,803
	<b>567</b>	<b>695</b>

#### e. Movement in deferred tax assets and liabilities:

2022-23	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities/(assets) in relation to:</b>				
<b>Liabilities</b>				
Property, plant and equipment and intangible assets	4,803	169	-	4,972
<b>Assets</b>				
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)
<b>Total</b>	<b>695</b>	<b>(151)</b>	<b>23</b>	<b>567</b>

2021-22	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities/(assets) in relation to:</b>				
<b>Liabilities</b>				
Property, plant and equipment and Intangible assets	4,610	193	-	4,803
<b>Assets</b>				
Provision for employee benefits	(597)	(268)	(44)	(909)
Provision for credit impaired trade receivables	(2,127)	(657)	-	(2,784)
Provision for loss on onerous contracts	-	(6)	-	(6)
Provision for dismantling cost	(76)	-	-	(76)
Provision for ROU and Lease liability	(9)	(48)	-	(57)
Others	(276)	-	-	(276)
<b>Total</b>	<b>1,525</b>	<b>(786)</b>	<b>(44)</b>	<b>695</b>

#### f. Current tax assets and liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
Income-tax assets [net of provisions]	1,289	1,333
Current tax liabilities [net of advance tax]	(4,204)	(3,158)
	<b>(2,915)</b>	<b>(1,825)</b>

## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 18. Other liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-Current</b>		
Unearned government grants [Refer note 15 (b)]	23	79
	<b>23</b>	<b>79</b>
<b>Current</b>		
Advances from customers	9,550	7,102
Unearned revenue	1,921	1,342
Unearned government grants [Refer note 15 (b)]	57	83
Others	-	15
<b>Total</b>	<b>11,528</b>	<b>8,542</b>
<b>Total other liabilities</b>	<b>11,551</b>	<b>8,621</b>

### 19. Trade payables

Particulars	As at March 31, 2023	As at March 31, 2022
Acceptances	25,033	25,482
Other than acceptances	33,364	28,883
<b>Total</b>	<b>58,397</b>	<b>54,365</b>
Of the above:		
i) Dues to micro, small and medium enterprises*	540	731
ii) Outstanding dues of creditors other than micro enterprises and small enterprises	57,857	53,634

\*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 31

Refer Note 36 (i) for ageing of Trade payables.

### 20. Other financial liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Non-Current</b>		
Retention money payable	563	1226
	<b>563</b>	<b>1,226</b>
<b>Current</b>		
Preference share capital payable	24	49
Interest accrued	154	206
Statutory liabilities	1,271	1,564
Payables on purchase of property, plant and equipment	606	828
Other payables (including employee related payables)	5,850	3,034
<b>Total other financial liabilities</b>	<b>7,905</b>	<b>5,681</b>

### 21. Revenue from operations

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations (Refer note below)		
- Sale of products	1,98,964	1,55,603
- Revenue from contracts	8,184	60,991
- Sale of services	7,386	5,013
- Scrap Sales	74,928	4,968
<b>Total</b>	<b>2,89,462</b>	<b>2,26,575</b>

Note: There is no single customers contributing 10% or more to the Company's revenue (2021-22: Nil).



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 22. Other income

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income earned on financial assets		
- Bank deposits	124	157
- Other interest income	186	263
Net gain arising from financial instruments designated as fair value through Profit and Loss	46	11
Gain on sale of current investments (net)	20	15
Net gain on foreign currency transactions and translation	1,510	-
Liabilities no longer required written back	810	604
Duty drawback received	244	267
Others	403	389
<b>Total</b>	<b>3,343</b>	<b>1,706</b>

### 23. Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Opening stock of inventories</b>		
Work-in-progress	31,722	25,703
Finished goods	13,466	8,965
Scrap	835	429
<b>Total</b>	<b>46,023</b>	<b>35,097</b>
<b>Closing stock of inventories</b>		
Work-in-progress	42,233	31,722
Finished goods	9,688	12,975
Scrap	709	835
<b>Total</b>	<b>52,630</b>	<b>45,532</b>
<b>Increase in inventories of finished goods, work-in-progress and stock-in-trade</b>	<b>(6,607)</b>	<b>(10,435)</b>

### 24. Employee benefits expense

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	27,609	18,608
Contribution to provident and other funds	1,056	872
Staff welfare expenses	2,420	1,588
	<b>31,085</b>	<b>21,068</b>
Less: Capitalization of salaries	54	223
<b>Total</b>	<b>31,031</b>	<b>20,845</b>

### 25. Finance costs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest:		
Term loans	1,506	1,396
Working capital demand loans	3,056	2,535
Interest on leases	576	697
Others	840	-
Bill discounting charges	1,455	770
Other bank charges	1,688	2,622
	<b>9,121</b>	<b>8,020</b>
Less: Capitalization Interest	-	182
<b>Total</b>	<b>9,121</b>	<b>7,838</b>

## Notes Forming part of the 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, 2023	For the year ended March 31, 2022
Depreciation on property, plant and equipment (Refer note 3)	5,104	4,299
Amortisation on Right-of-use assets (Refer note 4)	1,193	931
Amortisation of intangible assets (Refer note 5)	200	183
<b>Total</b>	<b>6,497</b>	<b>5,413</b>

### 27. Other Expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Job work and processing charges	9,212	5,114
Sub-contract expenses	2,367	2,627
Erection expenses	5,439	6,499
Stores and spares consumed	12,721	12,014
Power and fuel	2,383	1,899
Repairs and maintenance		
- Plant and equipment	304	279
- Buildings	68	31
- Others	659	294
Rent	616	550
Carriage and freight	5,142	6,898
Payment to Auditors	86	88
Loss on sale of property, plant and equipment	18	9
Net loss on foreign currency transactions and translation	-	178
Expenditure for Corporate social responsibility	59	94
Credit impaired trade and other receivables written off	1,923	-
Provision for credit impaired trade receivables	1,387	2,413
Advances written off	-	6
Miscellaneous expenses	13,788	9,442
<b>Total</b>	<b>56,172</b>	<b>48,435</b>

### 28. Contingent liabilities and commitments

Particulars	As at March 31, 2023	As at March 31, 2022
a) Claims against the company not acknowledged on debt:		
i) Sales Tax	6,823	5,699
ii) Excise duty and service tax	312	313
iii) Goods and Services Tax	2,143	416
iv) Entry tax	250	249
v) Income-tax	119	119
<b>Total</b>	<b>9,647</b>	<b>6,796</b>

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.

(b) The Company has provided Corporate Performance Guarantee to Amara Raja Power systems Limited in April 2022 for a value not exceeding ₹100 Lakhs with regards to contractual liabilities under applicable agreements/contracts entered by company with Amara Raja power systems Limited. The Guarantee is valid up to April 25, 2023.

(c) During previous year the Company has provided Corporate Performance Guarantee to Westera Limited in October 2021 for a value not exceeding USD 931,000 with regards to contractual liabilities under applicable agreements/contracts entered by company with Westera Limited. The Guarantee was valid till May 31, 2022.



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 28. Contingent liabilities and commitments (Contd..)

#### (d) Capital and other commitments:

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Capital commitment-Estimated Amount of contracts remaining to be executed on capital account (Net of Advances)	2,311	1,630
Other commitment-Investments	1,800	-

### 29. Corporate social responsibility (Of Company)

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 ₹ 59 lakhs (2021-22: ₹ 94 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 ₹ 59 lakhs (2021-22 - ₹ 94 lakhs)

b) Amount spent during the year on:

Details of expenditure on corporate social responsibility expenditure

Particulars	For the year ended	For the year ended
	March 31, 2023	March 31, 2022
(i) Construction / acquisition of any asset	29	25
(ii) On purposes other than (i) above	30	44

c) Details of amount unspent:

Opening Balance		Amount required to be spent during the year	Amount Spent during the year		Subsequently Spent*	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#
181	23	59	153	22	2	86

\*The Company subsequently Spent ₹ 2 lakhs till April 27, 2023.

#The Company has transferred unspent ₹ 86 lakhs into CSR account on May 22, 2023.

### 30. Earnings per Share

Particulars	For the year ended	For the year ended
	March 31, 2023	March 31, 2022
Profit after tax	7,542	4,183
Weighted average number of equity shares	13,73,31,427	14,21,62,181
Face value per share	5	5
Basic and Diluted earnings per Equity Share	5.49	2.94

## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

**31.** 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	As at March 31, 2023	As at March 31, 2022
(a) Principal amount remaining unpaid to suppliers at the end of the year	540	731
(b) Interest due there on remaining unpaid to suppliers at the end of the year	49	34
(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	68	13
(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)]	49	34

### 32. 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, 2023	As at March 31, 2022
Equity share capital	6,747	7,108
Other equity	71,055	66,410
<b>Total Equity (A)</b>	<b>77,802</b>	<b>73,518</b>
Non-current borrowings	9,881	9,859
Short term borrowings	46,066	44,223
Current maturities of long-term borrowings	6,172	4,686
<b>Gross Debt</b>	<b>62,119</b>	<b>58,768</b>
Less: Current investments	(2,697)	(4,497)
Less: Cash and cash equivalents	(14,299)	(3,777)
Less: Bank balances other than cash and cash equivalents	(2,960)	(4,934)
<b>Net debt (B)</b>	<b>42,163</b>	<b>45,560</b>
<b>Net debt to equity (B/A)</b>	<b>0.54</b>	<b>0.62</b>



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 32. Financial Instruments (Contd..)

#### b. Financial instruments by category

Particulars	Carrying value as at	
	March 31, 2023	March 31, 2022
<b>Financial assets</b>		
<b>Measured at amortised cost</b>		
Other financial assets	7,369	5,484
Trade receivables	39,431	44,595
Cash and cash equivalents	14,299	3,777
Bank balances other than cash and cash equivalents	2,960	4,934
<b>Total financial assets measured at amortised cost (A)</b>	<b>64,059</b>	<b>58,790</b>
<b>Measured at fair value through profit and loss</b>		
Investments in mutual funds	2,697	4,497
<b>Total financial assets at fair value through profit and Loss (B)</b>	<b>2,697</b>	<b>4,497</b>
<b>Financial assets at fair value through other comprehensive income (C)</b>	<b>2</b>	<b>2</b>
<b>Total Financial Assets (A+B+C)</b>	<b>66,758</b>	<b>63,289</b>
<b>Financial Liabilities</b>		
<b>Measured at amortised cost</b>		
Long-term borrowings	9,746	9,472
Short-term borrowings	51,903	48,611
Trade payables	58,397	54,365
Other financial liabilities	8,468	6,907
<b>Total financial liabilities carried at amortised cost (A)</b>	<b>1,28,514</b>	<b>1,19,355</b>
<b>Measured at fair value through Profit and Loss</b>		
Sales tax deferment loan	470	685
Lease Liabilities	6,405	5,770
<b>Financial liabilities at fair value through Profit and Loss (B)</b>	<b>6,875</b>	<b>6,455</b>
<b>Total Financial Liabilities (A+B)</b>	<b>1,35,389</b>	<b>1,25,810</b>

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 the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 32. 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, 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)
<b>Total</b>	<b>1,342</b>	<b>(528)</b>	<b>104</b>	<b>253</b>	<b>1,171</b>

\*Others include currencies such as Qatari Rial, Malaysian Ringgit and Oman rial.



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 32. Financial Instruments (Contd..)

#### Currency exposure as at March 31, 2022

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	AED (in equivalent INR)	Other Currencies* (in equivalent INR)	Total (INR)
Trade receivables	1,583	34	197	235	2,049
Trade payables	(1,166)	-	-	(4)	(1,170)
<b>Total</b>	<b>417</b>	<b>34</b>	<b>197</b>	<b>231</b>	<b>879</b>

\*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, 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)	-	*

\*Less than a lakh

##### Amounts receivable/ (payable) in foreign currency

Particulars	As at March 31, 2022			
	USD (In Lakhs)	Euro (In Lakhs)	AED (In Lakhs)	Others (In Lakhs)
Trade receivables	20.87	0.40	9.51	11.76
Trade payables	(15.38)	-	-	(0.07)

#### 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, 2023	March 31, 2022
Strengthening	16.99	0.18
Weakening	(16.99)	(0.18)

#### 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

## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 32. Financial Instruments (Contd..)

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.

#### Working Capital position

Particulars	As at March 31, 2023	As at March 31, 2022
Current assets	1,49,845	1,37,139
Current liabilities	(1,36,910)	(1,22,739)
<b>Working capital</b>	<b>12,935</b>	<b>14,400</b>

#### Sensitivity analysis:

Particulars	Impact on profit and loss	
	March 31, 2023	March 31, 2022
1% increase in interest rate	(129)	(144)
1% decrease in interest rate	129	144

#### 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, 2023

Particulars	< 1 year	1-5 years	> 5 years	Total
<b>Financial liabilities</b>				
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
	<b>1,20,166</b>	<b>15,223</b>	<b>-</b>	<b>1,35,389</b>

#### (ii) Liquidity exposure as at March 31, 2022

Particulars	< 1 year	1-5 years	> 5 years	Total
<b>Financial liabilities</b>				
Long-term Borrowings	-	9,859	-	9,859
Short-term Borrowings	48,909	-	-	48,909
Trade payables	54,365	-	-	54,365
Lease Liabilities	1,306	4,464	-	5,770
Other financial liabilities	5,681	1,226	-	6,907
	<b>1,10,261</b>	<b>15,549</b>	<b>-</b>	<b>1,25,810</b>

Refer note 15 for the details of collateral security against the above mentioned banking facilities.



# Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

## 32. Financial Instruments (Contd..)

### 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, 2023 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
Non current- Investments	2	-	-	2
Current- Investments	2,697	2,697	-	-
<b>Financial liabilities</b>				
Lease Liabilities	6,405	-	6,405	-
Sales tax deferment loan	470	-	-	470

#### (ii) Level wise disclosure of Financial instruments as at March 31, 2022 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
Non current- Investments	2	-	-	2
Current- Investments	4,497	4,497	-	-
<b>Financial liabilities</b>				
Lease Liabilities	5,770	-	5,770	-
Sales tax deferment loan	685	-	-	685

#### (iii) 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
<b>Financial assets</b>				
Trade receivables	39,431	-	39,431	-
Cash and cash equivalents	14,299	-	14,299	-
Bank balances other than cash and cash equivalents	2,960	-	2,960	-
Other financial assets	7,369	-	7,369	-
<b>Financial liabilities</b>				
Borrowings	61,649	-	61,649	-
Trade payables	58,397	-	58,397	-
Other financial liabilities	8,468	-	8,468	-

## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 32. Financial Instruments (Contd.)

(iv) Level wise disclosure of Financial instruments as at March 31, 2022 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
<b>Financial assets</b>				
Trade receivables	44,595	-	44,595	-
Cash and cash equivalents	3,777	-	3,777	-
Bank balances other than cash and cash equivalents	4,934	-	4,934	-
Other financial assets	5,484	-	5,484	-
<b>Financial liabilities</b>				
Borrowings	58,083	-	58,083	-
Trade payables	54,365	-	54,365	-
Other financial liabilities	6,907	-	6,907	-

### 33. Related parties

As per the Indian Accounting Standards - "Related Party Disclosures" (Ind AS 24) the following disclosures are made:

(i) List of related parties and nature of relationship:

Name of the related parties	
Pennar Holdings Private Limited	Promoter Company
Pennar Foundation	Trust in which KMP's are trustees
Joginapally Venkata Nrupender Rao	Executive Chairman
Aditya Rao	Vice Chairman and Managing Director
Lavanya Kumar Rao Kondapally	Whole Time Director
Potluri Venkateswara Rao	Non Executive Director
Eric James Brown	Non Executive Director
Varun Chawla	Non Executive Director (Resigned w.e.f. March 7, 2023)
Bhandari Kamalakar Rao	Non Executive & Independent Director
Manish Sabharwal	Non Executive & Independent Director
Bharati Jacob	Non Executive & Independent Director (Resigned w.e.f. April 05, 2022)
Chandra Sekhar Sripada	Non Executive & Independent Director
Ravi Venkata Siva Ramakrishna	Non Executive & Independent Director
Virginia Sharma	Non Executive & Independent Director (Appointed w.e.f. November 09, 2022)
Kondapalli Siddharth Rao	Relative of KMP

(ii) Details of transactions with related parties during the year:

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Professional charges</b>		
Kondapalli Siddharth Rao	10	18
<b>Paid towards corporate social responsibility</b>		
Pennar Foundation	135	44
<b>Director's remuneration (Including Perquisites and Contribution to Funds)</b>		
Joginapally Venkata Nrupender Rao	155	168
Aditya Rao	124	105
Lavanya Kumar Rao Kondapally	124	90
Eric James Brown	324	188
Chandra Sekhar Sripada	5	-
Ravi Venkata Siva Ramakrishna	5	-
Virginia Sharma	5	-



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 33. Related parties (Contd..)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Directors sitting fees</b>		
Bhandari Kamalakar Rao	5	6
Varun Chawla	4	6
Manish Mahender Sabharwal	4	5
Chandra Sekhar Sripada	3	5
Bharati Jacob	-	3
Potluri Venkateswara Rao	4	5
Ravi Venkata Siva Ramakrishna	4	4
Virginia Sharma	2	-
<b>Salaries to relative to KMP</b>		
Anne E Brown	-	29

### (iii) Balances with related parties:

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Trade payables</b>		
Kondapalli Siddharth	2	2
<b>Managerial Remuneration Payable</b>		
Joginapally Venkata Nrupender Rao	13	13
Managerial Commission payable	16	20

### 34. 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, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Diversified engineering	1,51,129	1,35,521	14,969	12,327
Custom designed building solutions & auxiliaries	1,50,501	1,04,462	10,493	6,515
Less: Inter segment revenue	12,168	13,408	-	-
<b>Total</b>	<b>2,89,462</b>	<b>2,26,575</b>	<b>25,462</b>	<b>18,842</b>
Depreciation and amortisation expense			(6,497)	(5,413)
Finance costs			(9,121)	(7,838)
<b>Profit before tax</b>			<b>9,844</b>	<b>5,591</b>
Tax expense			(2,301)	(1,400)
<b>Profit after tax</b>			<b>7,543</b>	<b>4,191</b>
Share of non-controlling interest			1	8
Profit for the year attributable to the shareholders of the Company			<b>7,542</b>	<b>4,183</b>

## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 34. Segment Information (Contd.)

#### B. Segment assets and liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Segment assets</b>		
Diversified engineering	1,52,680	1,40,043
Custom designed building solutions & auxiliaries	68,950	74,060
<b>Consolidated total assets</b>	<b>2,21,630</b>	<b>2,14,103</b>
<b>Segment liabilities</b>		
Diversified engineering	83,429	84,126
Custom designed building solutions & auxiliaries	62,670	56,364
<b>Consolidated total liabilities</b>	<b>1,46,099</b>	<b>1,40,490</b>

#### 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.

Revenue from external customers	Year ended March 31, 2023	Year ended March 31, 2022
India	2,17,566	1,79,381
Other countries	71,896	47,194
	<b>2,89,462</b>	<b>2,26,575</b>

### 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:

Details of other related parties	Gross carrying value as at March 31, 2023 (₹ 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.
Pennar Enviro Limited	27	No	May 2019 till Balance sheet date	Same is pending to be transferred in the name of the Company.
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.



# Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

## 36. Ageing schedules

### (i) Trade Payables

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	
(ii) Others	25,033	5,298	20,331	3,809	2,361	1,025	57,857
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>25,278</b>	<b>5,298</b>	<b>20,600</b>	<b>3,823</b>	<b>2,373</b>	<b>1,025</b>	<b>58,397</b>

As at March 31, 2022	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	310	-	385	
(ii) Others	582	3,242	46,274	2,218	760	558	53,634
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
<b>Total</b>	<b>892</b>	<b>3,242</b>	<b>46,659</b>	<b>2,231</b>	<b>783</b>	<b>558</b>	<b>54,365</b>

### (ii) Trade Receivables (Current & Non-current)

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	2,209	110	28	65	39,432
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	1,123	1,907	2,565	3,238	8,833
(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
<b>Total</b>	<b>20,733</b>	<b>16,287</b>	<b>3,332</b>	<b>2,017</b>	<b>2,621</b>	<b>4,143</b>	<b>49,133</b>

As at March 31, 2022	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	9,053	31,708	1,898	1,147	417	372	44,595
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	1,065	143	1,723	1,922	2,509	7,362



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 36. Ageing schedules (Contd..)

As at March 31, 2022	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	
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	11	81	24	837	953
<b>Total</b>	<b>9,053</b>	<b>32,773</b>	<b>2,052</b>	<b>2,951</b>	<b>2,363</b>	<b>3,718</b>	<b>52,910</b>

### (iii) Capital-Work-in Progress (CWIP)

(a) 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	-	-	-	-	-
<b>Total</b>	<b>1,825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,825</b>

(b) For Capital-work-in progress as at March 31, 2022, following is the ageing schedule :

As at March 31, 2022	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	2,366	4,914	220	-	7,500
Projects temporarily suspended	-	72	-	-	72
<b>Total</b>	<b>2,366</b>	<b>4,986</b>	<b>220</b>	<b>-</b>	<b>7,572</b>

(c) For capital-work-in progress, whose completion is overdue or has exceeded its cost compared to its original plan, following CWIP completion schedule

As at March 31, 2022	To be completed in				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Body-in-White (BIW) - Auto parts for a new model 4 wheeler	6,315	-	-	-	6,315
<b>Total</b>	<b>6,315</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,315</b>



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 37. 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'23	31-Mar'22	31-Mar'23	31-Mar'22	31-Mar'23	31-Mar'22	31-Mar'23	31-Mar'22							
<b>A Parent</b>	93.85%	73,105	58.61%	4,421	81.51%	3,416	14.44%	67	52.17%	(132)	56.05%	4,488	83.39%	3,284	
<b>B Subsidiary incorporated in India</b>															
EnerTech Pennar Defense and Engineering System Private Limited	0.25%	197	0.03%	2	0.43%	18	-	-	-	-	-	0.02%	2	0.46%	18
Oneworks BIM Technologies Private Limited	-	-	-	-	(0.21%)	(9)	-	-	-	-	-	-	-	(0.23%)	(9)
<b>C Subsidiary incorporated outside India</b>															
Pennar GmbH	0.29%	223	0.68%	51	1.84%	77	-	-	-	-	-	0.64%	51	1.96%	77
Pennar Global Inc.	6.99%	5,444	2.81%	2,071	22.93%	961	85.56%	397	47.83%	(121)	42.25%	3,383	21.33%	840	
<b>Total</b>	<b>101.38%</b>	<b>78,969</b>	<b>101.56%</b>	<b>7,460</b>	<b>106.50%</b>	<b>4,463</b>	<b>100.00%</b>	<b>464</b>	<b>100.00%</b>	<b>(253)</b>	<b>98.96%</b>	<b>7,924</b>	<b>106.91%</b>	<b>4,210</b>	
<b>Consolidated adjustments</b>	<b>(1.38%)</b>	<b>(1,071)</b>	<b>1.10%</b>	<b>83</b>	<b>(6.50%)</b>	<b>(272)</b>	-	-	-	-	<b>1.04%</b>	<b>83</b>	<b>(6.91%)</b>	<b>(272)</b>	
<b>Net Amount</b>	<b>100.00%</b>	<b>77,898</b>	<b>100.00%</b>	<b>7,543</b>	<b>100.00%</b>	<b>4,191</b>	<b>100.00%</b>	<b>464</b>	<b>100.00%</b>	<b>(253)</b>	<b>100.00%</b>	<b>8,007</b>	<b>100.00%</b>	<b>3,938</b>	

\*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 the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

### 38. 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.
- (iii) The Group 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 4 bankers amounting to ₹ 1,06,751 lakhs are yet to be filed with the ROC, as the Group is in awaiting for no objection certificates from the respective banker.
- (iv) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (vi) 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:
- 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 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:
- 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 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).

### 39 Movement in borrowings and lease liabilities:

Particulars	Opening Balance	Proceed from borrowings / Addition during the year	Interest added during the year/ Other Adjustments	Repayment of Borrowings / lease payments	Closing Balance
<b>Year ended March 31, 2023</b>					
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
<b>Total</b>	<b>64,538</b>	<b>11,823</b>	<b>794</b>	<b>(8,631)</b>	<b>68,524</b>
<b>Year ended March 31, 2022</b>					
Short-term borrowings*	41,946	2,277	-	-	44,223
Long-term borrowings	16,498	3,853	128	(5,934)	14,545
Lease liabilities	3,259	4,200	697	(2,386)	5,770
<b>Total</b>	<b>61,703</b>	<b>10,330</b>	<b>825</b>	<b>(8,320)</b>	<b>64,538</b>

\* Net of payment / receipt disclosed for short-term borrowings.



## Notes Forming part of the Consolidated Financial Statements

(All amounts in Indian ₹ lakhs, except share and per share data and where otherwise stated)

**40** 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, 2023 an amount of ₹ 425 lakhs (March 31, 2022: ₹ 430 Lakhs) are unutilized funds which have been temporarily invested in mutual funds.

### 41 Disposal of Subsidiary:

During the previous year, the Company has disposed off its investment in a subsidiary Oneworks BIM Technologies Private Limited and accounting for disinvestment of stake is given effect as of that date i.e. August 31, 2021:

Particulars	Amount
Investment in Subsidiary	349
Reversal of contingent consideration payable	(288)
Proceeds from disposal of Subsidiary	(62)
<b>Profit on disposal of investment in subsidiary</b>	<b>(1)</b>

### 42 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.

**43** 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.

**44** These financial statements were approved for issue by the Company's Board of Directors on May 24, 2023.

### For and on behalf of the Board of Directors

**Aditya Rao**

Vice Chairman &  
Managing Director  
(DIN: 01307343)

**Lavanya Kumar Rao K**

Whole Time Director  
(DIN: 01710629)

**JS Krishna Prasad**

Chief Financial Officer  
(M No: A29058)

**Mirza Mohammed Ali Baig**

Company Secretary

Place: Bengaluru

Date: May 24, 2023

# NOTICE

NOTICE is hereby given that the 47<sup>th</sup> Annual General Meeting (AGM) of members of M/s. Pennar Industries Limited will be held on Saturday, the September 30, 2023 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 March 31, 2023 together with the reports of the Board of directors and the auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions**:

- (a) "RESOLVED THAT the audited financial statement of the Company for the financial year ended March 31, 2023 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."
- (b) "RESOLVED THAT the audited consolidated financial statement of the Company for the financial year ended March 31, 2023 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. Eric James Brown (DIN: 07670880) 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. Eric James Brown (DIN: 07670880), 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."

3. To appoint a Director in the place of Mr. K Lavanya Kumar Rao (DIN: 01710629) 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. K Lavanya Kumar Rao (DIN: 01710629), who retires by rotation at this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

## SPECIAL BUSINESS:

4. **To ratify the remuneration payable to M/s. Kandikonda & Associates., Cost Accountants (Registration No. 101361) for the financial year ending March 31, 2024 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 March 31, 2024, and also to ratify the remuneration of ₹ 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."

5. **To approve the request received from Dr. Y Rekha Rao, person belonging to the promoter and promoter group of the Company, for re-classification from the 'promoter and promoter group' category to 'public' category shareholder 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 Regulation 31A and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory amendments made thereto) and other applicable laws and subject to necessary approvals from the stock exchanges where the equity shares of the Company are listed namely, BSE Limited and National Stock Exchange of India Limited (collectively "Stock Exchanges"), and other appropriate statutory authorities as may be required, approval of the members of the Company be and is hereby accorded for re-classification of the following person from the 'promoter and promoter group' category to the 'public' category shareholder:

Sl. No.	Name	'Promoter/ Promoter Group' category	Number of equity shares held	% of shareholding
1.	Dr. Y Rekha Rao	Promoter Group	1,49,057	0.11

"RESOLVED FURTHER THAT Dr. Y Rekha Rao, member of promoter and promoter group confirmed that all the conditions specified in Regulation 31A(3)(b) of the Listing Regulations have been complied with."

"RESOLVED FURTHER THAT upon receipt of the necessary approval(s) from the Stock Exchange(s) for reclassification of the above person, the Company shall effect such re-classification in the statement of shareholding pattern from the immediate succeeding quarter under Regulation 31 of the Listing Regulations, and shall ensure necessary compliance under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other laws, as may be applicable."

"RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing resolution, Mr. Aditya Rao, Vice-Chairman and Managing Director, Mr. K Lavanya Kumar Rao, Executive Director and Mr. Mirza Mohammed Ali Baig, Company Secretary, be and are hereby severally authorized on behalf of the Company to do, either by themselves or through delegation to any person, as they may in their absolute discretion deem fit, all such acts, deeds, matters and things as they may at their discretion deem necessary or expedient for such purpose, and make all necessary filings including but not limited to making applications to the Stock Exchanges to seek their

approval for the re-classification in accordance with the Listing Regulations and other applicable laws, if any, and to execute all such deeds, documents or writings as are necessary or expedient, to settle any questions, difficulties or doubt that may arise in this behalf."

- 6. To approve the request received from Mr. Y Muralidhar Rao, person belonging to the promoter and promoter group of the Company, for re-classification from the 'promoter and promoter group' category to 'public' category shareholder 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 Regulation 31A and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory amendments made thereto) and other applicable laws and subject to necessary approvals from the stock exchanges where the equity shares of the Company are listed namely, BSE Limited and National Stock Exchange of India Limited (collectively "Stock Exchanges"), and other appropriate statutory authorities as may be required, approval of the members of the Company be and is hereby accorded for re-classification of the following person from the 'promoter and promoter group' category to the 'public' category shareholder:

Sl. No.	Name	'Promoter/ Promoter Group' category	Number of equity shares held	% of shareholding
1.	Mr. Y Muralidhar Rao	Promoter Group	1,10,400	0.08

"RESOLVED FURTHER THAT Mr. Y Muralidhar Rao member of promoter and promoter group confirmed that all the conditions specified in Regulation 31A(3)(b) of the Listing Regulations have been complied with."

"RESOLVED FURTHER THAT upon receipt of the necessary approval(s) from the Stock Exchange(s) for reclassification of the above person, the Company shall effect such re-classification in the statement of shareholding pattern from the immediate succeeding quarter under Regulation 31 of the Listing Regulations, and shall ensure necessary compliance under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other laws, as may be applicable."

"RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing resolution, Mr. Aditya Rao, Vice-Chairman and Managing Director, Mr. K Lavanya Kumar Rao, Executive Director and Mr. Mirza Mohammed Ali Baig, Company Secretary, be and are hereby severally authorized on behalf of the Company to do, either by themselves or through delegation to any person, as they may in their absolute discretion deem fit, all such acts,

deeds, matters and things as they may at their discretion deem necessary or expedient for such purpose, and make all necessary filings including but not limited to making applications to the Stock Exchanges to seek their approval for the re-classification in accordance with the Listing Regulations and other applicable laws, if any, and to execute all such deeds, documents or writings as are necessary or expedient, to settle any questions, difficulties or doubt that may arise in this behalf."

- 7. To approve the request received from Fort Kochi Holdings Limited, person belonging to the promoter and promoter group of the Company, for re-classification from the 'promoter and promoter group' category to 'public' category shareholder 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 Regulation 31A and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory amendments made thereto)

and other applicable laws and subject to necessary approvals from the stock exchanges where the equity shares of the Company are listed namely, BSE Limited and National Stock Exchange of India Limited (collectively "Stock Exchanges"), and other appropriate statutory authorities as may be required, approval of the members of the Company be and is hereby accorded for re-classification of the following person from the 'promoter and promoter group' category to the 'public' category shareholder:

Sl. No.	Name	'Promoter/ Promoter Group' category	Number of equity shares held	% of shareholding
1.	Fort Kochi Holdings Limited	Promoter Group	Nil	-

"RESOLVED FURTHER THAT Fort Kochi Holdings Limited, member of promoter and promoter group confirmed that all the conditions specified in Regulation 31A(3)(b) of the Listing Regulations have been complied with."

"RESOLVED FURTHER THAT upon receipt of the necessary approval(s) from the Stock Exchange(s) for reclassification of the above person, the Company shall effect such re-classification in the statement of shareholding pattern from the immediate succeeding quarter under Regulation 31 of the Listing Regulations, and shall ensure necessary compliance under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other laws, as may be applicable."

"RESOLVED FURTHER THAT for the purpose of giving effect to the foregoing resolution, Mr. Aditya Rao, Vice-Chairman and Managing Director, Mr. K Lavanya Kumar Rao, Executive Director and Mr. Mirza Mohammed Ali Baig, Company Secretary, be and are hereby severally authorized on behalf of the Company to do, either by themselves or through delegation to any person, as they may in their absolute discretion deem fit, all such acts, deeds, matters and things as they may at their discretion deem necessary or expedient for such purpose, and make all necessary filings including but not limited to making applications to the Stock Exchanges to seek their approval for the re-classification in accordance with the Listing Regulations and other applicable laws, if any, and to execute all such deeds, documents or writings as are necessary or expedient, to settle any questions, difficulties or doubt that may arise in this behalf."

**8. To designate Mr. RVS Ramakrishna (DIN: 00009421), Non-Executive Independent Director as Chairman of the Board of Directors 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 the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and rules & regulations made there under, approval of the Members of the Company be

and hereby accorded to designate Mr. RVS Ramakrishna (DIN: 00009421), Non-Executive Independent Director as Chairman of the Board of Directors with effect from August 10, 2023."

"RESOLVED FURTHER THAT any one of Director or the Company Secretary of the Company is authorized to share the certified copy of the extracts of this resolution to whomsoever concerned."

"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."

**9. To appoint Mr. Nrupender Rao as Chairman Emeritus in the Company 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 pursuant to the provisions of Section 188 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the 'Act'), the Rules made thereunder or any amendment thereto or modification thereof, the Articles of Association, and such other approvals, permissions and sanctions as may be required, approval of the members be and is hereby accorded for appointment and making payments and extending facilities to Mr. Nrupender Rao, as Chairman Emeritus in the Company for a period of five years with effect from August 10, 2023 as approved by the Board of Directors upon recommendation of Audit Committee and Nomination and Remuneration Committee and set out in the explanatory statement relating to this resolution, with liberty to the Board of Directors, to alter or vary the terms and conditions (including the payments and facilities) in such manner as the board may deem fit and is acceptable to Mr. Nrupender Rao."

"RESOLVED FURTHER THAT while holding the office as the Chairman Emeritus, Mr. Nrupender Rao will draw salary from the company, and also he will be entitled for the benefits and perquisites commensurate with his position as CHAIRMAN EMERITUS the particulars of which are annexed hereunder:

**Particulars of Remuneration:**

- Salary (including dearness and all other allowances) shall be ₹ 72,00,000/- per annum.

- ii. Special salary shall be ₹ 43,90,000/- per annum.
- iii. Perquisites and Allowances shall be ₹ 51,90,000/- per annum.
- iv. In addition to the above, company maintained vehicle(s) (excluding the expense incurred on fitting additional accessories, which does not come pre-fitted from the manufacturer) with driver and fuel and also communication facilities will be provided to Mr. Nrupender Rao. These will be treated as perquisites but will be taxed as per the perquisite tax rules.

Perquisites and Allowances include accommodation (furnished or otherwise) or house rent allowance in lieu thereof; House Maintenance allowance, together with the reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax; medical reimbursement, medical/accident insurance, leave travel concession for self and family; club fees and such other perquisites and allowances in accordance with the Rules of the company or as may be agreed to by the Board of Directors and Mr. Nrupender Rao.

"RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation to the Act by the Central Government, the Board of Directors be and is hereby authorised to vary the terms and conditions (including the payments and facilities accorded to Mr. Nrupender Rao) in accordance with the applicable law without any further reference to, or requirement to seek approval of the members of the Company."

"RESOLVED FURTHER THAT Mr. Nrupender Rao, will be the permanent invitee to the Board Meetings."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps as may be necessary to give effect to this resolution."

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

**Mirza Mohammed Ali Baig**

Place : Hyderabad      Company Secretary & Compliance Officer

Date : 09.08.2023

ACS 29058



**Notes :**

1. The Ministry of Corporate Affairs ("MCA") has vide its General Circular Nos. 14/2020 dated April 08, 2020 and 17/2020 dated April 13, 2020, in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid -19", General Circular Nos. 20/2020 dated May 05, 2020, and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 in relation to "Clarification on holding of annual general meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM)", (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the MCA Circulars, the AGM of the Company is being held through VC /OAVM. The registered office of the Company shall be deemed to be the venue for 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](mailto:subbok@gmail.com) with copy to [evoting@kfintech.com](mailto:evoting@kfintech.com) and [mirza.baig@pennarindia.com](mailto:mirza.baig@pennarindia.com).
4. The Register of Members and the Share Transfer Books of the company will remain closed September 17, 2023 to September 18, 2023, 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. September 30, 2023. Members seeking to inspect such documents can send an email to [corporatecommunications@pennarindia.com](mailto: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](http://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 2022-23 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 2022-23 will also be available on the Company's website [www.pennarindia.com](http://www.pennarindia.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://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 26.09.2023(9:00 a.m.) to 29.09.2023 (5:00 p.m.).
20. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on September 23, 2023, 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")

##### **A. User already registered for IDeAS facility:**

1. Open <https://eservices.nsd.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.

##### **B. User not registered for IDeAS e-Services:**

1. To register, open <https://eservices.nsd.com> either on a Personal Computer or on a mobile.
2. Select "Register Online for IDeAS "Portal or click on <https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp>.
3. Proceed with completing the required fields

	<p><b>C. By visiting the e-Voting website of NSDL:</b></p> <ol style="list-style-type: none"> <li>1. Open <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile.</li> <li>2. Click on the icon "Login" which is available under 'Shareholder/Member' section</li> <li>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.</li> <li>4. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page.</li> <li>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.</li> </ol>
<p>Individual Shareholders holding securities in Demat mode with Central Depository Services (India) Limited ("CDSL")</p>	<p><b>A. Existing user who has opted for Easi/Easiest</b></p> <ol style="list-style-type: none"> <li>1. Click at <a href="https://web.cdslindia.com/myeasi/home/login_or_www.cdslindia.com">https://web.cdslindia.com/myeasi/home/login_or_www.cdslindia.com</a></li> <li>2. Click on New System Myeasi.</li> <li>3. Login with user ID and Password</li> <li>4. After successful login of Easi / Easiest, Option will be made available to reach e-voting page</li> <li>5. Click on e-voting service provider name to cast your vote</li> </ol> <p><b>B. User not registered for Easi/Easiest</b></p> <ol style="list-style-type: none"> <li>1. Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>.</li> <li>2. Proceed with completing the required fields.</li> </ol> <p><b>C. By visiting the e-Voting website of CDSL:</b></p> <ol style="list-style-type: none"> <li>1. Visit at <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>2. Provide Demat Account Number and PAN No.</li> <li>3. System will authenticate user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account.</li> <li>4. After successful authentication, user will be provided links for the respective e-voting service provider where the e-voting is in progress.</li> </ol>
<p>Individual Shareholders (holding securities in Demat mode) login through their depository participants</p>	<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
<p>Individual Shareholders holding securities in Demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>
<p>Individual Shareholders holding securities in Demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 22-23058542-43.</p>

**Login method for remote e-voting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode**

- i. Initial password is provided in the body of the e-mail.
- ii. Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
- iii. 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.
- iv. After entering the correct details, click on LOGIN.
- v. 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.
- vi. You need to login again with the new credentials.
- vii. On successful login, the system will prompt you to select the EVENT i.e. PENNAR INDUSTRIES LIMITED.
- viii. 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](mailto: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 26.09.2023 (9:00 a.m.) up to 28.09.2023 (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](mailto: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 March 16, 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 # 4 Approval for payment of remuneration to the Cost Auditors for the financial year ending March 31, 2024

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 March 31, 2024 at a remuneration of ₹ 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. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2024.

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.

### Items # 5, 6 and 7 To approve the requests received from Dr. Y Rekha Rao, Mr. Y Muralidhar Rao and Fort Kochi Holdings Limited, persons belonging to the promoter and promoter group of the Company, for re-classification from the 'promoter and promoter group' category to 'public' category shareholder

The Company had received separate request letters dated August 01, 2023 from the following persons belonging to the promoter and promoter group of the Company for re-classification from the 'promoter and promoter group' category to 'public' category shareholder in accordance with Regulation 31A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"):

Sl. No.	Name	'Promoter/ Promoter Group' category	Number of equity shares held	% of shareholding
1.	Dr. Y Rekha Rao	Promoter Group	1,49,057	0.11
2.	Mr. Y Muralidhar Rao	Promoter Group	1,10,400	0.08
3.	Fort Kochi Holdings Limited	Promoter Group	Nil	-

Each of the aforesaid promoters have in their respective request letters informed the Company that they are neither a part of the Board of Directors of the Company nor hold any Key Managerial Position in the Company. Further, they had confirmed in their letters that they do not participate in the management of the Company in any manner or capacity and do not have any special rights in the Company through formal or informal arrangements, including any shareholder agreement. Pursuant to the provisions of Regulation 31A(3)(b) of the Listing Regulations, Dr. Y Rekha Rao, Mr. Y Muralidhar Rao and Fort Kochi Holdings Limited, in their respective request letters, have separately confirmed that each of them along with the persons related to them:

- (a) do not hold more than 10% of the voting rights in the Company;
- (b) do not exercise control over the affairs of the Company directly or indirectly;
- (c) do not have any special rights with respect to the Company through formal or informal arrangements including through any shareholder agreements;
- (d) are not represented on the Board (including not having a nominee director) of the Company;

- (e) are not acting as Key Managerial Personnel in the Company;
- (f) are not 'willful defaulter' as per the Reserve Bank of India Guidelines; and
- (g) are not fugitive economic offenders.

In view of the above, and on the basis of the rationale and the confirmations received from each of Dr. Y Rekha Rao, Mr. Y Muralidhar Rao and Fort Kochi Holdings Limited, the Board of Directors of the Company, at its meeting held on August 09, 2023, analyzed the requests made by Dr. Y Rekha Rao, Mr. Y Muralidhar Rao and Fort Kochi Holdings Limited, and in compliance with Regulation 31A of the Listing Regulations, approved the request for re-classification, inter alia subject to approval by the members, the stock exchanges where the shares of the Company are listed namely BSE Limited and National Stock Exchange of India Limited (collectively "Stock Exchanges"), and/or such other approval, if any as may be necessary in this regard.

As required under Regulation 31A(8) of the Listing Regulations, the Company has intimated the Stock Exchanges of receipt of reclassification request from Dr. Y Rekha Rao, Mr. Y Muralidhar Rao and Fort Kochi Holdings Limited, on August 01, 2023 and the extract of the minutes of the meeting

of the Board of Directors of the Company approving the re-classification was submitted to the Stock Exchanges on August 09, 2023.

In accordance with Regulation 31A(3)(a)(iii) of the Listing Regulations, the reclassification of status of a shareholder holding more than one percent of the total voting rights in the Company, from the 'promoter and promoter group' category to the 'public' category, inter alia requires approval of the members of the Company by way of an ordinary resolution. Therefore, the aforesaid request for re-classification of Dr. Y Rekha Rao, Mr. Y Muralidhar Rao and Fort Kochi Holdings Limited, irrespective of shareholding percentage being more or less than one percent is being placed before the members of the Company for approval by way of an ordinary resolution.

The Company is in compliance with the requirement for minimum public shareholding as required under Regulation 38 of the Listing Regulations, does not have trading in its shares suspended by the Stock Exchanges and does not have any outstanding dues to the Securities and Exchange Board of India, the Stock Exchanges or the depositories.

Further, the promoter(s) seeking reclassification and persons related to them shall not vote to approve such reclassification request.

The Board recommends the resolution set out at item nos. 5,6, and 7 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Nrupender Rao (being a relative of Dr. Y Rekha Rao), to whom the resolution relates, is interested or concerned in the resolution.

**Item # 8 To designate Mr. RVS Ramakrishna (DIN: 00009421), Non-Executive Independent Director as Chairman of the Board of Directors**

Mr. Nrupender Rao, the Executive Chairman of the company tendered his resignation from the office of Executive Chairman and Whole-time Director of the Company with effect from close business hours on August 09, 2023.

The Board places on record its appreciation to Mr. Nrupender Rao for the services rendered by him during his tenure as Executive Chairman and Whole-time Director of the Company.

In view of the aforesaid resignation of Mr. Nrupender Rao, the Board of Directors upon recommendation of Nomination and Remuneration committee considered and approved to designate Mr. RVS Ramakrishna (DIN: 00009421), Non-Executive Independent Director as Chairman of the Board of Directors with effect from August 10, 2023.

Mr. RVS Ramakrishna has an inspiring career in the engineering sector, spanning more than four decades. Mr. RVS Ramakrishna an engineering graduate in Chemical Technology from Birla Institute of Technology and Science (BITS) Pilani.

Names of companies in which Mr. RVS Ramakrishna holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

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.

**9. Appointment of Mr. Nrupender Rao as Chairman Emeritus in the Company**

Mr. Nrupender Rao has expressed his intention to step down as Executive Chairman and Whole-time Director of the Company with effect from close business hours on August 09, 2023, Mr. Nrupender Rao joined the Board of the Company on September 23, 1995 and has been instrumental to the spectacular success of the Company and the Group. Considering his tremendous experience, it would be in the interest of the Company to continue to benefit from his rich experience, valuable knowledge and wisdom from time to time in a role of the mentor to the Board of Directors.

In light of the above and in recognition of his services, the Board at its meeting held on August 09, 2023, on the recommendation of Nomination and Remuneration Committee and with approval by the Audit Committee recommend to the shareholders to confer upon Mr. Nrupender Rao, the status and title of Chairman Emeritus in the Company for a period of five years with effect from August 10, 2023. He will, inter alia, mentor and guide the Board and management including in relation to business strategy, corporate governance related matters and supporting in nurturing relationships with external forums on policy matters and in brand/ image building of the Company apart from advising the Board of Directors on any other areas that the Board/ Management may seek his advice. Mr. Nrupender Rao, will be the permanent invitee to the Board Meetings. If he attends any of the Board/Committee meetings, it shall be in capacity as an invitee only, with no voting rights. Mr. Nrupender Rao, as the Chairman Emeritus shall not be deemed to be a director for any purposes of the Act or any other statute or rules made thereunder.

Mr. Nrupender Rao, being the father of Mr. Aditya Rao, the Managing Director of the Company, is a "related party" in relation to the Company in terms of the Act. Accordingly, the payments to be made and facilities to be provided to Mr. Nrupender Rao in his capacity as Chairman Emeritus, are related party transactions, and therefore, require shareholders' approval in accordance with the provisions of section 188 of the Act. This transaction is not a material related party transaction in terms of regulation 23 of the Listing Regulations. Mr. Nrupender Rao, aged 78 years is B.Tech IIT Kharagpur, M.S. Operations Research & Industrial Engineering, Purdue University, USA.





## 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 March 31, 2023	Chairman of the Committee of other companies on which he/she is a director as on March 31, 2023	Member of the Committee of other companies on which he/she is a director as on March 31, 2023	No. of Meetings attended during the year	No of Shares held by them in the Company as on March 31, 2023	Relationship between Directors and interse
Lavanya Kumar Rao Kondapalli	19.02.1959	07.05.2014	Graduated in Law from Kakatiya University	Law and Governance, Human Resource Management, Industry Experience	Nil	Nil	Nil	4	2,37,400 Equity Shares of ₹ 5/- each.	Not related to any other Director / Key Managerial Personnel
Eric James Brown	21.11.1957	10.11.2017	Graduate from University of Hawaii, Management Information System Department	Leadership/ Operations, Business Management/ Strategic Planning, Sales & Marketing, Industry Experience, Technical, Research & Development and Innovation, Global Business Development, Finance Management, Risk Management	M/s. Pennar Global INC, USA M/s. Pennar Global Metals, LLC, USA M/s. Ascent Buildings, LLC, USA M/s. Iradium Automobiles Private Limited	Nil	Nil	4	Nil	Not related to any other Director / Key Managerial Personnel
Ravi Venkata Siva Ramakrishna	10.03.1956	04.06.2021	Graduate in Engineering in Chemical Technology from Birla Institute of Technology and Science	Leadership/ Operations, Business Management/ Strategic Planning, Industry Experience, Technical, Research & Development and Innovation, Global Business Development, Human Resource Management, Corporate Governance, Compliance & Risk Management	Nil	Nil	Nil	4	Nil	Not related to any other Director / Key Managerial Personnel
Joginapally Venkata Nrupender Rao	23.06.1945	10.08.2023	B.Tech IIT Kharagpur, M.S. Operations Research & Industrial Engineering, Purdue University, USA	Leadership, Business Management, Industry Experience, Finance Management, Corporate Governance, Compliance & Risk Management	M/s. Pennar Holdings Private Limited	Nil	Nil	1	60,10,786 Equity Shares of ₹ 5/- each.	Mr. Nrupender Rao, Chairman Emeritus is father of Mr. Aditya Rao, MD

**Note:** Mr. Nrupender Rao, Executive Chairman of the company resigned from the office of directorship and same was taken note by the Board of Directors at its meeting held August 09, 2023.

The Board of Directors of the Company at its meeting held on August 09, 2023 appointed Mr. Nrupender Rao as Chairman Emeritus in the Company. His appointment has to be approved by the Members at the ensuing Annual General Meeting.





# CORPORATE INFORMATION

## Board of Directors

Mr. RVS Ramakrishna – Chairman and Independent Director  
Mr. Manish Sabharwal – Independent Director  
Mr. Chandrasekhar Sripada – Independent Director  
Mr. B Kamalaker Rao – 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

## 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

## 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

## Registered Office Address

Floor No. 3, DHFLVC Silicon Towers, Kondapur,  
Hyderabad – 500 084  
CIN: L27109TS1975PLC001919  
e-Mail ID: [corporatecommunications@pennarindia.com](mailto:corporatecommunications@pennarindia.com)

## Key Managerial Personnel

### Chief Financial Officer

Mr. Shrikant Bhakkad

### Company Secretary & Compliance Officer

Mr. Mirza Mohammed Ali Baig

## 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  
SBM Bank India Limited  
Punjab National bank  
Indian bank  
Punjab & Sind Bank

## 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:

D-9 &10, Developed Plot Estate, Thuvakudi, Tiruchirappalli



3<sup>rd</sup> Floor, DHFLVC Silicon Towers,  
Kondapur, Hyderabad,  
Telengana, India  
[www.pennarindia.com](http://www.pennarindia.com)

