

Letter No. PIL/AGM/outcome/2022/03

Date : 22.09.2022
Place: Hyderabad

BSE Limited PhirozeJeejeebhoy Towers, Dalal Street, Fort Mumbai - 400 001 Scrip code: 513228	The National Stock Exchange of India Limited BandraKurla Complex, Bandra East Mumbai - 400 051 Scrip Symbol: PENIND
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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 2021-22, 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 Thursday, the 22nd September, 2022 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

Mirza Mohammed Ali Baig

Company Secretary & Compliance Officer

ACS29058

Digitally signed by
Mirza Mohammed Ali
Baig
Date: 2022.09.22
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PENNAR INDUSTRIES LIMITED

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CIN No: L27109TG1975PLC001919



ANNUAL REPORT 2021 – 22



ENGINEERING AN INCREDIBLE FUTURE



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FORWARD LOOKING STATEMENT

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements—written and oral—that we periodically make, contain forward-looking statements that set out anticipated results based on the a management's plans and assumptions.

We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion on future performance.

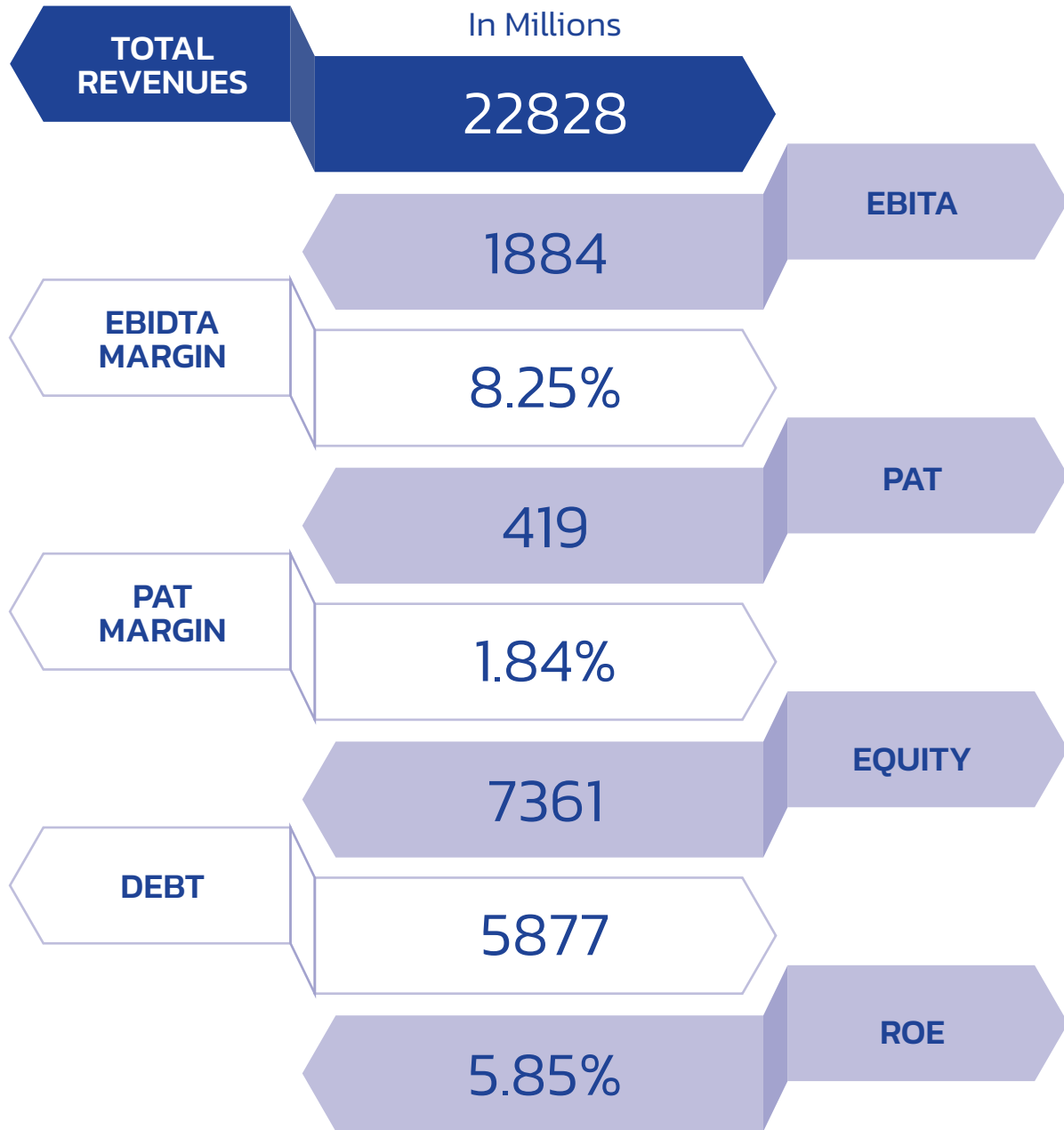
We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

PERFORMANCE OVERVIEW

We go beyond providing customers with products and services. Instead, we serve as technology partners, providing leading global companies with superlative turnkey engineering solutions that address diverse needs



In the years that follow, our aim continues to be to serve high-growth sectors and advanced markets with our impeccable quality, innovation as well as eye for precision.

AN INTRODUCTION TO PENNAR

Pennar's inception dates back to 1988, as a cold rolling steel company. In the 3 decades that we have traversed ever since, we have established ourselves as India's leading value-added engineering products and solutions company. As a diversified engineering firm, Pennar Industries has a stronghold in the automotive, rail and aerospace, infrastructure, and energy sectors. We provide design/detailing, manufacturing, and project execution services to customers in India, as well as North America and Europe. Our commitment to quality and innovation, as well as our relentless pursuit to conquer uncharted territories is a testament to our phenomenal growth trajectory.

As a company, we believe in sustainable profitability, liquidity, and growth. Our primary growth verticals for the company in the next few years are Body in White Components and Systems, Hydraulics, Custom Designed Building Systems, and Engineering Services. Today, we operate out of 12 manufacturing plants, 5 engineering offices, and 42 sales offices in India, the US and Europe, with headquarters in Hyderabad, India.

Services

Structural Engineering Services

Building Information Modelling

Plant & Product Engineering Services

Industrial Automation

Digital Consultancy (IoT) & Value-Added Solutions

Products

Engineered Components Business

Steel Products and Profiles

Precision Tubes

Railway Sub Assemblies

Hydraulics

Automotive / Manufacturing Engineering

Solar Panels

Industrial Boilers & Heaters

Aerospace Machined Components

Chemical & Fuel Additives

Projects

Pre-engineered Buildings

THE DAWN OF A NEW ERA

In 1988, we started our journey as a basic job work company. Today, nearly 4 decades later, we have evolved today into a diversified engineering business, with interests and expertise in construction, engineering design, water & waste water treatment solutions, solar, and aerospace. We've become a 2,000+ member family along the road, with operations in India and overseas, several manufacturing facilities, and clients who are synonymous with India's growth journey.

This erstwhile Pennar Tree, designed as the logo in the 1980s, has aptly represented the company until this point in time. The solid 'P' in the centre, surrounded by circular leaves on both sides, thoughtfully communicated that Pennar is one tree, on whose branches new leaves—representing new capabilities—grow.

While we take immense pride in this name and identity, it's now time for change. We look toward the future with hope, passion and excitement. We are transitioning from being known as a steel company to a diversified precision engineering company with different verticals, operating under a unified, collective identity. Our refreshed look mirrors this ideology.

In our brand-new logo, the 'P' is a contemporary representation of a leaf, as well as Pennar Industries. The negative space that aims upwards and forwards, towards a single point perspective, is indicative of the single-minded focus and precision we bring to our work. It also represents all the verticals under the unified Pennar brand, that come together to achieve a common vision & objective.

On a deeper level, the very same negative space serves as the central vein that carries water and nutrients to every part of a leaf. Both the leaf and the vein are mutually dependent—one can't function without the other. This truth resonates within our organization as well: we cannot cement our position as a pioneer in precision engineering without the relentless efforts of our talented workforce. Lastly, the 'P' also boldly represents the four objectives Pennar Industries stands for—precision, people, processes and proficiency.

This new identity will provide an impetus for unification, re-energizing our people, instilling a sense of pride and ownership. In turn, this will drive favourable business outcomes, and also propel Pennar as a force to reckon within the precision engineering arena.



OUR VISION

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

OUR MISSION

To provide 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.

OUR PRESENCE

As a powerhouse of engineering solutions, we are constantly looking for interesting opportunities that help us widen our steadily-growing global footprint.



SUBSIDIARIES

PENNAR GLOBAL INC.

THE WOODLANDS, TEXAS

BEDFORD PARK, ILLINOIS

PENNAR GMBH

BAD HOMBURG, GERMANY

ENERTECH PENNAR

HYDERABAD

ENGINEERING CENTERS

HYDERABAD

VISAKHAPATNAM



REGULAR BRANCHES

AURANGABAD

AMBATTUR

BANGALORE

CHENNAI

COIMBATORE

PUNE

KOLKATA

HOSUR

RETAIL BRANCHES

VISAKHAPATNAM

RAJAHMUNDRY

TADEPALLIGUDEM

VIJAYAWADA

NELLORE

TIRUPATHI

KAKINADA

KARIMNAGAR

MANUFACTURING UNITS & WAREHOUSES

PATANCHERU - 2

ISNAPUR

VELCHAL

SADASHIVPET - 2

MALIAPUR

TARAPUR

CHENNAI

PORTLAND

CHICAGO

TIRUCHIRAPPALLI

CADNUM

OUR COMPETENCIES

Over the decades, we're proud to have metamorphosed into a business entity that has the wherewithal to accomplish steady growth, year on year, despite ebbs and flows faced by the industry and economy.

What gives us an EDGE?

WE FOCUS ON VALUE-ADDITION

Through our varied products and services, we prioritize the creation of unsurmountable value at every step, to emerge as the top choice for our clients.

WE FIXATE OVER QUALITY

At Pennar, the goal isn't to merely check a box. The intent behind all our endeavours is to make great strides on the back of excellent quality, no matter how big or small the ask.

WE ARE LED BY THE BEST

Talented visionaries lead our various teams. With world-class knowledge and expertise, our leadership imparts impeccable strategic thinking, support and technical know-how, creating transformative outcomes for all internal and external stakeholders.

WE ARE DRIVEN BY TECHNOLOGY

Our vast product and service portfolio is a product of our passion for adopting the latest technology. As early-adopters, we invest in state-of-the-art, cutting-edge technology. In the process, we have been able to cement our status as industry leaders..

WE ARE DIVERSIFIED

Our portfolio is testimony to our vast expertise, featuring 1000+ products across sectors, from railways and automobiles to construction, automobiles and general engineering. Our smart approach to diversification has also helped us de-risk the business on the whole.

WE OPERATE IN HIGH-GROWTH MARKETS

Be it construction, automobiles, infrastructure or railways, we make a mark in sectors that are receiving a thrust from the government by way of heightened investments, without over-dependence on any one particular product, service or sector

OUR CLIENTELE



CHAIRMAN'S ADDRESS



NRUPENDER RAO

Chairman,
Pennar Industries

Dear Shareholders,

It is my pleasure to write to you about your Company in the Annual Report for the financial year ending March 2022. I hope you and your families are healthy and well. While the previous financial year was characterised by uncertainties brought on by the pandemic, over the course of FY2022, we have made massive strides towards achieving sustainability in terms revenue, profitability and growth. Pennar has re-achieved substantial levels of its profitability, and has put in place processes and improvements in the business model that will ensure that the company continues to grow and scale over the next few years.

Now that COVID-19 can be managed significantly with powerful therapeutics and effective vaccines, the global and Indian economies have begun to recover. Strong economic growth was re-established across the world, and the animal spirits that had vanished from our collective psyche

Through FY2021 and FY2022, in the face of adversities that posed severe challenges to our addressable markets, Pennar has continued to invest in growth.

began to renew themselves. However, this year brought forth new challenges including the Russia-Ukraine conflict, historically high levels of inflation, and lately, the potential for a global economic recession, albeit a mild one. It is my belief, however, that the worst is behind us. And, while there certainly are some headwinds for the Indian and global economy, these will be temporary and fleeting. The current macro-economic conditions in the geographies that Pennar is present in will not come in the way of generating stable and sustainable growth.

For the financial year ending March 2022, we generated gross revenue of ₹22658mn, EBITDA of ₹1884mn and a net profit of ₹419mn. The company also generated a cash profit (PAT + depreciation) of ₹960mn.

This performance must be seen in the light of what the Company, and all our stakeholders, have had to endure in the previous year. In spite of being shutdown for multiple months, facing a dramatic erosion in our addressable markets, and the prevalence of a dangerous and life-threatening disease, we generated a profitable FY2021. I believe it is a testament to our strength as an institution that Pennar recovered quickly and worked hard to get back to strong—if not peak—levels of profitability.

The financial year ending March 2022 also saw us improve our working capital efficiency with net capital turnover ratio from 9.13 to 18.94. We focused on reducing our current assets while scaling our revenue at the same time. This has resulted in a dramatic improvement in our overall capital efficiency, and the company recorded a Return on Capital Employed of 4.91% for FY2022.

Through FY2021 and FY2022, in the face of adversities that posed severe challenges to our addressable markets, Pennar has continued to invest in growth. The company invested in building revenue-generating assets in all of our business units. However, the company chiefly focused on two BUs: our subsidiary in the US, Ascent Buildings, and our new BIW (Body in White) components plant in Chennai, Tamil Nadu. Both projects were commissioned in Q4 FY 2022. This has positioned us very well for growth in FY2023. The combination of improvement in our addressable markets and a strong order book for both verticals gives me confidence that we will dramatically scale revenue and profitability in the coming financial year.

Several of our other Business Units such as Industrial Components and Hydraulics (ICD) and Pre-Engineered Buildings (PEB) have also done very well in rebuilding their value propositions and addressable markets. The combination of all these factors will ensure that we generate strong, sustainable growth irrespective of minor hiccups in the macro-economic picture in India, the US and the EU.

Throughout the challenges we faced in the previous financial year and in the traction we generated in FY2022, the one constant was the support we received from all our stakeholders. I would like to specifically mention our customers, vendors, employees and consultants for the maturity and enthusiasm with which they

approached our re-building efforts. We would not have achieved the progress that we have enjoyed in FY2022 without their steadfast and diligent efforts.

Finally, I would like to thank all of our shareholders for their faith in us. I am committed to ensuring that your trust in Pennar is rewarded with a far stronger FY2023. My team and I are focused on delivering improvements in our performance, and we will keep our eye on the horizon as we strive to capitalize on the progress that we have made in the previous financial year.

Thank you,

Nrupender Rao
Chairman

MESSAGE FROM THE VICE CHAIRMAN



ADITYA RAO

Vice Chairman and MD,
Pennar Industries

Dear Stakeholders,

The opportunity and privilege to write to you about our performance every year is a cherished honor for me and the other members of Pennar's executive board. In my address to you I will endeavor to describe the evolution of our addressable markets as well as our strategy for the next few years.

We, the executives of Pennar, view the Company as a firm that drives global growth and productivity through manufacturing and design solutions. Our presence in a diverse range of sectors including automotive, railways, aerospace, solar power, infrastructure, and services gives us a viable vantage point that overlooks the global economy across India, the US, and Europe.

As we move on from the pandemic and the associated challenges that we faced in the past few years, we feel the need to clearly spell out our priorities for the future. Pennar, as a diversified engineering firm, will focus on the

Our choices of product, technology, and skills must stand the test of time, and be meaningful and relevant to our customers over the long term.

sustainable growth of revenue and profitability, and improvement in capital efficiency across all Business Units. We believe that to achieve these objectives we must ensure that our addressable markets remain robust, growing, and sustainable.

Our current addressable markets are mainly in India and in the US, with the EU making up a minor share of our overall revenue. We provide metal buildings, automotive products and subsystems, engineering services, solar modules and equipment, and railway structural systems in these geographies. These markets are all robust, large

and allow us to expand our revenue substantially, with moderate increases in our market share. More importantly, they comprise some high-margin and high-capital efficiency value chains that will help us maintain and grow profitability.

It is of critical importance that the value propositions we choose—that will ultimately create our addressable market for the next decade—stand the test of time. This means that we deliberately project and evaluate all our value propositions, and assess whether they will still remain important years from now. Our choices of product, technology, and skills must stand the test of time, and be meaningful and relevant to our customers over the long term. To ensure this, we're adopting a selective process where we continually evaluate and excise ourselves of assets, technology, and capabilities that we believe will not persist in providing value to our customers. Furthermore, we are focussing on understanding our customers deeply, and predicting the evolution of our target addressable markets.

When devising our strategy, we must continually evaluate the current customer need and its transformation. Any choice in CAPEX we make is in effect a prediction and a gamble we are making on future demand. If we make prescient decisions we will remain relevant, and our revenue and profitability will grow. If we misread or misunderstand what our customers want today, or will want in the future, we will misallocate capital. In our opinion, the best way to ward off large-scale misallocation of capital is to diversify our 'bets' across a few sectors, ensure we understand (and are primed to see) early signs of disruption, and most importantly, engage continually with the market and our customers to learn what their priorities and pain points are. In addition, we must be ready to constantly prune and de-weed our technology, skills, and other assets so we can differentiate between a value proposition that will take time to mature, and one that is in a state of long-term decline.

If we avoid the trap of misallocating capital and resources, we will be in a virtuous cycle of constant growth in addressable markets, resulting in increased revenue and profitability. This in turn will facilitate capacity growth and value proposition evolution, both of which will eventually increase the size of our addressable markets. We believe that this feedback loop of value proposition-market growth-revenue and profitability growth is the foundation on which Pennar's growth strategy must be built.

As we implement these plans and grow, it is necessary that our strong ambition be met with equally strong risk management. It is in the nature of the beast that not all our plans will succeed. As the management of a Company that is present in such diverse sectors, we will make decisions that will not bear fruit. So, our risk management must be robust and effective enough to ensure that we do not undertake initiatives that prove to be severely detrimental. With an independent team working on collating and evaluating all potential risks, I am confident that we will make necessary course corrections to stay on track.

The executive team is now laser-focused on sustainable profitability, liquidity, and growth. Our strategy for ensuring that we continue to scale is in place, and we look forward to your support and guidance as we implement and execute our growth plans. I am grateful to have strong partnerships with all of our stakeholders as we undertake the task of raising Pennar to a new standard in the engineering and manufacturing sector globally.

Thank you,

Aditya Rao

Vice Chairman and MD

MESSAGE FROM THE EXECUTIVE DIRECTOR



We rolled out education and skill development initiatives aimed at enhancing the employability of the country's youth.

K L KUMAR

Executive Director,
Pennar Industries

Dear Shareholders,

As I reflect on the year gone by, it is fair to declare FY2022 as the year of our resurgence. The pandemic had brought the economy to a screeching halt and created a new world order. While we did exceedingly well to control its impact in FY2021 and protect our employees' health, FY2022 has been about scaling these efforts to cement our stronghold as a top player, despite the volatility.

EMPLOYEE WELLBEING

At Pennar, we take immense pride in being a people-centric organization, where nothing trumps the welfare of our employees. We want to be an employer of choice, and to this end, we continue to take initiatives to create a work environment where every employee flourishes.

In the year gone by, we implemented various initiatives to support our employees during the second wave of COVID-19. Not only did we set up vaccination camps for our workforce at the plant and offices, but we also enabled work from home for our engineering services team and design team. This decision by the management allowed employees to work safely, without compromising their health, and also helped Pennar stay on course. For employees who were unfortunately diagnosed with COVID-19, we also tied up with hospitals to provide critical COVID care. Today, we are proud to be an organization that is 100% vaccinated with both doses.

Apart from taking the necessary measures to stop COVID-19 in its tracks, we have also continued with other healthcare initiatives. For instance, we have conducted health camps for all employees and supported them with physical wellbeing treatments, in addition to building awareness via medical seminars on cancer, the adverse impacts of smoking, etc.

WITH AN EYE ON SAFETY

Safety has always been a key area of focus for the management at Pennar. So, we are pleased to inform you that we have achieved 1 million safe man-hours at our plants in Patancheru, Isnapur and Sadashivpet. Clients such as Tata Projects, Toyo Limited in Taluja, Maharashtra and Toyo Limited in Barmer, Rajasthan, have also recognized our commitment to safe working practices by awarding us with Best HSE Subcontractor & HSE Sphere Award.

To further reinforce this, we have enhanced safety measures on the shop floor by implementing Kaizen. We have also fortified job training with regards to following SOPs and machine working for all concerned teams

GIVING BACK TO SOCIETY

At Pennar, giving back to society—and the nation at large—has always been a priority. In FY2022, we partnered with ABV Foundation for a meaningful CSR initiative. Through this partnership, we rolled out education and skill development initiatives aimed at enhancing the employability of the country's youth.

Similarly, we also tied up with the Akshaya Patra Foundation to sponsor the education of children. We are proud to report that this is an initiative that our employees have generously contributed towards.

Furthermore, in FY2022, we continued to spearhead initiatives aimed at the development and betterment of the villages and communities that are in the vicinity of our plants in Tarapur and Bandalguda. For many years now, our efforts have been geared towards offering quality education to the children, as well as strengthening infrastructure by way of building roads and community centers, providing potable drinking water, etc.

STRENGTHENING RELATIONS

At Pennar, our industrial relations are collaborative and supportive of the organizational objective. We are also happy to inform you that we have had positive and smooth employee relations across the board, at all levels of the organization. In fact, we have not lost any man-days either, owing to our all-inclusive management philosophy.

LOOKING TO THE FUTURE

As we make strides towards the future, our goal remains the same—to continue to build on our performance and exceed expectations. With

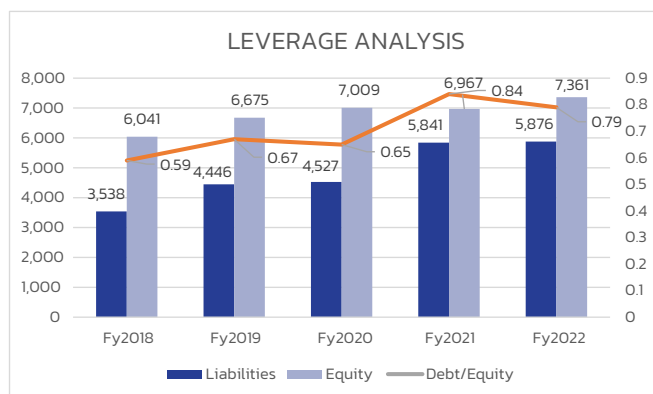
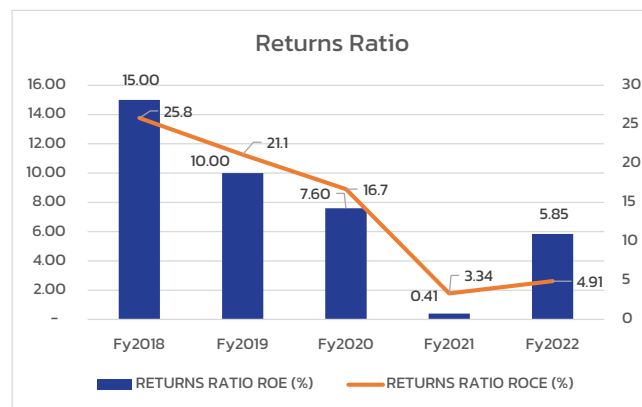
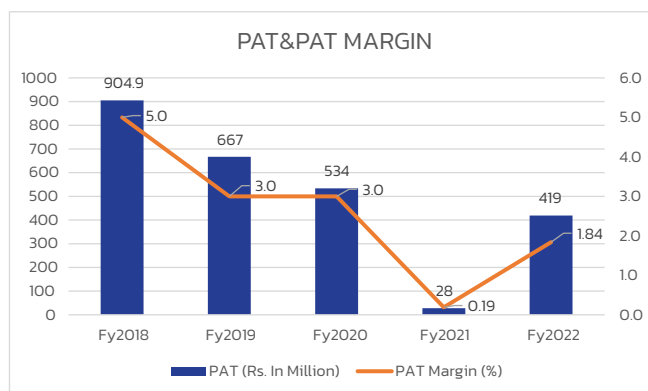
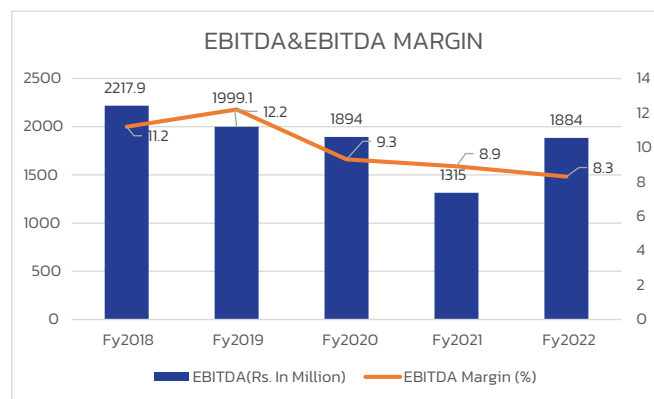
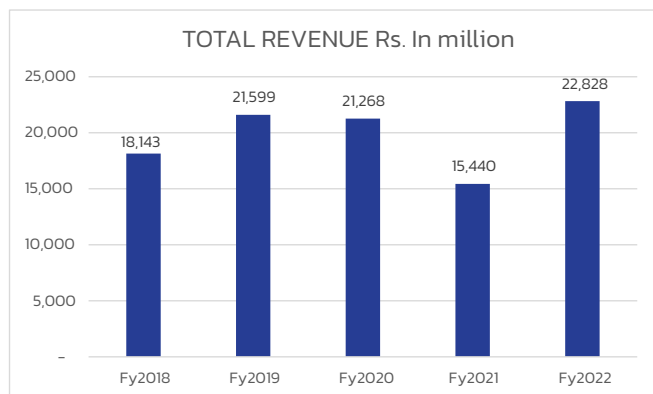
learnings from the past few years fresh in our minds, we are ready to take on challenging market conditions. Our carefully built financial strength, flexibility and agility, backed by the resilience and acumen of our management team, will surely help us stay on course to deliver outstanding results. After all, despite the war on technical/software talent, we have grown our people-centric businesses like Techpennar and Structural Engineering business. These two businesses are growing steadily and will become one of the leading people-centric businesses in the near future.

Sincerely,

K L Kumar

Executive Director

MEASURING OUR IMPACT



As a forward-thinking organization with incredible foresight and dexterity, we have bounced back unscathed from curveballs thrown by the pandemic. Going forward, we will continue to invest in a business model that insulates us from sharp fluctuations, and aids in multi-year growth.

1000+
Precisely Engineered Products

500+
Customers

12
Manufacturing plants across the world

4000+
Employees

ENGINEERED COMPONENTS BUSINESS (ECB) GETS AGGRESSIVE ON FAST-TRACKING GROWTH AND EXPANSION



Mr K. Shiva kumar, Business Unit Head, Engineered Component Business of Pennar Industries shares his strategic business unit's ambitious goal of becoming a tier-1 supplier on its way to turning an OEM and the aggressive steps that are being planned and executed to make this dream come true... and all this while simultaneously strengthening their business foot hold in the market.

A promising vertical, our Engineered Components Business (ECB) business is expected to grow over 30% by FY23 and cross a revenue of USD 50mn. Engineered components, which was once a component manufacturing facility in 2014, has surged ahead to be a global product supplier in safety critical steel products through four verticals: automotive components, hydraulic cylinders, precision sub assembly and deep drawn products. We have witnessed high potential growth in all our four sub verticals in the last few years, which is resulting in enhanced business performance.





AUTOMOTIVE COMPONENTS

At Pennar, we take great pride in our automotive components vertical, which caters to brake, suspension and auto electrical segments. The products go through rigorous quality testing, with safety being a critical, high-performance aspect. Our high-quality brake and suspension parts are manufactured at our state-of-the-art facility in Chennai & Hyderabad and exported to USA, Europe and Mexico



HYDRAULICS

Since its inception, our hydraulics vertical has exported over 200k cylinders to the USA till FY22 from its new world-class plant, which has set a benchmark in the industry. In fact, the vertical continues to have a strong order book. With design, engineering and manufacturing capabilities, this vertical has generated intensive technical know-how that is needed to cater to agricultural equipment, construction equipment, material handling, refuse management and truck hydraulics. The cylinders are manufactured at our Chennai plant which has capabilities to manage growth and new products. We estimate that our revenue from this vertical will cross USD 15mn in FY23. It's also with great pride that we share that the hydraulics division has been growing exponentially and is on course to enter global agricultural markets and material handling soon.



PRECISION SUB ASSEMBLY

Products under this vertical have helped create a new growth area in off highway and agricultural segments. Moreover, with a combination of precision fabrication and hydraulics, this vertical has been able to move up the value chain and offer a complete product solution to customers. With world-class equipment like turret punching machines, press brakes, welding, shearing, drilling, boring, shot blasting and painting under one roof, this vertical is likely to clock exponential growth in the coming years. It will serve as a growth engine, as it has a sizeable addressable market under its radar.

WHITE GOODS

This vertical is witnessing excellent organic growth, and with export opportunities on the horizon, this segment of the business is all set to scale up.



Since its inception, our hydraulics vertical has exported over 200k cylinders to the USA till FY22. This is expected to reach 350k cylinders by FY23

Engineered Components Division (ECD) business is expected to grow over 30% by FY23, with revenue of USD ~50mn.

INTRODUCING PENNAR VEESONS

YOUR PARTNER FOR INDUSTRIAL BOILERS AND HEATERS



K. Chakravarthy, Business Unit Head, Boilers Business Unit, shares, "The response from the market and customers across industry segments has been very encouraging. We are very confident that Pennar Boilers Business Unit will be a very key contributor in our sustainable growth plant."

We have diversified our portfolio to include Industrial Boilers. In October 2021, we acquired the brand, as well as the technology and designs of Veelsons for Boilers from the erstwhile promoters. The manufacturing unit is situated in Thuvakudi, in Tamil Nadu, spread over 4+ acres. The factory is well-equipped with handling facilities, cutting facilities, forming facilities, welding, machining, surface preparation and painting, as well as testing facilities.

Veelsons has supplied over 5,100+ boilers over the last 3 decades in Domestic and Export market, across 21+ industries, with a special focus on rice mills, textiles, food processing, chemicals, pharmaceuticals, paper and rubber products, amongst others. Going forward, customers can expect the same high standards, whether it is with regards to quality and performance of the boilers, or their reliability augmented with Pennar's strong credentials in design and manufacturing.



- **Package boilers**
- **Packaged bi-drum boilers**
- **Atmospheric fluidized bed combustion boilers**
- **Grate combustion boilers**
- **Waste heat recovery boilers**

The range of products on offer includes packaged, semi-packaged and site erected boilers of capacity ranging from 0.5TPH to 50TPH, and design pressure ranging from 10.54 kg/cm²g to 110.00 kg/cm²g. The fuels that can be handled include coal, biomass fuels as well as oil and gas.

In a similar vein, the technologies integrated include stationary grate (manual fired/auto feed), bubbling bed combustion, fluidized bed combustion, reciprocating grate, travelling grate and dumping grate. Additionally,



customers can choose from the following configurations of boilers:

The Pennar Vecons advantage is that we're committed to upholding high standards of quality and safety. To this end, all materials are procured from qualified vendors, and additional tests are done to meet code/customer requirements. We also maintain traceability of materials and components throughout the manufacturing process. Similarly, to ensure the safety of our workforce, we go the extra mile, taking all adequate measures.

5100+ boilers. 3 decades.
21+ industries

The range of products on offer includes packaged, semi-packaged and site erected boilers of capacity ranging from 0.5 TPH to 50 TPH, and design pressure ranging from 10.54 kg/cm²g to 110.00 kg/cm²g.



OUR CERTIFICATIONS

As an organization, we take the responsibility of creating safe, high-quality solutions very seriously. Providing unsurpassable value for our clients is paramount. Our unwavering commitment towards customer satisfaction has led us to being bestowed with top Indian as well as international certifications



**ISO 9001:2008 CERTIFICATION
FOR ALL MANUFACTURING
FACILITIES IN INDIA**



**TS 16949:2009 CERTIFICATION
RECEIVED BY THE TUBES
MANUFACTURING PLANT**

**Total customer satisfaction
through total quality management**

AWARDS & ACCOLADES

As an organization, we take the responsibility of creating safe, high-quality solutions very seriously. Providing unsurpassable value for our clients is paramount. Our unwavering commitment towards customer satisfaction has led us to being bestowed with top Indian as well as international certifications



2020-2022

**BEST SUPPLIER AWARD
BY INDIA NIPPON
ELECTRICALS LTD.**

2017

Best Professionally Managed Company

**CIDC VISHWAKARMA
AWARD**

2016

Top Challenger

**CONSTRUCTION WORLD TOP
CHALLENGER AWARD**

2016

Excellence Award

**IEI INDUSTRY EXCELLENCE
AWARD**

2016

PEB Project Of The Year – Runner Up

**CONSTRUCTION WEEK INDIA
AWARD 2016**

2016

Industrial Building

**D&B INFRA
AWARD 2016**

PROJECTS AT A GLANCE

PEBS PROJECTS



MH-1889 – TOYO, TALOJA – PH-3



MH-1889 – TOYO, TALOJA – PH-2



TS-1707 – WIPRO, MAHESHWARAM



TS-1938 – SUROJ BUILDCON



TN-1891/1923 – TVSILP, CHENNAI



TN-1838 – WEG MOTORS



MH-1699 – ARSHIYA – YA



WB-1816 – SNOWMAN LOGISTICS

OFFICIALS FROM BAILEY USA VISIT THE PENNAR PLANT AT CHENNAI.



SOLAR EPC PROJECTS



SPRNG SOLAR PROJECT



MANAGEMENT DISCUSSION AND ANALYSIS

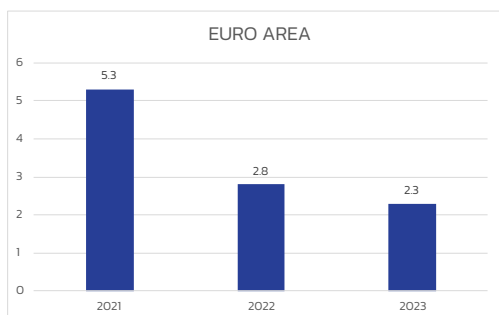
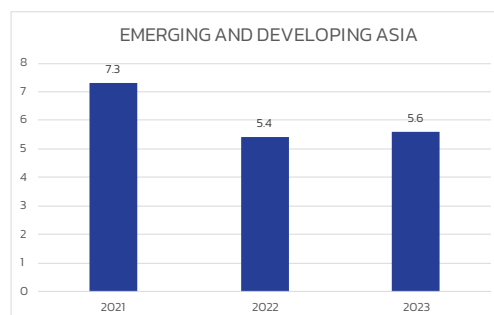
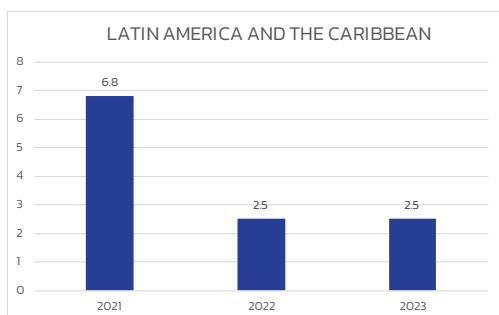
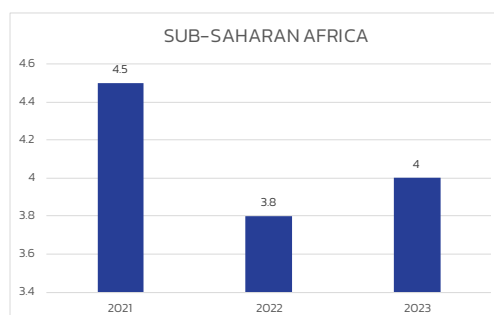
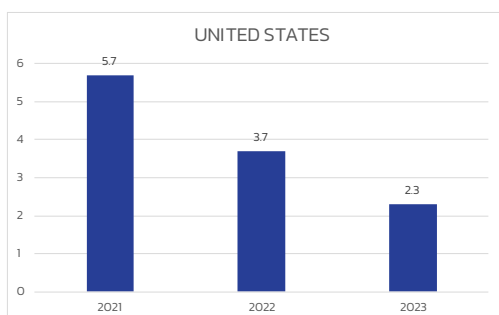
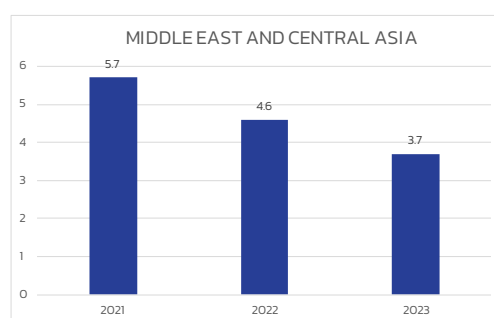
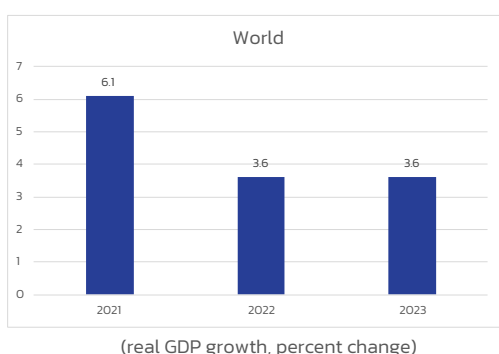
GLOBAL ECONOMIC OVERVIEW

The year 2021 was defined by global economies making a strong attempt at recovery while battling the resurgence of COVID-19. In 2022, just as countries were regaining their footing, the war in Ukraine posed the threat of severe economic damage. This terrible humanitarian crisis has contributed to a slowdown in global growth in 2022, augmenting the inflationary trends that crept up in 2021.

Fuel and food prices have seen the most impact, owing to which low-income countries have

suffered severely. According to projections made in the World Economic Outlook (April 2022), global growth is likely to decelerate from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. This is lower than what was projected in January 2022, by 0.8 and 0.2 percentage points, respectively.

Moreover, an increase in commodity prices (owing to the war), as well as the broadening price pressures have contributed to an adjustment of 2022 inflation projections. It now stands at 5.7% and 8.7% for advanced economies, and emerging and developing economies respectively.



According to projections, global growth is likely to decelerate from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023.



Outlook

The crisis in Ukraine has certainly served as a curveball to economies across the world that were on the cusp of restabilizing. This is largely because many countries have limited fiscal policy space to offset the impact of this unexpected challenge to their economy. As many countries put an end to their commercial ties with Russia, the move certainly poses a threat to global post-pandemic recovery. In fact, it has added deepened the economic strains caused by the outbreak of COVID-19 in CY2020 and CY2021.

As highlighted by the WEO, it's imperative that governments focus on positive structural change and welcome digital transformation with open arms to meet the challenges faced by their respective economies. We also find ourselves in complete agreement with The International Monetary Fund's outlook that states, "Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic are essential".

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INDIAN ECONOMIC OVERVIEW

India's Gross Domestic Product (GDP) for the financial year 2021-22 (FY2022) expanded to 8.7%, which was the highest in 22 years (as far as back series data is concerned). This growth was recorded after a 7.3% contraction in FY2021—owing to the pandemic and the measures taken by the government to control it. In fact, this was India's first economy contraction in 40 years.

The Economic Survey of India (2021-2022) also shed light on the nation's economic performance. For the period of 2021-2022, agriculture and allied industries were predicted to grow by 3.9%, industry by 11.8%, and services by 8.2%. Moreover, demand for consumption was projected to increase by 7.0%, Gross Fixed Capital Formation (GFCF) by 15%, exports by 16.5%, and imports by 29.4%.

The report also drew attention to the government's approach towards curbing the second wave's economic impact. It highlighted the safety nets created to lessen the blow to vulnerable sectors of society, as well as to the business sector. This was in addition to a sizeable increase in capital investment aimed towards promoting growth, in combination with supply-side reforms that facilitate long-term expansion.

Given the unpredictability faced by the nation, the report also spoke about the government's 'flexible and multi-layered reaction', which is based on a framework that incorporates feedback loops and 80 High Frequency Indicators (HFIs).

In 2020-21, total investment project announcements touched a record high of ₹19.3 lakh crore—nearly 78% higher than pre-pandemic levels. As per a private survey, the private sector took home almost 69% of the proposed investments. This was a marked increase from pre-pandemic levels, which stood at about 49% in FY2020 and 30% in FY2017 and FY2018.

In FY2022, India's trade deficit increased sharply by 87.5%, at \$192.41 billion, compared to the deficit of \$102.63 billion during the previous year. This is owing to merchandise exports in FY2022 that crossed a record high of \$418 billion, and imports (primarily petroleum), that rose steeply by 43.18% to \$610 billion, creating a trade gap of \$192 billion. With this, the nation's merchandise trade struck the \$1 trillion milestone in FY2022.

In another vein, as per the Global Innovation Index 2021, India has moved up two places, to the 46th position (from the 48th position in 2020), making it to the top 50 list. In 2021, India was also ranked 1st amongst all 10 economies that belong to Central and Southern Asia. Furthermore, the nation ranked 57th for innovation inputs and 45th for innovation outputs.





As the fastest growing economy in the world, the efforts taken by the government will help maintain the momentum that has been built over time.

With regards to the manufacturing sector, the implementation of Production-Linked Incentives is a move in the right direction. This, along with directives such as reduced corporate tax rate (for new manufacturing entities), concessional tax regime, and changes and concessions pertaining to custom duties are aimed at spurring rapid growth.

Outlook

The Economic Survey of India (2021-2022) stated that indicators of macroeconomic stability are proof that our economy is well-equipped to meet the challenges of 2022-23. However, given the surge in COVID cases in 2022, as well as the war in Ukraine and accompanying inflationary trends, the economy is experiencing a slow-down in growth. This, in combination with supply chain issues as well as geopolitical tensions has resulted in the World Bank revising its GDP growth forecast for India (for FY2023) twice in 2022. It was first revised from 8.7% to 8%, and now stands at 7.5%.

Given the unique predicament that we find ourselves in, it is safe to say that measures taken towards curbing inflation and boosting growth are what will help the economy. The services and agriculture sectors have been performing well (and are likely to continue to do so). Moreover, the government's efforts towards lessening compliance issues and improving ease of doing business may help Indian exports touch \$1 trillion by next year.

India's merchandise trade struck the \$1 trillion milestone in FY2022.

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INDUSTRY OVERVIEW

AUTOMOBILES

India's automobile industry contributes 7.1% to the country's GDP, and 49% to the manufacturing GDP. It offers employment to ~35 million people (both directly and indirectly). According to the Indian Brand Equity Foundation, the country's annual production of automobiles in FY2021 was 22.65 million vehicles. Moreover, in the period between April–October 2021, 13 million vehicles were produced. The sector also received the most FDI in the first four months of FY2022: 23% of \$27.37 billion. Furthermore, the government of India is actively encouraging foreign investment in the automobile sector and has allowed for 100% FDI under the automatic route.

When it comes to sales, as per the Society of Indian Automobile Manufacturers (SIAM), automobile wholesales dropped by 6.3% to 1,75,13,596 units in FY2022, and the sale of two-wheelers fell by 11%. However, passenger vehicle sales grew 13.2% to 30,69,499 units in FY2022, compared to 27,11,457 units in FY2021. Sales of passenger cars stood at 14,67,056 units, utility vehicles at 14,89,178 units and vans at 1,13,265 units. On the whole, the automobile industry witnessed degrowth in FY2022, amounting to (-) 6%.

In the arena of exports, passenger vehicle exports from India increased by 43% per in FY2022, as per data from SIAM. Total passenger vehicle (PV) exports stood at 5,77,875 units FY2022, as compared to 4,04,397 units in the previous fiscal year. Additionally, passenger car shipments saw a 42% growth at 3,74,986 units, and utility vehicle

exports climbed 46%, at 2,01,036 units. Lastly, export of vans increased to 1,853 units in FY2022, from 1,648 units in FY2021.

Union Budget 2022

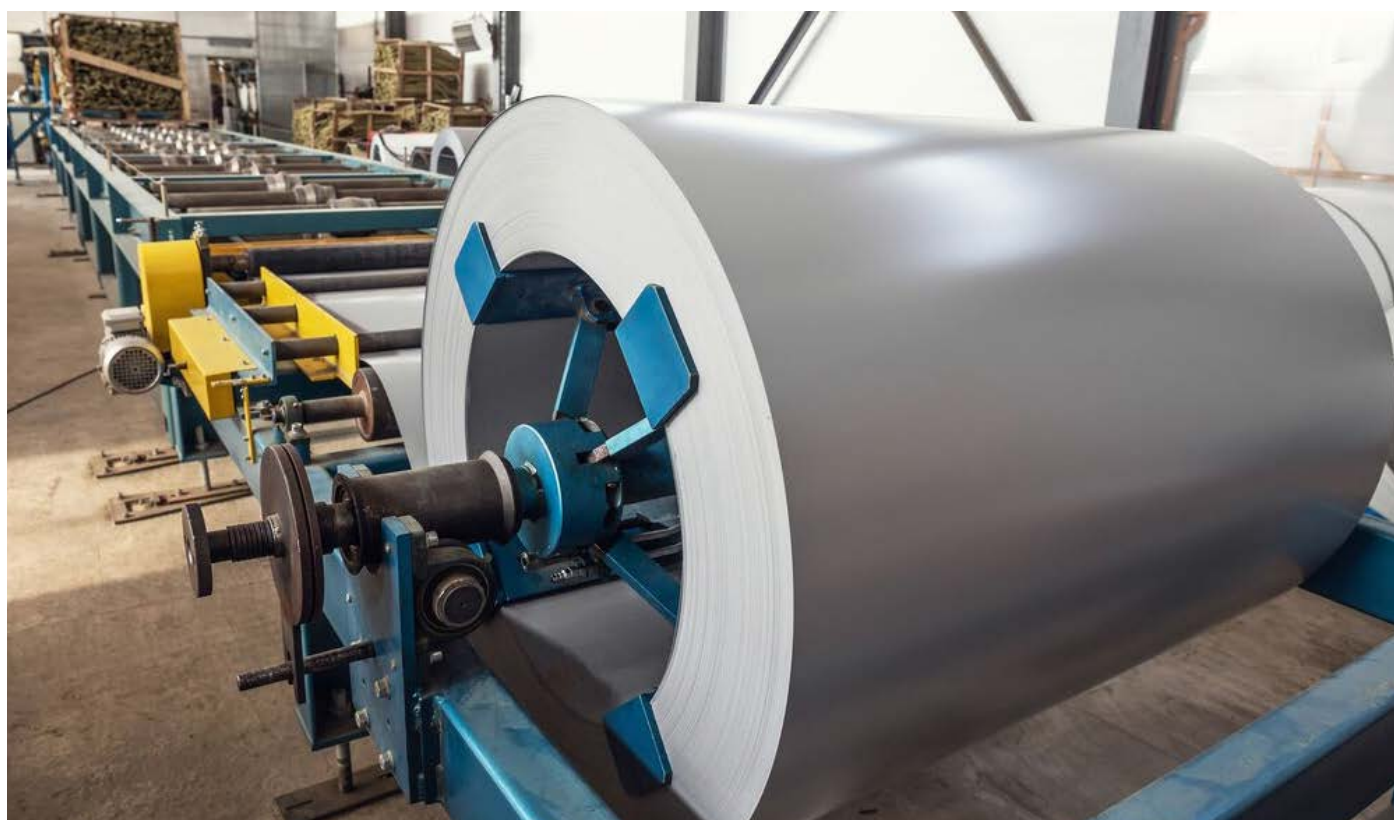
While the automobile industry did not find any mention in the Union Budget 2022, several provisions, initiatives and investments are likely to benefit the industry indirectly. For instance, the 35.4% increase in capex expenditure towards infrastructure will prove beneficial to the commercial vehicle sector, especially M&HCV segment. This is a welcome move as this particular segment has seen a dip in demand in recent years.

Under the government's Gati Shakti program, national highways will be expanded by 25,000km in FY2023. This will indirectly help boost the demand for commercial vehicles, and also benefit the tyre and construction sectors.

The highlight of this year's budget was the introduction of a battery-swapping policy for EVs, which is likely to make them more attractive to customers. Tax benefits were also extended to manufacturing companies as well as start-ups in line with Atmanirbhar Bharat.

Outlook

Predictions suggest that the industry will recover by FY2023, and that EVs, especially two-wheelers will grow in demand. In the next four years, by 2026, India's automobile industry is likely to reach the \$251.4–282.8 billion mark.





- High volume production capability to meet the bulk demand
- A dedicated product development cell
- Excellent in-house support infrastructure for tool design, development, and manufacturing ability to produce components, sub-assemblies as well as finished products
- Well versed in JIT concepts

The company foresees a major opportunity in the two-wheeler segment, with the country transitioning from BS-IV to BS-VI emission norms. Some of the new motorcycles and scooters will have to mandatorily move to telescopic front fork systems. This will provide the business with a major opportunity for growth in the tubular front fork segment. Our CRSS portfolio also has a range of products, servicing the automotive sectors. Some of these have significant growth opportunities while some others are subject to low entry barriers, diminishing market share and high competition. Over the medium term, this business unit will have moderate growth in line with the overall increase in the infrastructure, automotive and process engineering sectors in India.

However, its growth hinges on the availability of inexpensive skilled labor, advanced R&D and cost-efficient steel production. As a whole, the auto industry is also ripe for further investment.

Pennar has proven to be a reliable partner in the automobile components sector for a variety of reasons:

- Wide ability in handling critical auto components (braking and suspension, auto electricals, chassis & body, etc.)

By 2026, India's automobile industry is likely to reach the \$251.4–282.8 billion mark.

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RAILWAYS

India is home to the fourth largest railway network in the world, with a total route length of ~68,000km long, covered by a running track length of 99,235km. Typically, the Indian Railways are responsible for running 13,523 passenger trains and 9,146 freight trains every single day. As of March 2020, the Indian Railways employs 12,54,000 individuals, and is expected to hire another 1,48,463 people by CY2023. This is a sharp increase, as in the past few years, the average number of people hired has been 43,678 per year.

The revenue growth of this segment has been consistently good. As of March 2022, the revenue was \$23.30 billion, as compared to FY2021's gross revenue of \$16.89 billion. As far as freight earnings are concerned, the Indian Railways experienced a YoY growth of 21.81%. Earnings were \$17.68 billion in FY2022 (until March 2022) as compared to \$16.04 billion in FY2021. Lastly, total passenger revenue stood at \$4.66 billion until March 2022, as compared to \$2.03 billion in FY2021.

Union Budget 2022

The Union Budget 2022 has spelled out several reforms, investments and initiatives aimed at giving the Indian Railways an impetus. For instance, the Ministry of Railways was allocated a higher sum of ₹1,40,367.13cr. Also, as part of the government's Gati Shakti program, 400 Vande Bharat trains will be

launched in the next 3 years, along with 100 Gati Shakti cargo terminals. The Budget also spoke of 100% electrification of broad gauge routes by 2023, along with the launch of an automatic train protection system. Lastly, it mentioned that 2,000km of India's rail network will be brought under the indigenous world-class technology—KAWACH.

The government has also promised implementation of special services to aid farmers, extension of the railway network to more remote areas, as well as employment generation in the manufacturing division.

Outlook

The Indian Railways is recording commendable growth. It is expected that in the next five years, the Indian railway market will account for 10% of the global market, making it the third largest. It also holds the potential to generate a million jobs.

In addition to this, the policy allows for 100% FDI in railway infrastructure. This, along with other initiatives taken by the government (such as allowing private operators to run passenger trains and revamping railways stations across the nation), are likely to bring in greater investment to the sector. Estimates peg it at \$7.5 billion in the next five years.

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 seven customers in the Railways segment, of which major customers include Integral Coach Factory— Chennai, Modern Coach Factory— Raebareli, Texmaco Rail & Engineering Ltd.—Kolkata, Hindustan Engineering India Ltd.—Kolkata, Cimmco Ltd.—Kolkata, and BEML Ltd—Bangalore. In FY2020, Pennar had increased its capacity for the Railways Division, and had set up greenfield integrated coach manufacturing facility at Raebareli with the capacity of manufacturing about 20 coaches per month.

Union Budget 2022 has given the Indian Railways an impetus, be it via allocation of funds or through the Gati Shakti program.

ENGINEERING AND CAPITAL GOODS

Of all the industrial sectors in India, engineering is considered to be the largest. This highly-organized sector employs around 4 million people in India, both skilled and unskilled. It is responsible for, or represents 63% of all foreign collaborations. As per the National Association of Software and Service Companies (Nasscom), India's share in the global engineering and research and development (ER&D) market is likely to reach \$63 billion by 2025.

Owing to heightened infrastructure investment and industrial production, the engineering industry has witnessed incredible growth in the last few years. As it is closely-integrated with the manufacturing and infrastructure sectors, its importance will only grow in the context of the India marching towards becoming a superpower. With this in mind, in 2019, the government announced an investment of \$1.5 trillion, aimed at infrastructure development (over the course of 5 years). However, it is believed that the country will require \$3.36 trillion (additionally) as investment by 2029.

On a similar note, capital goods contribute 12% to the Indian economy. The industry's turnover was estimated to be ~\$92 billion in 2019 and is projected to reach \$115.17 billion by 2025. Within this segment, top export subsectors are heavy electrical and power equipment, earthmoving and mining machinery, and process plant equipment. As a whole, they make up 85% of India's total

export of capital goods.

100% direct FDI is also permitted for this particular sector. This has been matched by great interest from investors, who are impressed by the country's advantage (when compared to other nations) with regards to cost of manufacturing, innovation, technology and favorable regulatory policies.

As far as exports are concerned, the nation exports engineering goods primarily to US and Europe. The two sectors account for over 60% of all exports. In FY2022, engineering goods exports hit a record high of \$111 billion. Of this total, goods amounting to around \$16 billion were exported to the US alone. April 2022 also witnessed exports worth \$9.73 billion. This indicates a growth of 21.97%, when compared to exports of \$7.97 billion in April 2021. For FY2023, the target for engineering exports has been set at \$127 billion. This translates into \$10.58 billion worth of exports a month (on a pro-rata basis). By 2030, the export of engineering goods is expected to reach \$200 billion.

Union Budget 2022

By way of the Union Budget 2022, the government has given a massive push to the sector. It has allocated a sum of \$26.52 billion to enhance transport infrastructure.

Outlook

The company is engaged in the manufacture of large diameter welded tubes mainly for non-auto application which is largely imported.





Recently, Pennar Industries has also expanded into wider diameter tubes, opening more business opportunities. In the Engineering segment, the company focuses on three streams of opportunities:

- Growth in existing product portfolio driven by the migration to BS-VI norms
- Growth from innovative product lines for new markets
- Growth from large diameter tubular product

In FY2020, the Company had doubled its cold drawn welded (CDW) tubes manufacturing capacity. The Company had also set up a greenfield plant to produce CDW tubes of up to 150 mm diameter and the thickness of 10 mm. Currently, the Company has an installed capacity to manufacture 1,500 tonnes of CDW tubes per month.

The Company incurred a CAPEX of ₹650 million in FY2020, to take its CDW capacity to 3,000 tonnes per month, which became operational during FY2021. The new facility is catering to the hydraulic cylinder tube requirement of consistently growing Construction and earth moving equipment sector, including propeller shafts for high payload heavy vehicles.

The precision electric resistance welded (ERW) tubes from the same plant will be supplied to structural for airport, stadia, idlers for conveyors, axles for light and heavy commercial vehicles. In addition to that, the Company recently ventured into servicing high-end sectors such as aerospace and nuclear power, through its production facility in Hyderabad. The Company intends to cater to the domestic and global aerospace industry by supplying value-added precision engineered products as per customers' bespoke specifications.

For FY2023, the target for engineering exports has been set at \$127 billion. This translates into \$10.58 billion worth of exports a month (on a pro-rata basis). By 2030, the export of engineering goods is expected to reach \$200 billion.

WHITE GOODS

Heavy consumer durable goods and/or large home appliances, such as washing machines, air conditioners, stoves, refrigerators, etc., fall under the ambit of the white goods industry. In the Indian scenario, this industry stood at \$9.84 billion in 2021 and is projected to grow to \$21.18 billion by 2025. On the whole, in May 2021, the output of the industry increased by 98.2%, which is a significant escalation when compared to a 70.3% decline in May 2020.

Within the white goods industry, the air conditioner segment is expected to grow to \$9.88 billion by FY2026 from \$3.84 billion in FY2021. Similarly, the refrigerator market is likely to grow to \$6.72 billion, LED lights market is set to grow to \$8.12 billion and personal appliances segment is on track to grow to \$1.36 billion by FY2026.

As of FY2021, exports of electronic goods amounted to \$11.1 billion. In FY2022, electronic exports rose \$15 billion, with primary export countries being the United Arab Emirates, Sri Lanka and the United States of America. Simultaneously, in FY2022, the electronics trade deficit also hit a record \$56 billion. However, experts believe that it will drop sharply in the coming years. This is largely because of the anticipated increase in exports owing to the Production-

Linked Investment (PLI) scheme announced by the government.

Moreover, policy support by way of relaxed licensing rules and approval of 51% FDI in multi-brand and 100% FDI in single-brand retail has also given the white goods industry a push in the right

In FY2022, electronic exports rose \$15 billion, with primary export countries being the United Arab Emirates, Sri Lanka and the United States of America. Simultaneously, in FY2022





The Production-Linked Investment Scheme, Export Promotion Capital Goods Scheme and Duty Drawback Scheme will provide the white goods industry necessary support to scale up in the coming years.

direction. Between April 2020 and June 2021, FDI in the electronics goods industry clocked in at \$3.19 billion.

Outlook

Growth in this segment is likely in the future. As the investment in rural infrastructure and electrification increases, demand for consumer durables and white goods is set to strengthen in rural, as well as tier 2 and 3 cities. This, coupled with growing aspirations, rising disposable income and easier access to credit will steer the sector towards greater heights. For instance, consumer durable loans in India grew to \$3.29 billion in FY2021 from \$3.15 billion in FY2020.

Additionally, the central government's Production-Linked Investment Scheme, Export Promotion Capital Goods Scheme and Duty Drawback Scheme will provide the segment the support that is necessary to scale up in the coming years. In the second round of applications for the PLI scheme (opened in March 2022), 19 Indian and global companies filed applications.

RENEWABLE ENERGY (SOLAR)

India's renewable energy sector is considered to be the fourth most attractive market in the world. As of 2020, the nation was ranked fourth and fifth in wind power and solar power respectively. With ample support from the government, the renewable energy segment is also attracting the eye of investors. Off-grid solar products are especially performing well. In the first half of 2021, they recorded sales of 3,29,000 units.

By 2030, the government is aiming to achieve about 450GW (Gigawatt) of installed renewable energy. Of this, over 60% (~280GW) is expected from solar. To this end, India's installed capacity with regards to solar power has already gone by a staggering 19.3x in the last 8 years, to 56.6GW in June 2022.

The government has allowed 100% FDI under the automatic route. And, with \$196.98 billion worth of renewable energy projects on the horizon, the Indian market is viewed as a great investment opportunity.

Union Budget 2022

Under Atmanirbhar Bharat, the government has approved the implementation of a Production-Linked Incentive Scheme for high-efficiency solar PV modules, allocating an additional ₹19,500cr towards it. This has brought the total allocation of funds to ₹24,000cr, as opposed to the earlier ₹4,500cr. It is believed that this infusion will help

add 45GW-worth of manufacturing ability. The Solar Energy Corporation of India (responsible for the development of the renewable energy market) was also allocated ₹1,000cr.

To increase investment in the renewable energy segment as a whole, the government has introduced sovereign green bonds. Additionally, Budget 2022 spoke of firing 5-7% biomass pellets in thermal power plants to accrue 38MMT (million metric tons) of CO2 savings annually.

**while decreasing the carbon intensity
of the economy by less than 45%.
The goal is to achieve net-zero carbon
emissions by 2070.**





renewable energy in India.

The government has also proposed setting up a green city in each state, where all houses will be powered by solar rooftop systems. Additionally, solar parks will be situated on the outskirts, and green cities will adopt electric, mobility-enabled transport systems.

Moreover, with the government focusing more on green hydrogen, electric vehicles and manufacturing of solar equipment, increased investment can be expected in the Indian renewable energy industry by FY2023. This is projected to reach \$80 billion in around four years.

Outlook

The government has expressed a desire to reduce India's total projected carbon emission by 1 billion tons by 2030, while decreasing the carbon intensity of the economy by less than 45%. The goal is to achieve net-zero carbon emissions by 2070. Owing to policies that focus on renewable energy, and with a potential capacity of 363GW, northern India is likely to become the hub for

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COMPANY OVERVIEW

Pennar Industries Limited (PIL) is one of the leading engineering companies in India, renowned for providing innovative engineering solutions. An epitome of quality, precision, and perfection, Pennar is driven by an unrelenting desire to excel with experience spanning over three decades.

The Company started its journey with the first manufacturing plant at Isnapur, near Hyderabad, and since then it has proven itself as Diversified Engineering Company with End-To-End Capabilities. The Company has a well-diversified product portfolio classified into Engineered Products and Engineering Solutions, catering to six sectors, namely: Automotive, Construction, General Manufacturing, White Goods, Railways, and Solar. Pennar Industries has a pan-India presence with Ten manufacturing facilities situated across the Country. Pennar also has two international plants, one in USA and another in France. These facilities include laser cutting, plasma cutting, transfer presses and CNC machines that enable it to make products of remarkably high quality. All the plants are ISO certified and operate under strict SOPs.

Pennar operates three subsidiaries:

- Pennar Global Inc.
- Pennar GMBH
- Enertech Pennar Defense and Engineering Systems Private Limited.

Pennar Industries has a pan-India presence with Ten manufacturing facilities situated across the Country.

Driven by guiding philosophy of maximising customer satisfaction with products and services par excellence, Pennar has successfully proven its identity as a Powerhouse of Engineering Excellence.





Discerning and reputable Clientele: Caters to brand-enhancing customers like VE Comml Vehicles, Tata Motors, Ashok Leyland, Integral Coach Factory, Texmaco, BHEL, L&T, Godrej, Haier Appliances, Brakes India, Lloyds, Alstom Power, Thermax, HCC, Tecumseh, IFB, TVS Motors, and Johnson Lifts, among others

Talented pool of Human Capital: More than 2,000+ employees, with a cumulative experience of over a million person-days, resulting in excellence in a variety of fields and applications

OUR STRENGTHS

Using the latest equipment and tools: Equipped with a state-of-the-art 'press shop' with tool maintenance facilities that ensure high-precision products, catering to a range of industries. Reinforced by a tool room comprising more than 2,500 tools and dies, one of the largest die repositories in India

Resilience through straddling diversified sectors: Wide product mix caters to the growing needs of consumer appliances, automobile, and general engineering sectors

Uncompromising attention to Quality: Each of the Company's manufacturing units are ISO 9001:2008-certified. Tubes manufacturing plant has received the TS 16949:2009 certification.

More than 2,000+ employees, with a cumulative experience of over a Million person-days, resulting in excellence

ENGINEERED PRODUCTS – BUSINESS OVERVIEW

PERFORMANCE HIGHLIGHTS SUMMARY FOR ENGINEERING PRODUCTS:

Segment	FY2021	FY2022	Change
Structural railway components for Coaches, Wagons, and other parts (Revenue) to seven customers	₹ 1,411 million	₹ 1,464 million	4%
Industrial components to Automobile & White Goods sectors (Weight)	8,027 MT	17,280 MT	115%
Precision Tubes (Revenue & Weight) to more than 350 customers	₹ 2,013 million 23,188 MT	₹ 2,916 million 27,515 MT	18%
ESP electrodes, building materials, special grade CRSS, and solar MMS (Revenue)	₹ 5,078.8 million	₹ 6,309 million	24%

KEY STRATEGIES SHAPING THE ENGINEERED PRODUCTS BUSINESS:

Entering 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.

Climbing up the value chain through niche capabilities: The Company aims to move up the Value Chain by strengthening the niche engineering capabilities. To facilitate this, it plans to expand its product offerings and engineering capabilities across multiple sectors and evolve component manufacturing towards higher value addition and precision engineering. The Company also aims to increase the share of critical components manufacturing to strengthen customer engagement further and create entry barriers.

The Company aims to move up the Value Chain by strengthening the niche engineering capabilities.





ENGINEERED PRODUCTS

The Engineering Products of Pennar Industries offers a wide range of products to diverse industries and is an expert in critical, customised components accessories. Pennar Industries is the preferred supplier for many blue-chip companies. Leveraging the heritage of over 35 years, the Company has over 1,500 Engineered Products in its portfolio and Twelve manufacturing plants with ISO 9000 Certification. The Engineered Products vertical of the Company has strong designing and manufacturing capabilities and caters to diverse sectors through its robust manufacturing facilities and pan India sales network.

AUTOMOBILES SECTOR

Pennar Industries is experienced in manufacturing a wide range of critical automotive components. Our excellent infrastructure and lean manufacturing capabilities enable us to produce high quality products at acceptable prices. Our best-in-class cost-effectiveness has made us the preferred partner of leading names in the automotive industry. The Company provides Following Products:

- Special grade CRSSs (Cold Rolled Steel Sheets)
- Critical components
- CDWs (Cold Drawn Welded Tubes) and ERWs (Electric Resistance Welding Tubes)
- Pennar has proven to be a reliable partner in the Automobile Components sector for a variety of reasons:
- Wide ability in handling critical Auto Components (Braking and Suspension, Auto Electricals, Chassis & Body, etc.)
- High volume production capability to meet the bulk demand

- A dedicated product development cell
- Excellent in-house support infrastructure for tool design, development, and manufacturing Ability to produce components, sub-assemblies as well as finished products
- Well versed in JIT concepts

The Company foresees a major opportunity in the two-wheeler segment. Some of the new motorcycles and scooters will have to mandatorily move to telescopic front fork systems. This will provide the business with a major opportunity for growth in the tubular front fork segment.

Our CRSS portfolio also has a range of products, servicing the automotive sectors. Some of these have significant growth opportunities while some others are subject to low entry barriers, diminishing market share and high competition. Over the medium term, this business unit will have moderate growth in line with the overall increase in the infrastructure, automotive and process engineering sectors in India.

CONSTRUCTION & INFRASTRUCTURE SECTOR

With extensive experience of over three decades, Pennar Industries produces structural steel products for several companies in the Construction and the Infrastructure sector. The Company provides three types of products under this sector:

Building components

Civil Infrastructure

Hydraulic Cylinders

The three main products that make up the Building Components sector are Purlins, Roofing Sheets and Decking Profiles. The products manufactured for Civil Infrastructure include Metal Crash Barriers and Sheet Piling, which are mainly used for safety and protection systems. Another product manufactured for this sector is Hydraulic Cylinders, which are used for construction equipment, building ships, and bulk cargo handling, amongst others.

With more than 15 years of experience in the Hydraulic Cylinders industry, Pennar has garnered comprehensive design and development capabilities. Pennar Industries also has a thorough exposure to global technical requirements for Hydraulic Cylinders, and possess the ability to meet them precisely.



The Company is rapidly expanded the structural engineering services vertical which services metal building and structural fabrication companies in the US and other geographies. The boom in eCommerce business has started getting more jobs in logistics and warehousing in the USA. In India, sectors such as warehousing, building construction and the capital goods are expected to grow strongly over the next few years, and Pennar has cohesive capabilities to take advantage of these opportunities.

GENERAL ENGINEERING

The Engineering Segment of the Company consists of cold-rolled steel strips and precision steel tubes viz., Cold Drawn Welded tubes (CDW) and Electric Resistance Welded tubes (ERW). These products primarily cater to the needs of the automotive, boiler, bicycle, general engineering, and process industries. The Company is further engaged in the manufacture of large diameter welded tubes mainly for non-auto application which is largely imported. Recently, Pennar Industries has also expanded into wider diameter tubes, opening more business opportunities.

In the Engineering segment, the Company focuses on three streams of opportunities –

- Growth in existing product portfolio driven by the migration to BS-VI norms
- Growth from innovative product lines for new markets
- Growth from large diameter tubular product

The precision electric resistance welded (ERW) tubes from the same plant will be supplied to structural for airport, stadia, idlers for conveyors, axles for light and heavy commercial vehicles. In addition to that, the Company recently ventured into servicing high-end sectors such as aerospace and nuclear power, through its production facility

in Hyderabad. The Company intends to cater to the domestic and global aerospace industry by supplying valueadded precision engineered products as per customers' bespoke specifications.

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

Pennar's Railways business has been catering to the requirements of the Indian Railways for over three decades. Pennar supplies several critical structural and stability components for goods wagons and passenger coaches.

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.



SOLAR MODULE MOUNTING STRUCTURES

Pennar manufactures Solar Module Mounting Structures to support the Solar PV panels. The structures and structural component manufacturing capacity of Pennar currently stands at 40,000 MT per annum, which translates to approximately 1GW worth of solar capacity.

We also have an in-house tool room that caters to the requirements of projects with various sectional requirements. These unmatched features have enabled us to service the requirements of multiple customers, thus proving us as the market leaders in Solar Module Mounting Structures.

The Company has strategically located its manufacturing plants to enable quick delivery. The most significant advantage that customers have in choosing Pennar for their Solar Module Mounting Structures is the strategic location of manufacturing plants. Our plant at Tarapur is close to the epicentre of Solar projects in Gujarat & Rajasthan. In contrast, our plants in Chennai, Patancheru & Isnapur can cater to markets in AP, Tamil Nadu, Orissa, Karnataka and other neighbouring states.

Being the largest cold roll-formed steel section manufacturer in India, Pennar Industries has supplied mounting structures and structural components to various solar plants.

PRE-ENGINEERED BUILDING PRODUCTS (PEBS)

PEBS was set up in 2008 and began commercial operations in 2010. The PEBS division has expertise in designing, fabrication and erection of customised preengineered steel buildings, building components and structural steel. Pennar Industries caters to the overseas market through its

subsidiaries a Pennar Global (PGI) established in 2017, headquartered in Houston, Texas. The current customer base of the overseas operations includes the Metal Building, Structural Steel, Hydraulics, Precision Tubes and Engineering Services sectors. The Company is gradually adding focus to areas of Industrial Manufacturing, Security Barriers, Solar and 3D modelling for the automotive, and building sectors. In FY 2022, the Company continued to expand its business outreach.

Performance Highlights of Pre-Engineered Building

- Pennar Industries has shown consistent growth over the last ten years in Pre-Engineered Building Products
- Over 750 projects completed in the span of FY2010-2022
- Caters to over 950 customers
- Cumulative Orders executed worth Rs. 6150.81 crores
- Cumulative Products delivered – 552,209.18 MT (as on 31st March 2022).
- Order book as on 31st March, 2022 was Rs. 440.76 crores.

Key Strategies shaping the Engineering Services Business

Market Leadership: Pennar Industries Limited is one of the leading players in preengineered buildings and structural steel in India and has expertise in the design, fabrication, and erection of customised pre-engineered steel buildings, building components and structural steel.

Extensive Product Offerings: The Company offer diverse products and services such as factory buildings, warehouses, power plants, commercial centres, high-rise buildings, aircraft hangars, defence installations, sports stadiums, industrial racking systems, cold-form structures for low-cost housing, metro stations, solar module mounting structures, and telecom transmission towers.

Strong Engineering Capabilities: With a best-in-class project management and engineering team, Pennar Industries is one of the few companies in India to offer leakproof roofing systems. It also has a technical alliance with NCI Group Inc., a leading

steel building player in the USA, to help with the technical knowledge and supply of standing seam roofing panel systems in India under the brand name 'Double Lok®'.

Focus on High Growth Areas: The Company plans to increase focus on high growth and newly emerging portfolios like High Rise Steel Buildings (commercial & residential), and Cold Form structures for lowcost housing projects.

Innovative Manufacturing: The Company has one of the best plants in India, with modern technology and high precision equipment, sourced from leading suppliers across the world. The world-class manufacturing facility is 29,000 sq. m. big and is built on a 33-acre plot in Sadashivpet near Hyderabad, with a total production capacity of 90,000 MTPA.

Offering Solar EPC Solutions: Company aims to offer end-to-end Solar EPCs by making Solar PV Panels and Solar MMS, while also supplying installation and erection services.

Upselling into Manufacturing: The Company plans to expand its presence into the US market by supplying design and engineering services, converting current outsourcing orders into in-house manufacturing orders, leading to lower project costs and higher profitability.

Pennar has one of the best plants in India, with modern technology and high precision equipment, sourced from leading suppliers across the world.

₹ 61,500 million
Cumulative Orders executed

>750
Projects completed FY2010-22

Design & Engineering Services – Business Overview

Pennar Industries, through PEBS Pennar, launched the Design & Engineering Services in 2014 to leverage Pennar's large structural engineering team capabilities. The Company provides design, detailing and other engineering solutions to companies in the metal buildings and structural engineering space in the US and other advanced markets. This is an increasingly important segment to the Company, as it makes a larger contribution to the Company's EBITDA margins.

The current customer base of the overseas operations includes the Metal Building, Structural Steel, Hydraulics, Precision Tubes and Engineering Services sectors. Company's focus areas is also growing in areas such as Industrial Manufacturing, Security Barriers, Solar and 3D modelling for the automotive, and building sectors.

Performance Highlights of Design & Engineering Services

- Over 12500 projects completed during FY2016-2022
- Over 3500 projects completed during FY2022
- Caters to over 10 customers in the USA market
- Cumulative Orders executed worth USD\$ 23.5 Million
- Cumulative Order book as on 31st March, 2022 was USD\$ 3.8 Million
- Cumulative Mn Hours Billed as on 31st March 22 – 1.3 Million
- Build capabilities to execute large sized & complex projects over USD \$30000

Water Treatment Solutions – Business Overview

Pennar Industries is a player in the field of water treatment chemicals; water and environment infrastructure turnkey solutions; and fuel additives and has an extensive range of high-performance speciality water treatment chemicals. The Company operates in water and wastewater treatment, Sewage treatment, Brakish water and sea water desalination for industrial application. It also offers effluent recycle plants and zero liquid discharge plants using various advanced and environmentally friendly technologies. company's offering includes diverse EPC and O&M solutions, as well as standard plants in the above domain.

The Company's standard plants offerings consist of Pre-engineered and skidmounted water and wastewater treatment plants with short delivery cycles and low footprint to meet customer needs in urban, realty and MSME segment. It also offers a wide range of performance chemicals for water treatment applications like cooling water, boiler water, wastewater treatment dosing, liquid and solid fuel additives, paper chemicals manufactured at its own plant under the brand name "PENNTREAT" with an aim to increase its reach to take the performance chemicals and standard plants to a larger base of potential customers. Under its EPC portfolio, the Company has executed very prestigious projects in Cement,



Oil and Gas, Chemical, Infrastructure, and other process industries including Mine wastewater treatment and recirculation for industrial usage. These projects are being executed by the company for very reputed industrial houses in the country.

Pennar Industries aims to be a significant player in the industrial and municipal water treatment and wastewater treatment solutions. The Company also plans to standardise water treatment plants, which will be pre-engineered and skid mounted with short delivery cycles to meet customer requirements in Urban, Realty and the MSME industrial segment. Currently, the Company has a network of 16 dealers. It plans to expand up to 21 dealers across India. It aims to use this dealer

network to take the performance of the chemical business along with standard plants to a larger base of potential customers. Keeping in mind the small-scale customers, the Company plans to standardise these products.

Key Technology Alliances

TOTAL, France: This involves collaboration with the fourth-largest petroleum company in the world and a global leader in the fuel additives and petroleum refining market

Tech Universal, UK: The involves an exclusive technology collaboration with UK's leading EPC & technology provider and one of the leading global players in the water treatment industry.

Performance Highlights of Water Treatment Solutions

- Over 10 projects completed during FY 2021-2022
- Number of new clients – 02 in FY 2022; Total accumulated client count – 70
- Total number of dealers – 04 as on 31-03-2022



FINANCIAL REVIEW

Consolidated Financial Performance			
Particulars (₹ in million)		FY2020-21	FY2021-22
Revenue from Operations		15,440	22828
EBITDA		1315	1884
PBT		37	559
PAT		28	419
Ratio Analysis	FY2020-21	FY2021-22	Variance
Debt Equity Ratio	0.84	0.80	5%
Operating Profit Margin (%)	8.5%	8.25%	-3%
Net Profit Margin (%)	0.18%	1.84%	1022%
ROCE (%)	3.34%	4.91%	47%
ROE (%)	0.4%	5.85%	1427%

INTERNAL CONTROLS & THEIR ADEQUACY

The Company has set in place an effective internal control system, which undergoes continuous review. In addition, corrective measures are taken to enhance their efficiency. In accordance with the highest industry standards, the Company has been accredited with ISO 9001 (quality systems). The Company's robust ERP system defines queries for detection of exceptions and detection of deviating transactions, real-time analytics on transactional data, unmatched flexibility when changing reporting structures and even real-time simulation of business scenarios.

HUMAN RESOURCES

Pennar Industries has an excellent track record of cordial and harmonious industrial relations and, over the years, not a single man-day was lost on account of labour unrest. In view of its aggressive growth plans, the Company enhanced its focus on improving human resource productivity and efficiency. The Company took steps for upgrading the knowledge base of its employees by continuous training. A systematic learning and development plan is in place to identify training needs, provide training and evaluate the learnings. The Company imparts training on behavioural safety aspects along with process-based training to enhance employee and improve productivity. The Company continues to take care of employee welfare. It organised camps for checking the health of operatives and staff by ESI and other medical agencies. Thus, HR has built an open, transparent and meritocratic culture to nurture human capital. Performance orientation and ethics are high priority areas for the Company. The work environment and career opportunities help retain talent.

CSR INITIATIVES

Corporate Social Responsibility at Pennar has always been significant as we believe in giving back to the society and country. All our CSR initiatives are aimed at this philosophy. During the year, we continued with village school adoption. We provided assistance towards teachers 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).

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of Pennar Industries, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Pennar Industries Annual Report, FY2021-22.

Dear Members,

Your Directors are pleased to present the 46th Annual Report and the Company's audited financial statement (Standalone and Consolidated) for the financial year ended 31st March, 2022.

Financial Results:

The Company's financial performance, for the year ended 31st March, 2022 is summarized below

Amount in Rs. crores

Particulars	Consolidated		Standalone	
	2021-22	2020-21	2021-22	2020-21
Revenue from Operations	2,265.75	1,525.35	1,994.75	1,516.54
Operating profit (PBITD)	188.42	131.49	171.07	128.20
Profit before tax (PBT)	55.91	3.65	45.65	1.07
Income Tax and Deferred Tax	14.00	0.81	11.49	0.18
Profit after tax (PAT)	41.91	2.84	34.16	0.89
Other Comprehensive income/(Loss)	(2.53)	(0.27)	(1.32)	0.14
Total Comprehensive income for the year	39.38	2.57	32.84	1.03
Net profit attributable to Owners of the company	39.30	2.27	32.84	1.03
Profit brought forward from previous year	491.83	489.15	487.25	486.22
Surplus available for appropriation	532.71	491.83	520.09	487.25
Balance of profit carried to Balance Sheet	532.71	491.83	520.09	487.25

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

Your company has generated a consolidated net revenue of Rs. 2,265.75 Crores, EBITDA at Rs.188.42 Crores, PAT at Rs.41.91 Crores for the financial year 2021-22.

Consolidated Financial Statement:

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

Subsidiaries:

The following are three subsidiaries of the company as on 31st March, 2022.

- M/s. Pennar Global INC, USA
- M/s. Enertech Pennar Defense and Engineering Systems Private Limited
- M/s. Pennar Gmbh

The performance of the subsidiaries is as hereunder:

(a) M/s. 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 51.67 Million USD in the financial year 2021-22.

b) M/s. Enertech Pennar Defense and Engineering Systems Private Limited

Enertech Pennar Defence and Engineering Systems Private Limited has recorded a net revenue of Rs. 13.69 crores in the financial year 2021-22.

c) M/s. Pennar Gmbh

Pennar Gmbh is in the business of providing engineering services to our European clients. The company has recorded a net revenue of 0.57 million Euros for the financial year 2021-22.

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.

Sale of Subsidiary:

During the year under review, your company entered into Share Purchase Agreement for disposing its 100 % shareholding in M/s. Oneworks BIM Technologies Private Limited, the said company ceased to be a subsidiary of the company with effect from 31st August, 2021.

Step down subsidiaries:

The following are two step-down subsidiaries of the company as on 31st March, 2022.

- a. Pennar Global Metals, LLC
- b. Ascent Buildings, 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. The company has also started buyback of equity shares of the Company by using funds upto a limit of Rs. 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. Therefore, your Directors are not recommending dividend on equity shares. Your Company has not accepted any fixed deposits and no amount has been carried to General Reserves during the year.

Particulars of Loans given, Investments made, Guarantees given and Securities provided:

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the standalone financial statement.

Internal Financial Controls:

The details in respect of internal financial control and their adequacy are included in the Management Discussion & Analysis, which forms part of this report.

Contract and Arrangement with Related Parties:

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had entered into contract / arrangement / transaction with material related party which could be considered material in accordance with the policy of the Company on materiality of related party transactions. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: <https://www.pennarindia.com/policy-related-party-transactions.php>

The Information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 are annexed herewith as Annexure – B in Form AOC-2

Change in the nature of business, if any:

There is no material change in the nature of business affecting the financial position of the Company for the year ended 31st March, 2022.

Credit Rating:

CARE has reaffirmed the 'CARE A-' Stable (Single A Minus; Outlook: Stable) 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 Rs. 95.99 Crore. 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:

Mr. Nrupender Rao and Mr. Aditya Rao who retire by rotation and being eligible offer themselves for re-appointment. Your Board recommends their appointment.

Resignation:

Ms. Bharati Jacob, Non-Executive Independent Director of the company resigned from the office of directorship and same was taken note by the Board of Directors at its meeting held 25th May, 2022. Your Board place on record their appreciation and gratitude for the guidance and direction that Ms. Bharati Jacob has provided to Pennar Industries during her tenure as non-executive independent director.

Pursuant to the provisions of Listing Regulations, brief particulars of the Directors who are proposed to be appointed/re-appointed are provided as an annexure to the notice convening the Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors. The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <https://www.pennarindia.com/policy-familiarization-programme.php>

Meetings of the Board:

Five 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 9th March, 2022 has approved a proposal for the buy-back of equity shares of the Company by using funds upto a limit of Rs. 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 of the Company respectively for last financial year ended on 31st March, 2021.

As on 31st March, 2022, the scheme of Buyback was open, the Company bought back 50 equity shares. Out of the 50 equity shares bought back, the company extinguished nil equity shares as at 31st March, 2022 and subsequently shares were extinguished in the month of April, 2022 in line with the requirements of Companies Act, 2013 and Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018.

Directors Responsibility Statement:

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

- a) in the preparation of the annual accounts for the year ended 31st March, 2022, the applicable accounting standards have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2022 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 Statutory Auditors 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 Ongoing / Non-ongoing projects 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. At present, the company has not identified any element of risk which may threaten the existence of the company.

Statutory Auditors:

The Audit Committee and the Board of Directors of the Company at their meetings held on 8th August, 2022 and 9th August, 2022 respectively, recommended the appointment of M/s. MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W), as the Statutory Auditors (new auditors) of the Company in place of the existing Statutory Auditors to hold office for a term of five consecutive years from the conclusion of the ensuing Annual General meeting to be held in the year 2022 till the conclusion of the Annual General Meeting to be held in the year 2027. The necessary resolution is being placed before the shareholders for approval. The new Auditors have confirmed their eligibility to the effect that their appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for appointment.

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

Cost Auditors:

The Cost Audit Report for the year ended 31st March, 2021 was reviewed by the Audit Committee at its meeting held on 11th August, 2021 and has been filed with Registrar of Companies on 30th November, 2021. The Board of Directors at its meeting held on 4th June, 2021 appointed M/s. Kandikonda & Associates., Cost Accountants, Hyderabad as Cost auditors of the company for the year ending 31st March, 2022. The Cost Audit report for the year ended 31st March 2022 was approved by the Board of Directors at its meeting held on 9th August, 2022 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 2021-22. The Secretarial Audit Report for the financial year ended 31st March, 2022 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:

99.51% of the company's paid-up equity share capital is in dematerialized form as on 31st March, 2022 and balance 0.49% 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.

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 : 09.08.2022**

**Nrupender Rao
Chairman
DIN No. 00089922**

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

Amount in Rs. Lakhs

1.	Name of Subsidiary	Pennar Global Inc	Enertech Pennar Defense and Engineering Systems Private Limited	Pennar GmbH
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable	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: 75.8071	Not Applicable	EURO: 82.13
4.	Share Capital	936.22	1.0	20.53
5.	Reserves & Surplus	1,268.96	194.5	134.25
6.	Total Assets	22,462.76	2,840.6	374.55
7.	Total Liabilities	20,257.58	2,645.2	219.77
8.	Investments	NIL	NIL	NIL
9.	Turnover	39,173.60	1,369.2	468.82
10.	Profit Before Taxation	1,144.89	25.5	91.35
11.	Provision for Taxation	228.98	7.0	18.27
12.	Profit after Taxation	915.92	18.5	73.08
13.	Proposed Dividend	NIL	NIL	NIL
14.	% of Shareholding	100%	51%	100%

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.	Oneworks BIM Technologies Private Limited
3.	Names of subsidiaries which have been dissolved during the year.	Nil

Part "B": Associates/Joint Ventures

1.	Name of Associates/Joint Ventures	Not Applicable
2.	Latest audited Balance Sheet Date	
3.	Shares of Associate/Joint Ventures held by the company on the year end	
4.	Amount of Investment in Associates/Joint Venture	
5.	Extend of Holding %	
6.	Description of how there is significant influence	
7.	Reason why the associate/joint venture is not consolidated	
8.	Networth attributable to Shareholding as per latest audited balance sheet	
9.	Profit/Loss for the year	
	i. Considered in Consolidation	
	ii. Not Considered in Consolidation	

Additional Information:

1.	Names of associates or joint ventures which are yet to commence operations	Nil
2.	Names of associates or joint ventures which have been liquidated or sold during the year	Nil

for Pennar Industries Limited			
Mirza Mohammed Ali Baig Company Secretary ACS 29058	J S Krishna Prasad Chief Financial Officer	Aditya Rao Vice-Chairman & Managing Director DIN 01307343	K Lavanya Kumar Executive Director DIN 01710629

Form No. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and
Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: M/s. Pennar Industries Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2021-22.

a.	Name(s) of the related party and nature of relationship	Not Applicable
b.	Nature of contracts/arrangements/transactions	
c.	Duration of the contracts / arrangements/ transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Justification for entering into such contracts or arrangements or transactions	
f.	Date(s) of approval by the Board	
g.	Amount paid as advances, if any	
h.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. Details of material contracts or arrangement or transactions at arm's length basis:

a.	Name(s) of the related party and nature of relationship	The Name(s) of the related party and nature of relationship are mentioned in Note No. 34- Standalone financial statements.
b.	Nature of contracts/arrangements/transactions	The details of transactions are mentioned in Note No. 34- Standalone financial statements.
c.	Duration of the contracts / arrangements/ transactions	April 2021 to March 2022
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	04.06.2022, 11.08.2021, 10.11.2021 and 09.02.2022
f.	Amount paid as advances, if any	Refer Note No. 34

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

**Nrupender Rao
Chairman
DIN No. 00089922**

Report On Corporate Governance

Pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) your Directors present below a detailed Compliance Report on Corporate Governance.

At Pennar Industries Limited (PIL), Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success, and we remain committed to maximising stakeholders' value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all.

1. Company's philosophy on Code of Corporate Governance:

The Company continues to adhere to the good corporate practices established by it, in all its business activities. The Company aims at achieving transparency, accountability and equity, in its operations, interactions with stakeholders, including shareholders, lenders and the Government through good governance and best business practices. The Company will continue to focus on maximizing its stakeholders' wealth, adopt best business practices and ensure fairness, transparency and ethical governance in its affairs. The Company adopts a Code of Conduct for its employees including the Board of Directors, Insider Trading Policy and Whistle Blower Policy to ensure compliances and fairness in all its operations and dealings. The Code of Conduct is available on the Company's website at <https://www.pennarindia.com/>. The Company is in compliance of requirements of Corporate Governance guidelines stipulated in the Listing Agreement entered with the Stock Exchanges and the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

2. Appropriate Governance Structure with defined roles and responsibilities:

The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established six committees to discharge its responsibilities in an effective manner. The Executive Director, 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 31st March, 2022, 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"> • Leadership • Business Management • Industry Experience • Finance Management • Corporate Governance, Compliance & Risk Management
2.	Mr.Aditya Rao	<ul style="list-style-type: none"> • Leadership/ Operations • Business Management/ Strategic Planning • Sales & Marketing • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Finance Management • Law and Governance • Human Resource Management • Corporate Governance, Compliance & Risk Management
3.	Mr.K Lavanya Kumar Rao	<ul style="list-style-type: none"> • Law and Governance • Human Resource Management • Industry Experience
4.	Mr.P V Rao	<ul style="list-style-type: none"> • Sales & Marketing • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Finance Management
5.	Mr.Eric James Brown	<ul style="list-style-type: none"> • Leadership/ Operations • Business Management/ Strategic Planning • Sales & Marketing • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Finance Management • Risk Management

6.	Mr. B Kamalakar Rao	<ul style="list-style-type: none"> • Industry Experience • Finance Management • Law and Governance • Human Resource Management • Corporate Governance, Compliance & Risk Management
7.	Mr. Manish Sabharwal	<ul style="list-style-type: none"> • Leadership/ Operations • Business Management/ Strategic Planning • Sales & Marketing • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Finance Management • Law and Governance • Human Resource Management • Corporate Governance, Compliance & Risk Management
8.	Mr. Varun Chawla	<ul style="list-style-type: none"> • Business Management/ Strategic Planning • Sales & Marketing • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Corporate Governance, Compliance & Risk Management
9.	Mr. Chandrasekhar Sripada	<ul style="list-style-type: none"> • Leadership/ Operations • Business Management/ Strategic Planning • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Human Resource Management • Corporate Governance, Compliance & Risk Management
10.	Ms. Bharati Jacob	<ul style="list-style-type: none"> • Leadership/ Operations • Business Management/ Strategic Planning • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Risk Management
11	Mr. Ravi Venkata Siva Ramakrishna	<ul style="list-style-type: none"> • Business Management/ Strategic Planning • Sales & Marketing • Industry Experience, Technical, Research & Development and Innovation • Global Business Development • Corporate Governance, Compliance & Risk Management

(a) Composition and Category of Directors as of 31st March, 2022 is as follows:

Category	No. of Directors	%
Executive Directors	3	27.27
Non-Executive Non-Independent Directors	2	18.18
Non-Executive Independent Directors	6	54.55
Total	11	100

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

The Board of Directors duly met 5 times during the financial year from 1st April, 2021 to 31st March, 2022. The dates on which the meetings were held are as follows: 04th June, 2021, 11th August, 2021, 10th November, 2021, 09th February, 2022 and 09th March, 2022.

(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 Directorship	Number of Board meetings attended	Attendance at the last AGM held on 30 th September, 2021
1.	Mr. Nrupender Rao	Executive Chairman	5	1	No
2.	Mr. Aditya Rao	Vice-Chairman and Managing Director	5	5	Yes
3.	Mr. P V Rao	Non-Executive Director	5	5	No
4.	Mr. K Lavanya Kumar	Executive Director	5	5	Yes
5.	Mr. Eric James Brown	Non-Executive Director	5	4	No
6.	Mr. Ravi Venkata Siva Ramakrishna*	Independent Non-Executive Director	5	5	No
7.	Mr. B Kamalakar Rao	Independent Non-Executive Director	5	5	Yes
8.	Mr. Manish Sabharwal	Independent Non-Executive Director	5	5	No
9.	Mr. Varun Chawla	Independent Non-Executive Director	5	5	Yes
10.	Mr. Chandrasekhar Sripada	Independent Non-Executive Director	5	5	No
11.	Ms. Bharati Jacob	Independent Non-Executive Director	5	3	No

*Appointed as an Independent Director on June 04, 2021

(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 & Whole-time Director
8.	Mr. Varun Chawla	-	1	-	2	-	-
9.	Mr. Chandrasekhar Sripada	-	1	-	0	-	-
10.	Ms. Bharati Jacob	-	1	-	-	-	-
11.	Mr. Ravi Venkata Siva Ramakrishna	-	-	-	-	-	-

Includes number of companies in which they are Chairman.

Mr. Nrupender Rao and Mr. Aditya 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. J S Krishna Prasad, Chief Financial Officer of the Company in respect of the financial year ended 31st March, 2022 was taken on record by the Board of Directors of the Company.

4. Independent Directors:

The Company has complied with the definition of Independence as per the Clauses of the Listing Regulations and according to the Provisions of Section 149(6) Companies Act, 2013. The company has also obtained declarations from all the Independent Directors pursuant to section 149 (7) of the Companies Act, 2013.

During the period under review, No Independent Director resigned from the Board of Directors

(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 09th February, 2022, 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. Varun Chawla | – | Member (Independent Non-Executive Director) |
| 3. Mr. Eric James Brown | – | Member (Non-Executive Director Non-Independent) |

(c) Meetings and attendance during the year

During the year under review, the Committee met 4 times on 02nd June, 2021, 09th August, 2021, 09th November, 2021 and 07th February, 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	4	4
2.	Mr. Varun Chawla	4	4
3.	Mr. Eric James Brown	4	4

6. Nomination and Remuneration Committee
(a) Brief description of terms of reference

In terms of Section 178(1) of the Companies Act, 2013 and Regulation 19 of Listing Regulations, the Nomination and Remuneration Committee should comprise of at least three Directors; all of whom should be Non-Executive Directors. At least half of the Committee members should be Independent with an Independent Director acting as the Chairman of the Committee. Pursuant to provisions of Regulation 19(2) of Listing Regulations the Executive Chairman of the Company was appointed as member 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;

(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. Varun Chawla | – | Member (Independent Non-Executive Director) |
| 3. Mr. Chandrasekhar Sripada | – | Member (Independent Non-Executive Director) |
| 4. Mr. Nrupender Rao | – | Member (Executive Chairman) |

* The Committee reconstituted at Board Meeting held on 10th November, 2021 with the following Members.

- | | | |
|------------------------------|---|---|
| 1. Mr. B Kamalakar Rao | – | Chairman (Independent Non-Executive Director) |
| 2. Mr. Varun Chawla | – | Member (Independent Non-Executive Director) |
| 3. Mr. Chandrasekhar Sripada | – | Member (Independent Non-Executive Director) |

(c) Meetings and attendance during the year

During the year the Committee had 2 meeting on 04th June, 2021 & 09th February, 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	2	2
2.	Mr. Varun Chawla	2	2
3.	Mr. Chandrasekhar Sripada	2	2
4.	Mr. Nrupender Rao	1	0

Note: Committee was reconstituted at the Board Meeting held on 10th November, 2021

(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 09th February, 2022. 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 only by way of sitting fees for attending the meetings of the Board and Committee thereof. The payment of sitting fee are approved by the Board. The actuals of remuneration paid to all the Director's for 2021-22 is given below:

Amount in Rs. lakhs.

Name of the Director	Designation	Salary	Commission	Provident fund, Superannuation-fund and other perquisites	Sitting Fee	Total
Mr. Nrupender Rao	Executive Chairman	99	-	69	-	168
Mr. Aditya Rao	Vice-Chairman & Managing Director	86	-	19	-	105
Mr. K lavanya kumar Rao	Executive Director	69	-	21	-	90
Mr. P V Rao	Non-Executive Director	-	-	-	5	5
Mr. B Kamalakar Rao	Independent Non-Executive Director	-	-	-	6	6
Mr. Manish Sabharwal	Independent Non-Executive Director	-	-	-	5	5
Mr. Varun Chawla	Independent Non-Executive Director	-	-	-	6	6
Mr. Chandrasekhar Sripada	Independent Non-Executive Director	-	-	-	5	5
Ms. Bharati Jacob	Independent Non-Executive Director	-	-	-	3	3
Mr. Ravi Venkata Siva Ramakrishna	Independent Non-Executive Director	-	-	-	4	4

All the Non-Executive Directors receive remuneration only by way of sitting fees for attending the meetings of the Board and Committee thereof. However the Criteria of making payments to non-executive directors is available on the website of the Company viz., www.pennarindia.com

(g) Details of number of shares held by the Non-Executive/Independent Directors as on 31st March 2022:

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	-
Mr. Eric James Brown	Non-Executive Director	-
Mr. PV Rao	Non-Executive Director	4,58,573

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. Varun Chawla, Non-Executive Independent Director.

c) Name and designation of Compliance Officer: Mr. Mirza Mohammed Ali Baig, Company Secretary.

d) Number of complaints received from shareholders: During the period under review, the Company has received and resolved 28 complaints and there were no pending complaints as at the year end.

e) Number of pending share transfers and complaints: Nil

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

g) Details of meetings and attendance by the members:

During the year the Committee met four times on 02th June, 2021, 09th August, 2021, 09th November, 2021, and 07th February, 2022.

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	4
3.	Mr. Aditya Rao	4	4

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 CSR Committee of the Company consists of 2 Non-Executive Independent Directors and 2 Executive Directors of the Company(*).

- | | | |
|-------------------------|---|---|
| 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 Lavanya Kumar Rao | – | Member (Executive Director) |
| 5. Mr. Nrupender Rao | – | Member (Executive Chairman) |

* The Committee reconstituted at Board Meeting held on 10th November, 2021 with the following Members.

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. Lavanya Kumar Rao – Member (Executive Director)

(c) Meetings and attendance during the year

During the year the Committee had 1 meeting i.e., on 02nd June, 2021. 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
5.	Mr. Nrupender Rao	1	0

Note: The Committee reconstituted at Board Meeting held on 10th November, 2021.

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
30th September, 2021	2020-21	Annual General Meeting	Video Conferencing	11:00 A.M.
30th September, 2020	2019-20	Annual General Meeting	Video Conferencing	11:00 A.M.
30th September, 2019	2018-19	Annual General Meeting	Radisson, Hyderabad	10:00 A.M.
14th December, 2018	2017-18	Court Convened Meeting of Equity Shareholders	Radisson, Hyderabad	2:30 P.M.
15th December, 2018	2017-18	Court Convened Meeting of Unsecured Creditors	Radisson, Hyderabad	2:30 P.M.
28th September, 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
30 th September, 2021	Yes	1. Re-Appoint Mr. Nrupender Rao as Chairman. 2. Re-Appoint Mr. Aditya Rao as Vice –Chairman and Managing Director. 3. Re-Appoint Mr. K Lavanya Kumar Rao as Executive Director. 4. Appointment Mr. Ravi Venkata Siva Ramakrishna as Independent Director.
30 th September, 2020	Yes	1. Re-Appoint Mr. Nrupender Rao as Chairman. 2. Re-Appoint Mr. Aditya Rao as Vice –Chairman and Managing Director. 3. Appointment of Mr. P V Rao as Joint Managing Director. 4. Re-Appoint Mr. K Lavanya Kumar Rao as Executive Director.
30 th September, 2019	Yes	1. Re-Appoint Mr Aditya Rao as Vice –Chairman and Managing Director. 2. Appointment of Mr. P V Rao as Joint Managing Director 3. Re-Appoint Mr. B Kamalaker Rao as Independent Director for a second term of 5 (five) consecutive years 4. Re-Appoint Mr. Manish Mahendra Sabharwal as Independent Director for a second term of 5 (five) consecutive years 5. Re-Appoint Mr. Varun Chawla as Independent Director for a second term of 5 (five) consecutive years 6. Create of Charges under Section 180(1)(a) of the Companies Act, 2013. 7. Borrow in excess of paid –up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013. 8. Alteration of Articles of Association 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 the mitigation process being taken. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities. At present the company has not identified any element of risk which may threaten the existence of the company.

f) Code of Conduct:

The Company has adopted the Code of Conduct which is applicable to the members of the Board and senior management of the Company. The Code of Conduct is available on the Company's website at the link: <https://www.pennarindia.com/code-conduct-insider-trading.php>

g) Policy on Prevention of Insider Trading:

The Company has also adopted a policy for prevention of Insider Trading which is made applicable to all the Directors and other designated employees who may have access to unpublished price-sensitive information, in accordance with SEBI (Prohibition of Insider Trading) Regulations. Accordingly such officials are prohibited from trading in the securities of the Company during the notified "Trading Window" period.

h) Proceeds from public issues, rights issues, preferential issues etc

During the financial year ended 31st March, 2022, there were no proceeds from public issues, rights issues, preferential issues, among others.

i) Management Discussion & Analysis is annexed to the Directors' Report and forms part of the Annual Report.

j) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause: The Company has complied with all the mandatory requirements of the Clauses of the Listing Regulations.

(k) Policy for determining 'material' subsidiaries is disclosed at www.pennarindia.com In terms of the Listing Agreement, the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015.

(l) Web link where policy on dealing with related party transactions: The Board has approved a policy for related party transactions which has been uploaded on the Company's website at <https://www.pennarindia.com/policy-related-party-transactions.php>

(m) Disclosure of Commodity price risks and commodity hedging Activities: Not Applicable

(n) Disclosures in Relation to Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal) Act, 2013: The details have been disclosed in the Directors Report forming part of this Annual Report.

12. The requirements of Corporate Governance Report of sub-para (2)-(10) of Part C to Schedule V of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 are complied with.

13. The details of compliance of all discretionary requirements as specified in Part E of Schedule II of SEBI (Listing Obligations And Disclosure Requirements) Regulations 2015 are as under:

a. The Board:

The Company has appointed Mr. 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 halfyearly 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-

8,98,282 Shares are in Investor Education Protection fund. (IEPF).

16. Means of communication

(a) The quarterly/half-yearly/annual financial results of the Company are sent to the stock exchanges immediately after they are approved by the Board.

(b) The Statutory advertisements and financial results of the company (Quarterly, Half-yearly and Annual) are normally published in 'Business Standards' in English and in 'Nava Telangana' regional language dailies (Telugu) within 48 hours of the conclusion of the Board meeting.

(c) The Company's website www.pennarindia.com contains a separate dedicated section "Investors" where latest information for shareholders is available. The quarterly/half yearly/ annual financial results of the Company are simultaneously posted on the website. The Company's website also displays official news releases related to the activities of the Company.

(d) Scores: The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web based complaints redressal system. The system processes complaints in a centralized web based mechanism. The company is in compliance with this system. During the financial year 2021-22 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	22 nd September, 2022 at 11:00 A.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
2.	Financial calendar (Tentative schedule)	Financial year : 1 st April, 2022 to 31 st March, 2023 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 31 st March, 2023. Within 60 days of the end of Financial Year. Annual general meeting for the year 2022-23 : In accordance with Companies Act, 2013 and amendment if any.
3.	Date of book Closure	13.09.2022 to 14.09.2022 (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 th 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 40061623 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@kfintech.com/rajeev.kr@kfintech.com Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.
10.	Share transfer System	The Company's shares are transferable through the depository system. The Company has appointed KFin Technologies Limited (Formerly KFin Technologies Private Limited) as its Registrars and Share Transfer Agents and also Depository Transfer Agent. The Company has signed a tripartite agreement with NSDL/CDSL and KFin Technologies Limited to facilitate dematerialisation of shares. The Members may contact for the redressal of their grievances to either KFin Technologies or the Company Secretary of the Company.

11	Nomination Facility	<p>Section 72 of the Companies Act 2013, provides the facility of nomination to share / debenture / deposit holders. The facility is mainly useful for all those holding the shares / debentures / deposits in single name. In cases where the securities / deposits are held in joint names, the nomination will be effective only in the event of the death of all the holders.</p> <p>Investors are advised to avail of this facility, especially investors holding securities in single name.</p> <p>The nomination form may be had on request from the Company's Registrars & Transfer Agents for the shares held in physical form. For the shares held in dematerialized form, the nomination has to be conveyed by the shareholders to their respective Depository Participant directly, as per the format prescribed by them.</p>
12	Details of all credit ratings obtained by the Company along with any revisions thereto during the year 2021-22, 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-' and Short term bank facilities 'CARE A2+'

The Company has paid Listing fees for the year 2022-23 to all the aforesaid Stock Exchanges.

18. Distribution of shareholding as on 31st March, 2022 was as under:

Sl. No.	Category Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1.	1-5000	55,517	87.002241	13,047,754	65,238,770	9.178073
2.	5001- 10000	3,666	5.745091	5,781,221	28,906,105	4.066636
3.	10001- 20000	2,014	3.156196	5,904,775	29,523,875	4.153547
4.	20001- 30000	998	1.563994	5,019,307	25,096,535	3.530690
5.	30001- 40000	326	0.510884	2,319,071	11,595,355	1.631285
6.	40001- 50000	353	0.553196	3,361,844	16,809,220	2.364794
7.	50001- 100000	461	0.722446	6,808,121	34,040,605	4.788980
8.	100001 & Above	476	0.745953	99,920,138	499,600,690	70.285995
	Total	63,811	100.00	142,162,231	710,811,155	100.00

Shareholding Pattern as on 31st March, 2022 was as under:

Sl. No	Description	Cases	Shares	% Equity
1.	Banks	6	1,648	0.00
2.	Bodies Corporates	286	1,14,01,929	8.02
3.	Clearing Members	82	3,67,091	0.26
4.	Foreign Nationals	1	1,769	0.00
5.	Foreign Portfolio – Corp	1	2,80,247	0.20
6.	H U F	1,427	41,44,094	2.92
7.	I E P F	1	8,98,282	0.63
8.	Mutual Funds	3	950	0.00
9.	Nationalised Banks	2	160	0.00
10.	Non Resident Indian Non Repatriable	256	7,59,134	0.53
11.	Non Resident Indians	437	14,08,671	0.99
12.	Promoter Companies	1	2,10,05,455	14.78
13.	Promoter Group	1	20,000	0.01
14.	Promoters	11	3,11,69,352	21.93
15.	Promoters & Directors Relative	7	14,11,471	0.99
16.	Resident Individuals	61,286	6,92,79,338	48.73
17.	Trusts	3	12,640	0.01
Total		63,811	14,21,62,231	100.00

19. Dematerialisation of shares and liquidity:

(a) Equity shares: The Company's equity shares are in compulsory demat list. The International Securities Identification Number (ISIN) allotted to the Company's scrip is INE932A01024. 99.51% of equity shares are held in dematerialised form as on 31st March, 2022.

(b) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity: During the financial year 2021-22, the Company has not issued any GDRs/ADRs and there are no outstanding warrants or any convertible instruments.

20. Plant locations:

- a) Patancheru unit: IDA, Patancheru, Medak (Dist.), T.S.
- b) Isnapur unit : Isnapur Village, Medak (Dist.), T.S.
- c) Velchal unit : Survey 24, 27 to 38 Venchal (v), Mominpet Vikarabad District, Telangana – 501202
- d) Sadashivpet unit : Chandapur Village, Sadasivpet Mandal, Medak (Dist)
- e) Mallapur unit : 186/A & 188/A, IDA Mallapur, RR (Dist) – 500 076
- f) Chennai unit : Kannigaipair Village, ThiruvellaloreDist, T.N.
- g) Tarapur unit : MIDC, Tarapur, Maharashtra
- h) Tiruchirappalli unit : D-9 & 10, Developed Plot Estate, Thuvakudi, Tiruchirappalli – 620 015

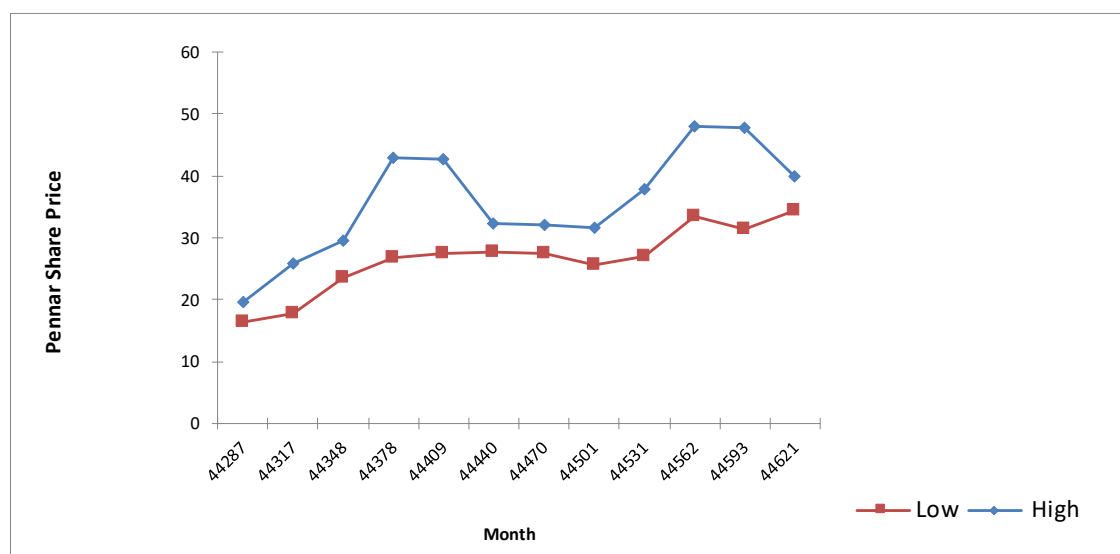
21. Market price data:

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 2021-22 were as follows:

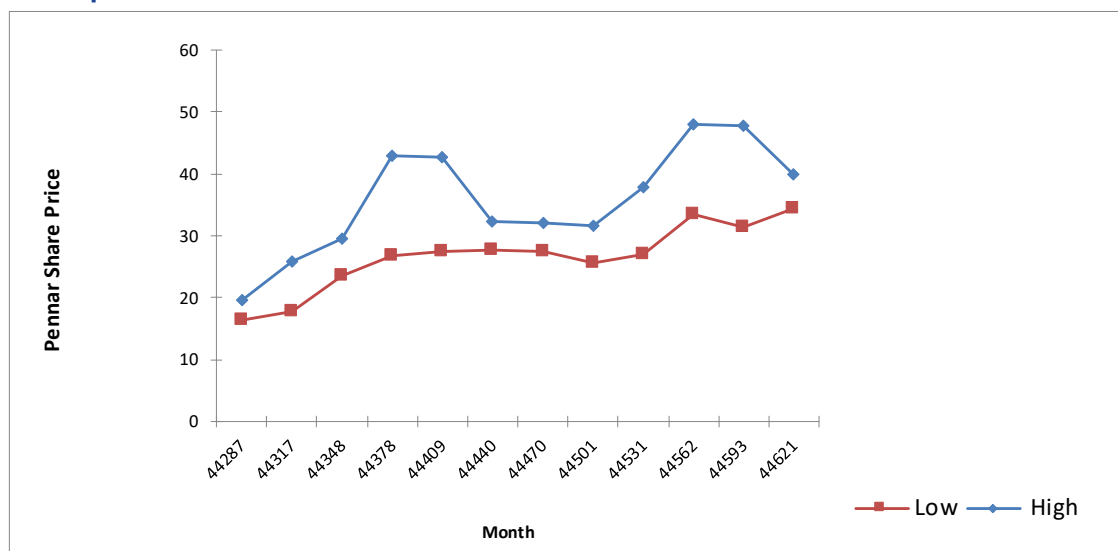
Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April-21	19.5	16.4	8,17,468	19.1	16.35	70,41,785
May-21	25.95	17.75	69,91,489	25.95	17.6	7,32,09,660
June-21	29.5	23.5	90,03,923	29.5	23.45	4,77,33,614
July-21	42.9	26.65	1,42,78,885	42.9	26.65	10,25,90,696
August-21	42.7	27.55	47,57,607	42.75	27.6	2,82,59,473
September-21	32.4	27.6	18,15,906	32.45	27.8	1,02,38,701
October-21	32.05	27.45	18,44,260	32.15	27.4	1,30,76,867
November-21	31.5	25.7	16,75,371	31.7	25.7	1,06,98,967
December-21	37.95	27.05	43,41,646	37.95	27	3,03,58,855
January-22	47.95	33.55	75,33,422	48	33.55	4,87,76,742
February-22	47.7	31.3	55,72,080	47.65	31.3	3,02,52,127
March-22	40	34.3	37,79,674	39.95	34.25	70,41,785

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

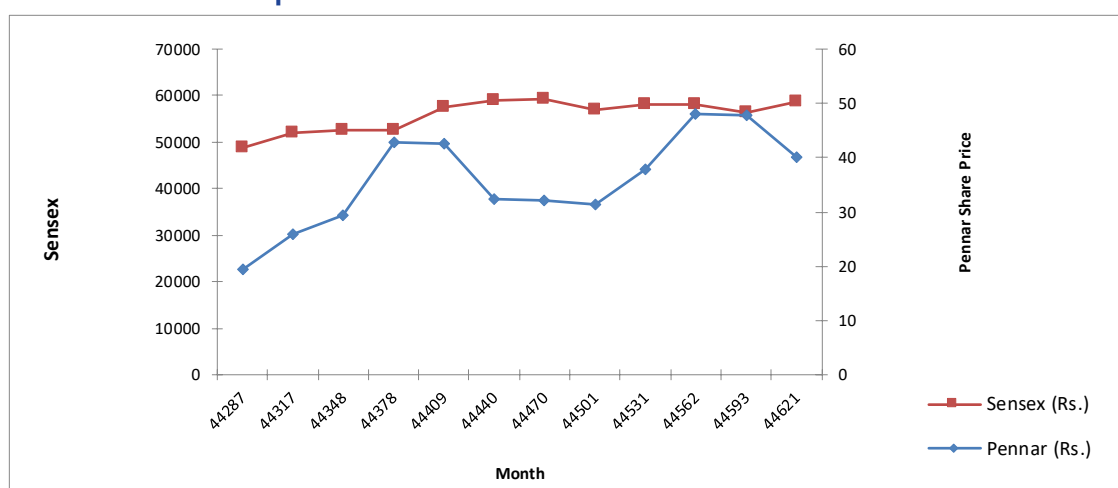
Share prices at BSE



Share prices at NSE

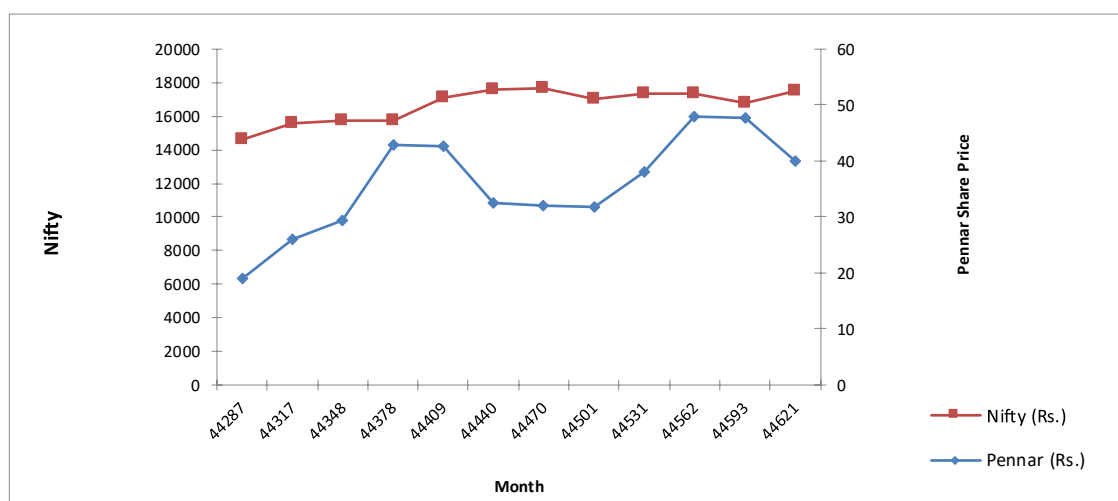


Performance in comparison to broad based indices such as BSE SENSEX:



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

Performance in comparison to broad based indices such as Nifty:



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. Information in respect of such unclaimed dividends due for transfer to the Investor Education and Protection Fund (IEPF) is as follows.

0.01% Cumulative Redeemable Preference shares:

Financial Year	Date of Dividend	Amount outstanding as on 31.03.2022	To be paid within 30 days	Transferred to unpaid dividend account in 7 days	Due for transfer to IEPF
2015-16	31.03.2016	24,49,035.39	30.04.2016	07.05.2016	06.05.2023

23. 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.

CONTROL REPORT AS ON 31/03/2021				
Sl. No	Description	Cases	Shares	% Equity
1.	PHYSICAL	3,615	7,21,677	0.51
2.	NSDL	20,811	9,01,65,835	63.42
3.	CDSL	19,395	5,12,74,719	36.07
	Total:	43,821	14,21,62,231	100.00

CONTROL REPORT AS ON 31/03/2022				
Sl. No	Description	Cases	Shares	% Equity
1.	PHYSICAL	3,545	6,90,410	0.49
2.	NSDL	24,390	7,55,64,551	53.15
3.	CDSL	35,876	6,59,07,270	46.36
	Total:	63,811	14,21,62,231	100.00

24) Reconciliation of Share Capital Audit:

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSIL) and the total issued and paid-up capital. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is placed before the board of directors of the Company. The audit, inter alia, confirms that the listed and paid up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form held with NSDL and CDSIL and the total number of shares in physical form.

25) Corporate Identity Number (CIN):

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

26) Managing Director Certification:

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

27) Green Initiative in the Corporate Governance:

As part of the green initiative process, the company has taken an initiative of sending documents like notice calling Annual General meeting, Corporate Governance Report, Directors Report, audited Financial Statements, Auditors Report, Dividend intimations etc., by email. Physical copies are sent only to those shareholders whose email addresses are not registered with the company and for the bounced-mail cases. Shareholders are requested to register their email id with Registrar and Share Transfer Agent / concerned depository to enable the company to send the documents in electronic form or inform the company in case they wish to receive the above documents in paper mode.

28) Declaration of Code of Conduct:

The Board of Directors of M/s. Pennar Industries Limited, at their meeting held on 11th February, 2015, adopted the Code of Conduct for the Directors and also for the Company's senior management personnel, which was posted on the Company's website. We here by confirm that, all the Directors and the senior management personnel of the Company have affirmed compliance with the aforesaid Code of Conduct as applicable to them for the financial year ended 31st March, 2022

for Pennar Industries Limited

Date: 09.08 2022
Place: Hyderabad

Aditya Rao
Vice-Chairman and Managing Director
DIN 01037343

Ref: RK/203/2022-23

Certificate On Corporate Governance

To the Members of

Pennar Industries Limited

We, R Krishna & Associates, Chartered Accountants, have examined the compliance of conditions of Corporate Governance by **Pennar Industries Limited** (the Company), for the year ended on 31 March 2022, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

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

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

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

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

Opinion

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For R Krishna & Associates
Chartered Accountants

M Rama Krishna
Partner

M.no: 221908

UDIN: 22221908AMNKVT2056

Date: 09.07 2022
Place: Hyderabad

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2021-22

1. Brief outline on 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 (Executive Director)	1	1

The composition of CSR Committee was reconstituted in the Board Meeting held on 10.11.2021.

3. 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%2010112021.pdf>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable for the financial year under review

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in lakhs)	Amount required to be set- off for the financial year, if any (in lakhs)
1.	2020-21	Nil	Nil
2.	2019-20	Nil	Nil
3.	2018-19	Nil	Nil
	TOTAL	Nil	Nil

6. Average net profit of the company as per section 135(5).- Rs. 4697 lakhs

7. (a) Two percent of average net profit of the company as per section 135(5) - Rs.94 Lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - Nil

(c) Amount required to be set off for the financial year, if any- Nil

(d) Total CSR obligation for the financial year (7a+7b-7c)-Rs. 94 Lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs. lakhs)	Amount Unspent (in Rs. lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
94.00 (*)	-	-	-	-	-

* Out of the aforesaid Rs. 94.00 lakhs an amount of Rs. 69.34 lakhs was spent in the financial year 2021-22 and Rs. 24.66 lakhs was spent within 30 days from end of financial year 2021-22.

8. (b) Details of CSR amount spent against ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in lakhs)	Amount spent in the current financial year (in lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in lakhs)	Mode of implementation - Direct (Yes/No).	Mode of implementation Through implementing agency	
				State	District						Name	CSR Registration number
1.	Skill Development and Distribution of books	Promoting Education	Yes	Telangana	Hyderabad	3 years	120.00	35.5 (*)	0	No	Pennar Foundation	CSR00006706
2.	Construction of animal hostel	Animal Welfare	Yes	Telangana	Hyderabad	3 years	165.54	25.84	0	Yes	NA	NA
3.	Promoting Health Care Providing sanitation	Promoting Health Care/Rural Development	No	Telangana / Andhra Pradesh	Sadashivpet/ Tirupati	3 years	50.00	3.00	0	No	Pennar Foundation	CSR00006706
Total							170.00	64.34	0			

* **Note:** An amount of Rs. 24.66 lakhs was spent within 30 days from end of financial year 2021-22.

8. (c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in lakhs)	Mode of implementation on Direct (Yes/No)	Mode of implementation Through implementing agency	
				State	District			Name	CSR registration number
1.	Med Meal at school	Eradicating hunger, Poverty and malnutrition	Yes	Telangana	Hyderabad	5.00	No	Pennar Foundation	CSR00006706
Total						5.00			

8. (d) Amount spent in Administrative Overheads: Nil

8. (e) Amount spent on Impact Assessment, if applicable: Nil

8. (f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs.94.00 lakhs (*)

8. (g) Excess amount for set off, if any: Nil

* Out of the aforesaid Rs. 94.00 lakhs an amount of Rs. 69.34 lakhs was spent in the financial year 2021-22 and Rs. 24.66 lakhs was spent within 30 days from end of financial year 2021-22.

Sl. No.	Particular	Amount (in lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	Rs.94.00
(ii)	Total amount spent for the Financial Year	Rs.94.00 (*)
(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)]	-

* Out of the aforesaid Rs. 94.00 lakhs an amount of Rs. 69.34 lakhs was spent in the financial year 2021-22 and Rs. 24.66 lakhs was spent within 30 days from end of financial year 2021-22.

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSRAccount under section 135 (6) (in lakhs)	Amount spent in the reporting Financial Year (in lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in lakhs)
				Name of the Fund	Amount (in lakhs)	Date of transfer	
1.	2020-21	22	Nil	Nil	Nil	Nil	Nil
2.	2019-20	Nil	Nil	Nil	Nil	Nil	Nil
3.	2018-19	Nil	Nil	Nil	Nil	Nil	Nil
	TOTAL	Nil	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	ProjectID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs. lakhs)	Amount spent on the project in the reporting Financial Year (in Rs. lakhs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs. lakhs)	Status of the project - Completed /Ongoing
1.	001/PIL	Construction of Animal Hostel	2019-20	3 Years	168.54	25.84	168.54	Completed
	Total				168.54	25.30	168.54	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

a. Date of creation or acquisition of the capital asset(s). - Not applicable

b. Amount of CSR spent for creation or acquisition of capital asset.- Not applicable

c. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.- Not applicable

d. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).- Not applicable.

11. 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

J S Krishna Prasad
Chief Financial Officer

Aditya Rao
Vice-Chairman and Managing Director
DIN 01307343

B Kamalaker Rao
Chairman of CSR Committee
DIN 00038686

Secretarial Audit Report For The Financial Year Ended 31st March, 2022

[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 1st April, 2021 and ended 31st March, 2022, 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, 2022 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 2021-2022.**
 - (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.

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 2021-2022**
- (iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **As on 31/03/2022, the Company Buy Back 50 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 2021-2022.**

I further report that, the compliance by the Company of applicable finance laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this audit since the same have been subjected to review by statutory financial audit and other designated professionals.

I further report that:

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Companies Act, 2013.
- (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation of the meeting.
- (c) As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded

I further report that, based on the review of the compliance reports and the certificates of Company Secretary/ Managing Director taken on record by the Board of Directors of the Company, in my opinion there are adequate systems and processes in the Company with the size and operation of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines

I report further that, during the audit period there were no specific events/ actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc apart from the following:

a. As on 31/03/2022, the Company Buy Back 50 shares from its shareholders through Open Market Purchase.

Date: 09.05 2022
Place: Hyderabad

CS. Subhash Kishan Kandrapu
ACS: 32743, CP: 17545
UDIN: **A032743D000290385**

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, standazds 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.

Date: 09.05 2022
Place: Hyderabad

CS. Subhash Kishan Kandrapu
ACS: 32743, CP: 17545
UDIN: **A032743D000290385**

Conservation of Energy, Technology Absorption, and foreign exchange Earning and Outgo etc:

Information on conservation of energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under section 134 of the companies' act, 2013 read with companies (accounts) Rules, 2014 are provided here under:

(A) Conservation of Energy: I. The steps taken or impact on conservation of energy	Replaced the 355 No's 150W led fittings in place of 400W metal halide fittings. Patancheru Plant – 132 No's Isnapur Plant – 101 No's Velchal Plant – 33 No's Tarapur Plant – 11 No's Chennai Plant – 78 No's
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) Technology absorption: I. The efforts made towards technology absorption	Digital DC Drives used for 4HI-2 Screw down system in place of Analog drives. In Paint Booth used AC Drives for Blower's & Coil Cars for smooth operations.
II. The benefits derived like product improvement, cost reduction, product development or import substitution.	Nil
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	Nil
IV. The expenditure incurred on research and development	–
(C) Foreign exchange earnings and outgo	Total Foreign Exchange earnings: Rs.20494.91Lakhs Total Foreign Exchange Outgo: Rs.6239.06 lakhs

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31st March, 2022

[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	56.48%
2.	Custom designed building solutions & auxiliaries	28112	43.52%

III. Principal business activities of the Company

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 , Wilmington City, Delaware State , Zip Code – 19805,USA.	-	Subsidiary	100%	2(87)
2.	Pennar GmbH Registered Office: Am Borsigturm 40, 13507, Berlin, Germany	-	Subsidiary	100%	2(87)
3.	Enertech Pennar Defense and Engineering Systems Private Limited Registered Office: 3rd 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

Amount in Rs.lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	57,287	1,278	NIL	58,565
ii. Interest due but not paid	-	-	NA	-
iii. Interest accrued but not due	194	-	NA	194
Total (i+ii+iii)	57,481	1,278	-	58,759
Change in Indebtedness during the financial year	-	-	-	-
* Additions	6,207	-	NIL	6,207
* Reductions	5,431	431	NIL	5,862
Net Change	776	(431)	0	345
Indebtedness at the end 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	204
Total (i+ii+iii)	58,266	848	0	59,114

VI. Remuneration of Directors and Key Managerial Personnel

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

Amount in Rs.lakhs

Sl No.	Particulars of Remuneration	Nrupender Rao	Aditya Rao	K Lavanya Kumar Rao	Total Amount
		Chairman	Managing Director	Executive Director	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	168	105	90	363
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-			
5.	Others	-	-	-	-
	Total	168	105	90	363

B) Remuneration to other directors

Amount in Rs.lakhs

Sl No.	Particulars of Remuneration	Name of the Directors							Total Amount
		B Kamalaker Rao	Varun Chawla	Chandrasekhar Sripada	Manish Sabharwal	Bharati Jacob	RVS Ramakrishna	P V Rao	
1	Independent Directors * Fee for attending board, committee meetings * Commission * Others, please specify	6 - -	6 - -	5 - -	5 - -	3 - -	4 - -	- - -	29 - -
	Total (1)	6	6	5	5	3	4	-	29
2	Others Non-Executive Directors * Fee for attending board meetings * Commission * Others, please specify	- - -	- - -	- - -	- - -	- - -	- - -	5 - -	5 - -
	Total (2)	-	-	-	-	-	-	5	5
	Total (1+2)	6	6	5	5	3	4	5	34

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

Amount in Rs.lakhs

Sl No.	Particulars of Remuneration	J S Krishna Prasad Chief Financial Officer	Mirza Mohammed Ali Baig Company Secretary	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (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	42 - -	14 - -	56 - -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify Others, please specify			
5.	Others, please specify	-	-	-
	Total	42	14	56

VII. Penalties / Punishment/ Compounding of Offences

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

(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 31/03/2021				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2022				% 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	3,25,80,823	-	3,25,80,823	22.92	3,26,00,823	-	3,26,00,823	22.93	0.01
(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	14.78	0.00
(d)	Financial Institutions / Banks	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Others	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total A(1) :	5,35,86,278	-	5,35,86,278	37.69	5,36,06,278	-	5,36,06,278	37.71	0.01
(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
	Sub-Total A(2) :	-	-	-	0.00	-	-	-	0.00	0.00
	Total A=A(1)+A(2)	5,35,86,278	-	5,35,86,278	37.69	5,36,06,278	-	5,36,06,278	37.71	0.01
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds / UTI	83,28,304	-	83,28,304	5.86	950	-	950	0.00	-5.86
(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	1,25,42,291	-	1,25,42,291	8.82	2,80,247	-	2,80,247	0.20	-8.63
(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
	Sub-Total B(1) :	2,08,71,053	1,350	2,08,72,403	14.68	2,81,655	1,350	2,83,005	0.20	-14.48
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	76,49,974	3,555	76,53,529	5.38	1,13,98,374	3,555	1,14,01,929	8.02	2.64
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	3,09,27,617	6,57,193	3,15,84,810	22.22	3,94,77,518	6,26,826	4,01,04,344	28.21	5.99
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	2,39,72,310	44,000	2,40,16,310	16.89	3,32,76,857	44,000	3,33,20,857	23.44	6.55
(c)	Others									
	CLEARING MEMBERS	3,22,027	-	3,22,027	0.23	3,67,091	-	3,67,091	0.26	0.03
	I E P F	8,98,282	-	8,98,282	0.63	8,98,282	-	8,98,282	0.63	0.00
	NON RESIDENT INDIANS	22,98,299	15,579	23,13,878	1.63	13,93,992	14,679	14,08,671	0.99	-0.64
	NRI NON-REPATRIATION	9,12,074	-	9,12,074	0.64	7,59,134	-	7,59,134	0.53	-0.11
	TRUSTS	2,640	-	2,640	0.00	12,640	-	12,640	0.01	0.01
(d)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total B(2) :	6,69,83,223	7,20,327	6,77,03,550	47.62	8,75,83,888	6,89,060	8,82,72,948	62.09	14.47
	Total B=B(1)+B(2) :	8,78,54,276	7,21,677	8,85,75,953	62.31	8,78,65,543	6,90,410	8,85,55,953	62.29	-0.01
	Total (A+B) :	14,14,40,554	7,21,677	14,21,62,231	100.00	14,14,71,821	6,90,410	14,21,62,231	100.00	0.00
(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
	GRAND TOTAL (A+B+C) :	14,14,40,554	7,21,677	14,21,62,231	100.00	14,14,71,821	6,90,410	14,21,62,231	100.00	

(ii) Shareholding of Promoters

S/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 - 31/03/2021	PENNNAR HOLDINGS PRIVATE LIMITED	2,10,05,455	14.78	2,10,05,455	14.78
	31/03/2022	Closing Balance - 31/03/2022				2,10,05,455	14.78
2		Opening Balance - 31/03/2021	ADITYA NARSING RAO	84,27,203	5.93	84,27,203	5.93
	31/03/2022	Closing Balance - 31/03/2022				84,27,203	5.93
3		Opening Balance - 31/03/2021	J. RAJYALAKSHMI	69,33,038	4.88	69,33,038	4.88
	31/03/2022	Closing Balance - 31/03/2022				69,33,038	4.88
4		Opening Balance - 31/03/2021	JOGINAPALLY VENKATA NRUPENDER RAO	60,10,786	4.23	60,10,786	4.23
	31/03/2022	Purchase		22,00,000	1.55	82,10,786	5.78
	31/03/2022	Sale		22,00,000	1.55	60,10,786	4.23
	31/03/2022	Closing Balance - 31/03/2022				60,10,786	4.23
5		Opening Balance - 31/03/2021	J. AVANTI RAO	23,97,951	1.69	23,97,951	1.69
	31/03/2022	Closing Balance - 31/03/2022				23,97,951	1.69
6		Opening Balance - 31/03/2021	JAYANTHI PULJAL	20,95,202	1.47	20,95,202	1.47
	31/03/2022	Closing Balance - 31/03/2022				20,95,202	1.47
7		Opening Balance - 31/03/2021	DANAPUNENI SUDEEPTA RAO	18,61,054	1.31	18,61,054	1.31
	31/03/2022	Closing Balance - 31/03/2022				18,61,054	1.31
8		Opening Balance - 31/03/2021	KALPANA PULJAL	17,50,091	1.23	17,50,091	1.23
	31/03/2022	Closing Balance - 31/03/2022				17,50,091	1.23
9		Opening Balance - 31/03/2021	BHAVANA PULJAL	16,94,027	1.19	16,94,027	1.19
	31/03/2022	Closing Balance - 31/03/2022				16,94,027	1.19
10		Opening Balance - 31/03/2021	JOGINAPALLY NRUPENDER RAO HUF	6,60,114	0.46	6,60,114	0.46
	31/03/2022	Closing Balance - 31/03/2022				6,60,114	0.46
11		Opening Balance - 31/03/2021	LAVANYAKUMAR RAO KONDAPALLY	2,54,900	0.18	2,54,900	0.18
	31/03/2022	Closing Balance - 31/03/2022				2,54,900	0.18
12		Opening Balance - 31/03/2021	Y REKHA RAO	1,59,057	0.11	1,59,057	0.11
	31/03/2022	Closing Balance - 31/03/2022				1,59,057	0.11
13		Opening Balance - 31/03/2021	Y MURALIDHAR RAO	1,10,400	0.08	1,10,400	0.08
	31/03/2022	Closing Balance - 31/03/2022				1,10,400	0.08
14		Opening Balance - 31/03/2021	KONDAPALLY LAKSHMAN RAO HUF	95,200	0.07	95,200	0.07
	31/03/2022	Closing Balance - 31/03/2022				95,200	0.07
15		Opening Balance - 31/03/2021	KONDAPALLY LAVANYA KUMAR RAO HUF	82,200	0.06	82,200	0.06
	31/03/2022	Closing Balance - 31/03/2022				82,200	0.06
16		Opening Balance - 31/03/2021	KONDAPALLY SANDHYA	69,600	0.05	69,600	0.05
	31/03/2022	Closing Balance - 31/03/2022				69,600	0.05
17		Opening Balance - 31/03/2021	FORT KOCHI HOLDINGS LTD	-	0.00	-	0.00
	31/03/2022	Closing Balance - 31/03/2022				-	0.00

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

Sino	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	JOGINAPALLY VENKATA NRUPENDER RAO	60,10,786	4.23	31/03/2021			60,10,786	4.23
	Purchase				31/03/2022	22,00,000	Transfer	82,10,786	5.78
	Sale				31/03/2022	-22,00,000	Transfer	60,10,786	4.23
	Closing Balance				31/03/2022			60,10,786	4.23

Note: 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.

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

Sino	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		FPC	Opening Balance - 31/03/2021	SAIF INDIA IV FII HOLDINGS LIMITED	1,13,14,460	7.96	1,13,14,460	7.96
	09/04/2021		Sale		1,88,721	0.13	1,11,25,739	7.83
	16/04/2021		Sale		3,37,349	0.24	1,07,88,390	7.59
	30/04/2021		Sale		1,93,077	0.14	1,05,95,313	7.45
	07/05/2021		Sale		12,28,871	0.86	93,66,442	6.59
	14/05/2021		Sale		6,18,165	0.43	87,48,277	6.15
	21/05/2021		Sale		13,06,804	0.92	74,41,473	5.23
	28/05/2021		Sale		20,10,477	1.41	54,30,996	3.82
	04/06/2021		Sale		54,30,996	3.82	-	0.00
	31/03/2022		Closing Balance - 31/03/2022				-	0.00
2		MUT	Opening Balance - 31/03/2021	FRANKLIN INDIA SMALLER COMPANIES FUND	79,89,354	5.62	79,89,354	5.62
	07/05/2021		Sale		5,78,813	0.41	74,10,541	5.21
	14/05/2021		Sale		6,55,695	0.46	67,54,846	4.75
	21/05/2021		Sale		17,65,492	1.24	49,89,354	3.51
	28/05/2021		Sale		8,83,000	0.62	41,06,354	2.89
	04/06/2021		Sale		32,97,368	2.32	8,08,986	0.57
	11/06/2021		Sale		3,63,825	0.26	4,45,161	0.31
	18/06/2021		Sale		4,45,161	0.31	-	0.00
	31/03/2022		Closing Balance - 31/03/2022				-	0.00

3		PUB	Opening Balance - 31/03/2021	VINOD HASHMATRAI PUNWANI	32,50,000	2.29	32,50,000	2.29
	24/12/2021		Purchase		29,000	0.02	32,79,000	2.31
	31/12/2021		Purchase		34,000	0.02	33,13,000	2.33
	07/01/2022		Purchase		2,000	0.00	33,15,000	2.33
	31/03/2022		Closing Balance - 31/03/2022				33,15,000	2.33
4		LTD	Opening Balance - 31/03/2021	SOUTHEND SECURITIES PRIVATE LIMITED	20,74,230	1.46	20,74,230	1.46
	31/12/2021		Purchase		15,000	0.01	20,89,230	1.47
	11/03/2022		Purchase		5,500	0.00	20,94,730	1.47
	31/03/2022		Closing Balance - 31/03/2022				20,94,730	1.47
5		LTD	Opening Balance - 31/03/2021	ZEN SECURITIES LIMITED -CLIENTS (DORMANT)	13,85,086	0.97	13,85,086	0.97
	02/04/2021		Purchase		500	0.00	13,85,586	0.97
	09/04/2021		Sale		14,203	0.01	13,71,383	0.96
	16/04/2021		Sale		10,613	0.01	13,60,770	0.96
	23/04/2021		Purchase		2,249	0.00	13,63,019	0.96
	30/04/2021		Purchase		4,531	0.00	13,67,550	0.96
	07/05/2021		Purchase		1,56,905	0.11	15,24,455	1.07
	14/05/2021		Purchase		9,443	0.01	15,33,898	1.08
	14/05/2021		Sale		50,506	0.04	14,83,392	1.04
	21/05/2021		Sale		1,19,910	0.08	13,63,482	0.96
	28/05/2021		Purchase		1,97,817	0.14	15,61,299	1.10
	04/06/2021		Sale		1,49,551	0.11	14,11,748	0.99
	11/06/2021		Purchase		500	0.00	14,12,248	0.99
	11/06/2021		Sale		22,349	0.02	13,89,899	0.98
	18/06/2021		Purchase		4,500	0.00	13,94,399	0.98
	18/06/2021		Sale		16,426	0.01	13,77,973	0.97
	25/06/2021		Sale		11,373	0.01	13,66,600	0.96
	30/06/2021		Sale		5,476	0.00	13,61,124	0.96
	02/07/2021		Purchase		44,953	0.03	14,06,077	0.99
	09/07/2021		Sale		28,625	0.02	13,77,452	0.97
	16/07/2021		Purchase		14,955	0.01	13,92,407	0.98
	16/07/2021		Sale		2,639	0.00	13,89,768	0.98
	23/07/2021		Purchase		9,351	0.01	13,99,119	0.98
	23/07/2021		Sale		14,955	0.01	13,84,164	0.97
	30/07/2021		Purchase		66,653	0.05	14,50,817	1.02
	06/08/2021		Sale		88,658	0.06	13,62,159	0.96
	13/08/2021		Purchase		895	0.00	13,63,054	0.96
	20/08/2021		Purchase		37,551	0.03	14,00,605	0.99
	27/08/2021		Sale		34,006	0.02	13,66,599	0.96
	03/09/2021		Sale		5,366	0.00	13,61,233	0.96
	10/09/2021		Purchase		14,088	0.01	13,75,321	0.97
	17/09/2021		Sale		14,372	0.01	13,60,949	0.96
	24/09/2021		Purchase		650	0.00	13,61,599	0.96
	30/09/2021		Purchase		6,896	0.00	13,68,495	0.96
	01/10/2021		Sale		5,001	0.00	13,63,494	0.96
	08/10/2021		Sale		2,695	0.00	13,60,799	0.96
	15/10/2021		Purchase		5,750	0.00	13,66,549	0.96
	22/10/2021		Sale		5,850	0.00	13,60,699	0.96
	29/10/2021		Purchase		4,100	0.00	13,64,799	0.96
	05/11/2021		Purchase		10,000	0.01	13,74,799	0.97
	05/11/2021		Sale		4,000	0.00	13,70,799	0.96
	12/11/2021		Purchase		19,122	0.01	13,89,921	0.98
	12/11/2021		Sale		10,000	0.01	13,79,921	0.97
	19/11/2021		Purchase		500	0.00	13,80,421	0.97
	19/11/2021		Sale		18,006	0.01	13,62,415	0.96
	26/11/2021		Purchase		5,384	0.00	13,67,799	0.96
	26/11/2021		Sale		500	0.00	13,67,299	0.96
	03/12/2021		Sale		6,700	0.00	13,60,599	0.96
	10/12/2021		Purchase		45,350	0.03	14,05,949	0.99
	17/12/2021		Purchase		51,744	0.04	14,57,693	1.03
	17/12/2021		Sale		20,050	0.01	14,37,643	1.01
	24/12/2021		Sale		61,544	0.04	13,76,099	0.97
	31/12/2021		Purchase		42,800	0.03	14,18,899	1.00

	07/01/2022		Purchase		8,000	0.01	14,26,899	1.00
	07/01/2022		Sale		54,600	0.04	13,72,299	0.97
	14/01/2022		Sale		8,100	0.01	13,64,199	0.96
	21/01/2022		Purchase		1,80,130	0.13	15,44,329	1.09
	21/01/2022		Sale		2,000	0.00	15,42,329	1.08
	28/01/2022		Purchase		26,208	0.02	15,68,537	1.10
	28/01/2022		Sale		1,77,180	0.12	13,91,357	0.98
	04/02/2022		Purchase		13,095	0.01	14,04,452	0.99
	04/02/2022		Sale		26,208	0.02	13,78,244	0.97
	11/02/2022		Purchase		3,200	0.00	13,81,444	0.97
	11/02/2022		Sale		15,265	0.01	13,66,179	0.96
	18/02/2022		Sale		2,280	0.00	13,63,899	0.96
	25/02/2022		Purchase		27,873	0.02	13,91,772	0.98
	25/02/2022		Sale		200	0.00	13,91,572	0.98
	04/03/2022		Sale		11,382	0.01	13,80,190	0.97
	11/03/2022		Purchase		38,409	0.03	14,18,599	1.00
	18/03/2022		Purchase		1,700	0.00	14,20,299	1.00
	18/03/2022		Sale		55,750	0.04	13,64,549	0.96
	25/03/2022		Purchase		20,785	0.01	13,85,334	0.97
	25/03/2022		Sale		92	0.00	13,85,242	0.97
	31/03/2022		Sale		22,843	0.02	13,62,399	0.96
	31/03/2022		Closing Balance - 31/03/2022				13,62,399	0.96
6		PUB	Opening Balance - 31/03/2021	K.SWAPNA	12,50,000	0.88	12,50,000	0.88
	31/03/2022		Closing Balance - 31/03/2022				12,50,000	0.88
7		LTD	Opening Balance - 31/03/2021	ARUNA FINECAP PVT LTD	11,78,846	0.83	11,78,846	0.83
	31/03/2022		Closing Balance - 31/03/2022				11,78,846	0.83
8	EXEMPTCATG	IEP	Opening Balance - 31/03/2021	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY M	8,98,282	0.63	8,98,282	0.63
	31/03/2022		Closing Balance - 31/03/2022				8,98,282	0.63
9		PUB	Opening Balance - 31/03/2021	LEKHYA KANTHETI	8,50,000	0.60	8,50,000	0.60
	26/11/2021		Purchase		15,400	0.01	8,65,400	0.61
	03/12/2021		Purchase		14,300	0.01	8,79,700	0.62
	31/03/2022		Closing Balance - 31/03/2022				8,79,700	0.62
10		FPC	Opening Balance - 31/03/2021	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	7,86,738	0.55	7,86,738	0.55
	09/04/2021		Sale		7,86,738	0.55	-	0.00
	31/03/2022		Closing Balance - 31/03/2022				-	0.00

(v) Shareholding of Directors and Key Management Personnel

Slno	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	JOGINAPALLY VENKATA NRUPENDER RAO	60,10,786	4.23	31/03/2021			60,10,786	4.23
	Purchase				31/03/2022	22,00,000	Transfer	82,10,786	5.78
	Sale				31/03/2022	-22,00,000	Transfer	60,10,786	4.23
	Closing Balance				31/03/2022			60,10,786	4.23
2	Opening Balance	ADITYA NARSING RAO	84,27,203	5.93	31/03/2021			84,27,203	5.93
	Closing Balance				31/03/2022			84,27,203	5.93
3	Opening Balance	POTLURI VENKATESWARA RAO	4,38,573	0.31	31/03/2021			4,38,573	0.31
	Purchase				15/02/2022	20,000	Purchase	4,58,573	0.32
	Closing Balance				31/03/2022			4,58,573	0.32
4	Opening Balance	LAVANYAKUMAR RAO KONDAPALLY	2,54,900	0.18	31/03/2021			2,54,900	0.18
	Closing Balance				31/03/2022			2,54,900	0.18
5	Opening Balance	J S KRISHNA PRASAD	889	0.00	31/03/2021			889	0.00
	Closing Balance				31/03/2022			889	0.00
6	Opening Balance	MIRZA MOHAMMED ALI BAIG	-	0.00	31/03/2021			-	0.00
	Closing Balance				31/03/2022			-	0.00
7	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO HUF	82,200	0.06	31/03/2021			82,200	0.06
	Closing Balance				31/03/2022			82,200	0.06
8	Opening Balance	JOGINAPALLY NRUPENDER RAO HUF	6,60,114	0.46	31/03/2021			6,60,114	0.46
	Closing Balance				31/03/2022			6,60,114	0.46
9	Opening Balance	CHANDRASEKHAR SRIPADA	-	0.00	31/03/2021			-	0.00
	Closing Balance				31/03/2022			-	0.00
10	Opening Balance	RVS RAMAKRISHNA	-	0.00	31/03/2021			-	0.00
	Closing Balance				31/03/2022			-	0.00
11	Opening Balance	MANISH SABHARWAL	-	0.00	31/03/2021			-	0.00
	Closing Balance				31/03/2022			-	0.00
12	Opening Balance	KAMALAKER RAO BANDARI	-	0.00	31/03/2021			-	0.00
	Closing Balance				31/03/2022			-	0.00
13	Opening Balance	VARUN CHAWLA	-	0.00	31/03/2021			-	0.00
	Closing Balance				31/03/2022			-	0.00
14	Opening Balance	ERIC JAMES BROWN	-	0.00	31/03/2021			-	0.00
	Closing Balance				31/03/2022			-	0.00
15	Opening Balance	BHARATI JACOB	-	0.00	31/03/2021			-	0.00
	Closing Balance				31/03/2022			-	0.00

Note: 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

PARTICULARS OF EMPLOYEES

(a) The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Amount in Rs. lakhs

Sl No.	Name of the Director	Designation	Remuneration paid in 2021-22	Remuneration paid in 2020-21	Increase in remuneration from previous year	Ratio/median of employee remuneration (2021-22)
1.	Mr. Nrupender Rao	Chairman	168	118	50	46.60
2.	Mr. Aditya Rao	Vice-Chairman & Managing Director	105	68	37	29.12
3.	Mr. P V Rao	Joint Managing Director (up to 31.03.2021)	Nil	94	Nil	Nil
4.	Mr. K Lavanya Kumar Rao	Executive Director	90	54	36	24.96
5.	Mr. J S Krishna Prasad	Chief Financial Officer	42	24	18	11.71
6.	Mr. Mirza Mohammed Ali Baig	Company Secretary & Compliance Officer	14	10	4	3.95
Non-Executive Directors						
1.	Mr. B Kamalaker Rao	Non-Executive Independent Director	5.55	4.50	1	1.54
2.	Mr. Varun Chawla	Non-Executive Independent Director	5.55	5.50	0	1.54
3.	Mr. Chandrasekhar Sripada	Non-Executive Independent Director	5.10	4.05	1	1.41
4.	Ms. Bharati Jacob	Non-Executive Independent Director	3.00	4.00	-1	0.83
5.	Mr. Manish Sabharwal	Non-Executive Independent Director	5.00	4.00	1	1.39
6.	Mr. Ravi Venkata Siva Ramakrishna	Non-Executive Independent Director	4.00	-	-	1.11
7.	Mr. P V Rao	Non-Executive Non-Independent Director (w.e.f 01.04.2021)	5.00	-	-	1.39

(iii) The percentage increase in the median remuneration of employees in the financial year: 8.51%

(iv) The number of permanent employees on the rolls of company: 2,257

(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 2021-22 in salaries of employees was:13.31%, this includes new joiners plus salary annual increment.

(b) The increase in managerial remuneration for the Financial Year 2021-22 was:13.95%, In the last financial year there was 'covid' related deductions, due to which the pay-out in 2020-21 was low.

(vi) Affirmation that the remuneration is as per the remuneration policy of the company: The Company affirms remuneration is as per the remuneration policy of the Company.

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

Managing director declaration

I, Aditya Rao, Vice–Chairman and Managing Director do hereby declare that pursuant to the provisions of Schedule V of the SEBI LODR Regulations, 2015 all the members of the Board and Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company, for the financial year ended 31st March, 2022.

for Pennar Industries Limited

Date: 09.08.2022
Place: Hyderabad

Aditya Rao
Vice–Chairman & Managing Director
DIN 01307343

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

To,

The Board of Directors

M/s. Pennar Industries Limited

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

1. We have reviewed financial statements and the cash flow statement of M/s. Pennar Industries Limited for the year ended 31st March, 2022 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: 09.08.2022
Place: Hyderabad

J S Krishna Prasad
Chief Financial Officer

Aditya Rao
Vice–Chairman & Managing Director
DIN 01307343

To

The Members

M/s. PENNAR INDUSTRIES LIMITED

CIN: L27109TG1975PLC001919

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 there under for the Financial Year ended on March 31, 2022.

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, 2022:

S.No	Name of the Director	Designation
1	Mr. Joginapally Venkata Nrupender Rao	Executive Chairman
2	Mr. Aditya Narsing Rao	Vice-Chairman & Managing Director
3	Mr. Potluri Venkateswara Rao	Non-Executive Director
4	Mr. Lavanya Kumar Rao Kondapalli	Executive Director
5	Mr. Eric James Brown	Non-Executive Director
6	Mrs. Bharati Jacob	Non-Executive Independent Director
7	Mr. Bandari Kamalaker Rao	Non-Executive Independent Director
8	Mr. Manish Sabharwal	Non-Executive Independent Director
9	Mr. Varun Chawla	Non-Executive Independent Director
10	Mr. Chandrasekhar Sripada	Non-Executive Independent Director
11	Mr. Ravi Venkata Siva Ramakrishna	Non-Executive Independent Director

Thanking you
YOURS TRULY

SUBHASH KISHAN KANDRAPU
COMPANY SECRETARY
ACS 32743
PCS 17545
UDIN: A032743D000550667
Date: 01-July-2022
Place: Hyderabad

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L27109TG1975PLC001919
2.	Name of the Company	PENNAR INDUSTRIES LIMITED
3.	Registered address	FLOOR NO. 3, DHFLVC SILICON TOWERS Kondapur Hyderabad Telangana, India – 500084
4.	Website	www.pennarindia.com
5.	e-Mail ID	corporatecommunications@pennarindia.com
6.	Financial Year reported	1 st April, 2021 to 31 st March, 2022
	1. Sector(s) that the Company is engaged in (industrial activity code-wise)	1. Diversified Engineering NIC –24105, 2. Custom designed building solutions & auxiliaries NIC–28112
	2. List three key products/services that the Company manufactures/provides (as in balance sheet)	Pre-engineered Buildings, Railways-Wagons, Passenger and Metro Coaches, Solar Module Mounting solutions, Engineering Services, Industrial Boilers & Heaters, Chemicals & Fuel Additives.
	3. Total number of locations where business activity is undertaken by the Company	
	a) Number of International Locations	2 USA and France
	b) Number of National Location	10 Plants and 14 Branch office
	4. Markets served by the Company – Local/State/National/International/	National and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (Rs. in lakhs)	7,108
2.	Total Turnover (Rs. in lakhs)	1,99,475
3.	Total Profit after taxes (Rs. in lakhs)	3,416
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2%
5.	List of activities in which expenditure in 4 above has been incurred:-	1. Skill Development and Distribution of books. 2. Construction of animal hostel. 3. Promoting Health Care Providing sanitation 4. Mid-Day Meal at school

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3.	Do any other entity/entities (e.g. suppliers, distributors, etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities. [Less than 30%, 30–60%, More than 60%]	No

SECTION D: BR INFORMATION**1. Details of Director/Directors responsible for BR**

Sl. No.	Particulars	Details
1.	DIN Number (If applicable)	01307343
2.	Name	Mr. Aditya Rao
3.	Designation	Vice - Chairman and Managing Director
4.	Telephone Number	040 - 40210525
5.	e- Mail ID	adityarao@pennarindustries.com

2(a) Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Name of principles:

P1 – Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle

P3 – Businesses should promote the well-being of all employees

P4 – Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5 – Businesses should respect and promote human rights

P6 – Businesses should respect, protect, and make efforts to restore the environment

P7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 – Businesses should support inclusive growth and equitable development

P9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify. (50 words) National/ International standards being followed by Pennar as listed below: 1. ISO 9001:2015: Quality Management Systems Requirements 2. ISO 14001:2015: Environmental Management Systems - Requirements with Guidance for use 3. OHSAS 18001:2007: Occupational Health and Safety Management Systems - Requirements with Guidance for use 4. ATF 16949:2016: Quality Management System Requirements for Automotive Production and relevant Service part Organisations 5. ISO 3834-2:2005: Quality Requirements for Fusion Welding of Metallic Materials – Part2 Comprehensive Quality Requirements	Y	Y	Y	Y	Y	Y	Y	Y	Y

	<p>6. EN 15085-2:2007: Railway Applications – Welding of Railway vehicles and components – Part2 Quality requirements and certification of welding manufacturer</p> <p>7. AS 9100:2016: Quality Management Systems – Requirements for Aviation, Space and Defense Organisations</p> <p>8. FM Approval: Double-Lok Standing Seam Roof Systems as Class 1 Panel Roofs (Approval Identification: 3036416)</p> <p>9. ISO 9001:2015: Design, Manufacture, Supply and Erection of Pre-Engineered Building Systems</p> <p>10. RDSO Approval (Ministry of Railways): Fabrication and supply of Steel Bridge Girders</p> <p>11. Bureau of Indian Standards (BIS) License (Registration/CRS 2020-0703/R-63001775): Crystalline Silicon Terrestrial Photovoltaic (PV) Solar modules</p>									
4.	Has the policy been approved by the Board? Has it been signed by MD/ Owner/ CEO/ Appropriate Board Director?	Mandatory polices i.e. Corporate Social Responsibility Policy, Whistle Blower Policy, Code of Conduct have been approved and adopted by the Board and other polices are internal policies approved and adopted by the management.								
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Please refer to the section on 'Links to Policies' forming part of this Business Responsibility Report								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stagewhere it finds itself in a position to formulate and implement the policieson specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company: Within 3 months, 3-6 months, Annually, More than 1 year): Annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

BR is published as part of Annual Report every year which is placed on the website of the Company at: <https://www.pennarindia.com/>

SECTION - E

Principle 1 – Conduct, Governance, Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

We have detailed policies on Whistle Blower/ Vigil Mechanism, Code of Conduct for all Executive Staff, Non-Disclosure Agreement and Standing Orders for workmen governing all related matters.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

We have a well-designed mechanism for all our stakeholders to communicate us of any inappropriate behaviour. Our exclusive Whistle-Blower Policy/ Vigil Mechanism, has provisioned for an email id, which both our internal as well as external stakeholders can make use of to report anonymously to the management. During the reporting period, the Company has not received any complaints from the stakeholders under whistle-Blower Policy/Vigil Mechanism.

Principle 2 – Safety and Optimal Resource Utilisation across Product Lifecycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The following products and services of Boilers BU contribute a lot to environmental and social concerns of industries and society at large.

i) Biomass fired Boilers: various designs of boilers manufactured by Boilers Business unit with different combustion technologies are capable of firing different biomass fuels which are renewable. These biomass fuels include rice husk, wood chips, ground nut shells, coconut shells, palm waste, bagasse etc.,

a) Utilization of the above biomass fuels reduces Industry dependence on fossil fuels like Coal, Oil & Gas.

b) Use of renewable bio mass fuels by the Industries for their process heating and Co-generation requirements not only reduces Green gas emissions but also reduces the import bills for the country at large.

c) Hand Sanitizer & Disinfectant Chemicals: Our new range of Hand Sanitizer & Disinfectant Chemicals is of global standard for personal and community hygiene.

Boilers BU sees very good growth opportunities for the above products in the near and long term growth

plan of the BU. However apart from national players for these product range, localized competition without credible product/ technology performance can create pressure on price realization in the market.

ii) NPC (Non Pressure Chamber) chamber which are used for brakers for LCV's which provides safety for the vehicle and people while travelling

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

This depends upon source of bio mass and the proximity of user industry to the biomass generation point.

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?: NA

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year? NA.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Yes. 60% (Raw Material, consumables and Transport sourcing)

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.: No sustainable sourcing was taken up by Boiler BU as on date.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?: Yes

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

By proving continuous orders to small vendors and upgrading them with technical knowledge sharing to them

Boiler BU's procurement currently stands as below

(1) Domestic procurement 100%

(2) Imported procurement 0%

(3) Out of domestic procurement 40% is procured from local vendors closer to our place of work.

(4) MSME vendors constitute a major portion in the domestic procurement.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

No. Since we are in Capital equipment manufacturer and not a process industry, this is not applicable to Boiler BU.

In other products also we are not generating any recycle products and waste, we generate steel wastage and the same is sent for melting.

Principle 3: Employee Well-being

1. Please indicate the Total number of employees: 2,257 nos.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 2,491 nos.

3. Please indicate the Number of permanent women employees: 176 nos.

4. Please indicate the Number of permanent employees with disabilities: 21 No's.

5. Do you have an employee association that is recognized by management.

- Pennar Industries Employees Union, Hyderabad
- Pennar Industries Employees Union, Chennai
- Shramik Utkarsha Sabha, Tarapur
- PEBS Pennar Employees Union, Sadasivpet

6. What percentage of your permanent employees is members of this recognized employee association:
35.44%

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Business Responsibility Report

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

(a) Permanent Employees: 74%

(b) Permanent Women Employees: 92%

(c) Casual/ Temporary/ Contractual Employees: 100%

(d) Employees with Disabilities: 100%

Principle 4: Engaging Stakeholders – Sustaining Value

1. Has the company mapped its internal and external stakeholders? Yes/No: Yes.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.: No.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.: Not Applicable

Principle 5: Promoting Human Rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? : It is extended to all as stated above.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? : Nil.

Principle 6: Nurturing the Environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.: Yes

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes. Through our Crystalline silicon terrestrial photovoltaic (PV) modules manufacturing plant, we are reducing CO2 emissions to an extent of 350400 Tons per year (by way of generating electricity from a Solar power plant vs. a coal power plant).

3. Does the company identify and assess potential environmental risks? Y/N: Yes

We have ETP zero discharge systems and upgraded STPs and proper environmental protection policies.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?: As stated above.

Yes. We are doing environmental compliance report once in 6 months and submitting the same to SPCB and necessary steps are being taken for improvement of Environment.

Our environmental objective is to achieve the production without affecting the physical, chemical and biological environments of the nearby vicinity. Periodical monitoring of air quality with in the factory is done by taking air samples. S.T.P. is being operated regularly and green belt is developed and other steps are taken to abate pollution and at the same time improves the surrounding environment. Zero Liquid discharge plant are operated continuously and product water from this plant is recycled into process. By this process 95% of effluent is being recovered for reuse in process.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N.

Yes.

a) We have installed 1 MW Roof top solar power plant to meet our energy requirement upto 20% against our total power consumption in the year 2021

b) Through our Crystalline silicon terrestrial photovoltaic (PV) modules manufacturing plant, we are reducing CO2 emissions to an extent of 350400 Tons per year (by way of generating electricity from a Solar power plant vs. a coal power plant) Website: www.pebspennar.com

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?: Yes.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.: No.

Principle 7: Responsible Policy Advocacy

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

(a) Confederation of Indian Industry

(b) Federation of Telangana Chambers of Commerce and Industry (FTCCI)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others): No.

Principle 8: Support Inclusive Development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Every year we are planting trees in each plant as area permitted. Maintaining greenary at all plants.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

We are having our own Sewarage Treatment Plants at all our plants and reusing water and sludge (Manure) for garden.

3. Have you done any impact assessment of your initiative?

We have Zero discharge system for effluent generating in our plant.

4. What is your company's direct contribution to community development projects– Amount in INR and the details of the projects undertaken.

We have proper treatment for fumes coming out from Boiler, Pickling and annealing and maintaining the parameters as required.

We have spent an amount of Rs. 82,17,384 /– for Operational and maintenance of ETP/STP for domestic waste water treatment and achieved zero liquid discharge and maintaining continuously

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The hazardous waste generated in ETP is being sent in cement plants for use rather land filling at TSDF.

We made rain water harvesting pits with injection borewells for improvement of groundwater levels at all our plants.

Principle 9: Providing Customer Value

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.: Nil.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information): Yes wherever applicable.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.: Nil:
4. Did your company carry out any consumer survey/ consumer satisfaction trends?: No.

SL No.	Name of the Policy	Link to Policies
1.	Pennar Code of Conduct	https://www.pennarindia.com/corporate-governance.php
2.	Corporate, Social Responsibility Policy	https://www.pennarindia.com/csr-policy.php
3.	Vigil Mechanism	https://www.pennarindia.com/vigil-mechanism.php
4.	Whistle-Blower Policy	https://www.pennarindia.com/whistle-blower-policy.php
5.	Prevention of Sexual Harassment Policy	https://www.pennarindia.com/policy-prevention-sexual-harassment.php
6.	Code of Conduct for Prevention of Insider Trading	https://www.pennarindia.com/code-conduct-insider-trading.php

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, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and 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 the 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, 2022, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

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 of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
<p>Revenue recognition – Refer note 2.12 'Revenue recognition', note 2.23 'Critical accounting judgements and key sources of estimation uncertainty' of the standalone financial statements.</p> <p>The Company recognises revenue from sale of goods based on the terms and conditions of transactions which varies with different customers.</p> <p>For sale transactions in a certain period of time around the Balance Sheet date, it is essential to ensure that the control of goods have transferred to the customers. As revenue recognition is subject to management's judgement on whether the control of the goods have been transferred, we consider cut-off of revenue as a key audit matter.</p>	<p>Principal audit procedures performed:</p> <p>We obtained an understanding of the revenue recognition process and tested the Company's controls around the timely and accurate recording of sales transactions.</p> <p>We have obtained an understanding of a sample of customer contracts.</p> <p>Our test of revenue samples focused on sales recorded immediately before the year-end, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents.</p>

Information Other Than The Financial Statements And Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Director's Report, Report on Corporate Governance and Business Responsibility Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The Management Discussion and Analysis, Director's Report, Report on Corporate Governance and Business Responsibility 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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 as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes 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 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, management 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 management 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 Responsibility 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.

As part of an audit in accordance with 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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 of the current period 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, 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.
 - 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind As specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid / payable by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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
 - 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. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 37(vi) to the Standalone financial statements, 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.

 (b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 37(vii) to the Standalone financial statements, 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, 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")

 (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, 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 (a) and (b) above, contain any material misstatement.
 - v. The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration Number: 117366W/W100018)

Ganesh Balakrishnan

Partner

(Membership No. 201193)

UDIN : 22201193AJPGPG1187

Place: Hyderabad

Date: May 25, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **Pennar Industries Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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 over financial reporting 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. 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting 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.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration Number: 117366W/W100018)

Ganesh Balakrishnan

Partner

(Membership No. 201193)

Place: Hyderabad

Date: May 25, 2022

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (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) The Company has a program of verification of property, plant and equipment and capital work-in-progress and right-of-use assets so as to cover all the items once in every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain property, plant and equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) With respect to immovable properties (other than properties where the Company is the lessee) disclosed in the financial statements included in property, plant and equipment and capital work-in progress, according to the information and explanations given to us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date, except for the following:

Description of property	Gross carrying value as at the Balance sheet date (₹ lakhs)	Held in the name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of Company
Land at Sadashivpet	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
Land at Mallapur	27	Pennar Enviro Limited	No	From May 2019 till Balance Sheet date	
Land at Isnapur	10	Pennar Steels Limited	No	From April 1986 till Balance Sheet date	The said property is in the erstwhile name of the Company, not yet transferred in the current name of Company.

(d) The Company has not revalued any of its property, plant and equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

- (ii) (a) The inventories (except for stocks held with third parties) were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written confirmations have been obtained. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories, when compared with the books of account.
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets of the Company. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements, book debt statements, statements on ageing analysis of the debtors and other stipulated financial information filed by the Company with such banks till the date of this report are in agreement with unaudited books of account of the Company for the quarters ended June 30, 2021, September 30, 2021 and December 31, 2021. The Company is yet to submit the return/ statement for the quarter ended March 2022 with the banks.
- (iii) (a) The Company has provided unsecured loans during the year, the details of which are given below:

Particulars	Loans (₹ Lakhs)
A. Aggregate amount granted during the year:	
-Subsidiaries	7,128
B. Balance outstanding as at balance sheet date in respect of above cases:	
-Subsidiaries	7,893

The Company has not provided any advances in the nature of loans or security to any other entity during the year.

- (b) The terms and conditions of the grant of above mentioned unsecured loans, during the year is, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of unsecured loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of the unsecured loans granted by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- (e) No loans granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause. (iii)(f) is not applicable.
- (iv) The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of accounts maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have generally been regularly deposited by it with the appropriate authorities though there has been a delay in respect of remittance of Provident Fund, Employees' State Insurance and Income-tax dues.

There were no undisputed amounts payable in respect of Goods and Services tax, Provident Fund, Income-tax, Sales Tax, Service Tax, duty of Custom, Duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Name of the Statute	Nature of the Dues	Period to which the Amount Relates	Forum where Dispute is Pending	Amount unpaid (₹ in lakhs)
The Central Excise Act, 1994	Excise Duty	2007-2008 to 2015-2016	CESTAT	143
	Excise Duty	2010 to 2017	CESTAT	148*
The Finance Act, 1994	Service Tax	2004-2005 to 2007-2008, 2012-2013 to 2015-2016	CESTAT	4
AP Tax on Entry of Goods into Local Areas Act, 2001	Entry Tax	2005-06 to 2007-2008, 2012-2013 and 2013-2014	High Court for the State of Telangana	173**
Telangana Tax on Entry of Goods into Local Areas Act, 2001	Entry Tax	2012-2013 and 2013-2014	The Appellate Deputy Commissioner (CT)	9^
Telangana State Value Added Tax Act, 2005	VAT	2013-2018	High Court for the State of Telangana	3,594
Central Sales Tax Act, 1956	CST	2015-2016 to 2017-2018	High Court for the State of Telangana	1,822^^
		2016-2017 to 2017-2018	Deputy Commissioner of State Tax - Appeals	13#
Telangana Goods and Services Tax Act, 2017	GST	2017-2018	Audit Commissionerate	69
Gujarat Value Added Tax Act, 2003	VAT	2016-2017	Deputy Commissioner of State Tax - Appeals	67##
Income-Tax Act, 1961	Income Tax	2017-2018	CIT - Appeals	110

* Net of ₹ 17 lakhs paid under protest.

** Net of ₹ 65 lakhs paid under protest.

^ Net of ₹ 1 lakh paid under protest.

^^ Net of ₹ 167 lakhs paid under protest.

Net of ₹ 2 lakhs paid under protest.

Net of ₹ 8 lakhs paid under protest

- (viii)** There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income-tax Act, 1961 (43 of 1961) during the year.
- (ix)**
 - (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lenders during the year.
 - (b) The Company has not been declared willful defaulter by any bank or financial institution or Government or any Government authority.
 - (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.
 - (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
 - (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
 - (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.
- (x)**
 - (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.
 - (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.
- (xi)**
 - (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
 - (b) To the best of our knowledge, no report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year.
 - (c) As represented to us by the management, there were no whistle blower complaints received by the company during the year.
- (xii)** The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii)** In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv)**
 - (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
 - (b) We have considered, the internal audit reports issued to the Company during the year and covering the period up to March 2022.
- (xv)** In our opinion, during the year the Company has not entered into any non-cash transactions with any of its directors or persons connected with such directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi)**
 - (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
 - (b) The Group does not have any core investment company as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii)** The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii)** There has been no resignation of the statutory auditors of the Company during the year.

- (xix)** On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities and 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 indicating 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)** (a) In respect of other than ongoing projects, the Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) (a) of the Order is not applicable for the year.
- (b) In respect of ongoing projects, the Company spent the unspent Corporate Social Responsibility (CSR) amount for financial year March 31, 2022 within 30 days from the end of the financial year.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration Number: 117366W/W100018)

Ganesh Balakrishnan

Partner

(Membership No. 201193)

Place: Hyderabad

Date: May 25, 2022

Balance Sheet as at March 31, 2022

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

Particulars		Note No.	As at March 31, 2022	As at March 31, 2021
I	ASSETS			
1	Non-current assets			
	Property, plant and equipment	3	52,094	55,434
	Right-of-use assets	4	3,530	3,151
	Capital work-in-progress	36(iii)	7,556	5,335
	Other intangible assets	5	1,173	1,305
	Financial assets			
	(a) Investments	6	885	1,234
	(b) Trade receivables	11	2,089	1,754
	(c) Loans	7	7,863	735
	(d) Other financial assets	8	1,009	1,037
	Income tax assets (net)	18(f)	1,314	315
	Other non-current assets	9	431	1,082
	Total Non-current assets		77,944	71,382
2	Current assets			
	Inventories	10	57,651	46,826
	Financial assets			
	(a) Investments	6	4,497	1,757
	(b) Trade receivables	11	42,420	44,718
	(c) Cash and cash equivalents	12	1,600	1,998
	(d) Bank balances other than cash and cash equivalents	13	4,934	2,183
	(e) Loans	7	30	792
	(f) Other financial assets	8	4,044	5,594
	Other current assets	9	12,335	13,366
	Total Current assets		1,27,511	1,17,234
	Total assets (1+2)		2,05,455	1,88,616
II	EQUITY AND LIABILITIES			
1	EQUITY			
	Equity share capital	14	7,108	7,108
	Other equity	15	65,233	61,981
	Total Equity		72,341	69,089
	LIABILITIES			
2	Non-current liabilities			
	Financial liabilities			
	(a) Borrowings	16	9,859	11,252
	(b) Lease liabilities	4	2,850	2,669
	(c) Other financial liabilities	21	1,226	991
	Provisions	17	1,428	1,166
	Deferred tax liabilities (net)	18(d)	695	1,525
	Other non-current liabilities	19	79	162
	Total Non-current liabilities		16,137	17,765
3	Current liabilities			
	Financial liabilities			
	(a) Borrowings	16	48,889	47,031
	(b) Lease liabilities	4	814	631
	(c) Trade payables	20		
	Total outstanding dues of micro and small enterprises		731	590
	Total outstanding dues of creditors other than micro and small enterprises		50,769	44,045
	(d) Other financial liabilities	21	4,705	2,952
	Other current liabilities	19	7,416	4,932
	Provisions	17	778	643
	Current tax liabilities (net)	18(f)	2,875	938
	Total Current liabilities		1,16,977	1,01,762
	Total Liabilities (2+3)		1,33,114	1,19,527
	Total Equity and Liabilities (1+2+3)		2,05,455	1,88,616
	Corporate information and significant accounting policies	1 & 2		

See accompanying notes forming part of these Standalone financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 25, 2022

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

JS Krishna Prasad
Chief Financial Officer

Lavanya Kumar Rao K
Whole Time Director
(DIN: 01710629)

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

Profit & Loss as at March 31, 2022

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

Particulars		Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
I.	INCOME			
	Revenue from operations	22	1,99,475	1,51,654
	Other income	23	1,865	1,781
	Total income		2,01,340	1,53,435
II.	EXPENSES			
	Cost of materials consumed		1,28,438	90,928
	Purchase of traded goods		2,352	3,669
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(7,566)	(2,775)
	Employee benefits expense	25	15,048	13,050
	Finance costs	26	7,508	7,946
	Depreciation and amortisation expense	27	5,034	4,767
	Other expenses	28	45,961	37,739
	Total expenses		1,96,775	1,55,324
III.	Profit before exceptional item and tax (I - II)		4,565	(1,889)
IV.	Exceptional item (Refer note 39)		-	1,996
V.	Profit before tax (III + IV)		4,565	107
VI.	Tax expense:	18(a)		
	Current tax		1,935	360
	Deferred tax		(786)	(342)
	Total tax expense		1,149	18
VII.	Profit for the year (V - VI)		3,416	89
VIII.	Other comprehensive income			
	Items that will not be reclassified subsequently to profit or loss:			
	- Remeasurement of the defined benefit plans	17(b)	(176)	18
	- Income tax relating to above items	18(b)	44	(4)
	Total other comprehensive (loss) / income for the year		(132)	14
IX.	Total comprehensive income for the year (VII + VIII)		3,284	103
X.	Earning per equity share (face value of ₹ 5 each)			
	Basic and Diluted (₹)	31	2.40	0.06
	Corporate information and significant accounting policies	1 & 2		

See accompanying notes forming part of these Standalone financial statements

In terms of our report attached

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Cash Flow as at March 31, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Cash flow from operating activities:		
Profit before tax	4,565	107
Adjustments for:		
Depreciation and amortisation expense	5,034	4,767
Loss on sale/scrap of property, plant and equipments (net)	9	5
Profit on sale of investments (net)	(15)	-
Net gain arising from financial instruments designated as FVTPL	(11)	(52)
Exchange differences (net)	258	441
Liabilities no longer required written back	(604)	(253)
Trade and other receivables written off	-	141
Provision for doubtful trade and other receivables, loans and advances (net)	2,413	989
Finance costs	7,508	7,946
Interest income	(625)	(635)
Operating profit before working capital changes:	18,532	13,456
Changes in working capital:		
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	7,779	(2,854)
Other liabilities	4,159	(2,323)
Provisions	221	141
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(695)	(4,697)
Inventories	(10,825)	(3,046)
Other assets	2,781	(6,015)
Cash generated from / (used in) operations	21,952	(5,338)
Direct taxes paid (net of refunds)	(1,003)	(209)
Net cash flow from / (used in) operating activities (A)	20,949	(5,547)
B. Cash flows from investing activities:		
Purchase of property, plant and equipments, including capital work-in-progress and capital advances	(2,142)	(4,606)
Proceeds from disposal of investment in subsidiary	62	-
Proceeds from sale of property, plant and equipments	70	75
Net (increase) / decrease in current investments	(2,713)	2,804
Inter-corporate deposits/ loans (net)	(6,401)	868
Movement in other bank balances	(2,751)	(163)
Interest received	459	581
Net cash used in investing activities (B)	(13,416)	(441)
C. Cash flow from financing activities:		
Proceeds from long term borrowings	3,853	7,542
Repayment of long term borrowings	(5,908)	(6,490)
Increase in short term borrowings (net)	2,392	12,150
Payment towards buyback of shares including transaction costs	(32)	(678)
Interest and other borrowing costs paid	(6,983)	(7,505)
Repayment of lease liability	(1,253)	(598)
Net cash from / (used in) financing activities (C)	(7,931)	4,421
Net decrease in cash and cash equivalents (A + B + C)	(398)	(1,567)
Cash and cash equivalents at the beginning of the year	1,998	3,565
Cash and cash equivalents at the end of the period	1,600	1,998
Cash and cash equivalents comprises of: (Refer note 12)		
Cash on hand	-	-
Balances with Banks		
- in current accounts	24	953
- in deposit accounts	1,484	1,045
- Remittance in transit	92	-
	1,600	1,998

Note

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

See accompanying notes forming part of these Standalone financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 25, 2022

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Company Secretary
(M No: A29058)

Statement of changes in equity for the year ended March 31, 2022

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

A. Equity share capital

Particulars	No of shares	Amount
Balance as at April 01, 2020	14,52,37,614	7,262
Less: Shares bought back and extinguished during the year	30,75,383	154
Balance as at March 31, 2021	14,21,62,231	7,108
Less: Shares bought back and pending extinguishment	50	*
Balance as at March 31, 2022	14,21,62,181	7,108

* 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	
Balance as at April 1, 2020	386	10,930	916	6	1,541	48,622	62,401
Profit for the year	-	-	-	-	-	89	89
Remeasurement of net defined benefit liability net of income tax	-	-	-	-	-	14	14
Buyback of equity shares	-	(390)	-	-	-	-	(390)
Transaction costs towards Buyback of equity shares	-	(133)	-	-	-	-	(133)
Amount transferred to capital redemption reserve upon Buyback	-	-	(154)	-	154	-	-
Balance as at March 31, 2021	386	10,407	762	6	1,695	48,725	61,981
Profit for the year	-	-	-	-	-	3,416	3,416
Remeasurement of net defined benefit liability net of income tax	-	-	-	-	-	(132)	(132)
Transaction costs towards Buyback of equity shares	-	(32)	-	-	-	-	(32)
Amount transferred to capital redemption reserve upon Buyback	-	-	(*)	-	*	-	-
Balance as at March 31, 2022	386	10,375	762	6	1,695	52,009	65,233

* less than a lakh

See accompanying notes forming part of these Standalone financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Hyderabad
Date: May 25, 2022

Aditya N Rao
Vice Chairman & Managing Director
(DIN: 01307343)

JS Krishna Prasad
Chief Financial Officer

Lavanya Kumar Rao K
Whole Time Director
(DIN: 01710629)

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

Notes forming part of the Standalone 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, 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, 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.

Notes forming part of the Standalone Financial Statements

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 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 there porting period. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Notes forming part of the Standalone Financial Statements

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 fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

As a Lessee:

The Company's significant leasing arrangement are in respect of land, office premises and plant & equipment. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

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.

Notes forming part of the Standalone Financial Statements

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 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 in flow 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 is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates after taking into account contractually defined terms of payment 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.

Notes forming part of the Standalone Financial Statements

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

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 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, where 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 up gradation of Property, Plant and Equipment is provided over the remaining useful life of the assets.

Leasehold Land held under finance lease including leasehold land are depreciated over their expected lease terms. 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.

Notes forming part of the Standalone Financial Statements

Category	Useful Life (Years)
Buildings	30-60
Plant and Machinery	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 Rs. 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 (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.

Notes forming part of the Standalone Financial Statements**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 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.

Notes forming part of the Standalone Financial Statements

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 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 change 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 the Standalone Financial Statements

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. 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 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 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.

Notes forming part of the Standalone Financial Statements

2.23 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors of the Company are required to make judgments 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 judgments in applying accounting policies

The following are the critical judgments 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 judgment 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 doubtful receivables	The Company makes provision for doubtful 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 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.

Notes forming part of the Standalone Financial Statements

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 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below:

Ind AS 16 – Property Plant and equipment: The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets: The amendment specifies that the 'cost of fulfilling a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, Materials) or an allocation of other costs that relate directly to fulfilment contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The group has evaluated the amendment and the impact is not expected to be material.

Notes forming part of the Standalone Financial Statements

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

3. Property, plant and equipment

Movement in the carrying amounts of property, plant and equipment is as below:

Particulars	As at March 31, 2022	As at March 31, 2021
Carrying amounts of:		
Freehold Land (refer note 35)	1,341	1,330
Leasehold improvements	12	17
Buildings	27,204	27,992
Plant and equipment	18,366	20,694
Electrical equipment	4,396	4,692
Computers	109	146
Office equipment	98	152
Furnitures and fixtures	280	203
Vehicles	288	208
Total	52,094	55,434
Capital work-in-progress (Refer note (a) and (b) below)	7,556	5,335

Notes:

- Capital work-in-progress includes borrowing cost of ₹ 182 Lakhs (March 31, 2021: ₹172 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	Leasehold improvements	Buildings	Plant and equipment	Electrical equipment	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
I. Cost										
Balance as at April 01, 2020	1,292	45	32,376	39,967	7,111	551	314	460	431	82,547
Additions	42	-	1,214	727	252	72	6	2	1	2,316
Disposals/adjustments/write offs	(4)	-	-	(306)	(7)	-	-	-	(30)	(347)
Balance as at March 31, 2021	1,330	45	33,590	40,388	7,356	623	320	462	402	84,516
Additions	11	-	271	70	22	37	2	194	131	738
Disposals/adjustments/write offs	-	-	-	-	-	-	(14)	(103)	(56)	(173)
Dismantling cost	-	-	-	18	-	-	-	-	-	18
Balance as at March 31, 2022	1,341	45	33,861	40,476	7,378	660	308	553	477	85,099
II. Accumulated depreciation										
Balance as at April 01, 2020	-	23	4,523	17,603	2,355	401	111	220	174	25,410
Depreciation for the year	-	5	1,075	2,388	314	76	57	39	44	3,998
Disposals	-	-	-	(297)	(5)	-	-	-	(24)	(326)
Balance as at March 31, 2021	-	28	5,598	19,694	2,664	477	168	259	194	29,082
Depreciation for the year	-	5	1,059	2,416	318	74	55	41	49	4,017
Disposals/adjustments/write offs	-	-	-	-	-	-	(13)	(27)	(54)	(94)
Balance as at March 31, 2022	-	33	6,657	22,110	2,982	551	210	273	189	33,005

Notes forming part of the Standalone Financial Statements

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

4. Right-of-Use Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Land	158	102
Buildings	1,658	1,973
Plant and equipment	1,714	1,076
Total	3,530	3,151

Details of Right-of-Use Assets

Particulars	Land	Buildings	Plant and Equipment	Total
I. Gross Value				
As at April 01, 2020	105	3,960	-	4,065
Additions	-	311	1,094	1,405
Disposals	-	(1,713)	-	(1,713)
Balance as at March 31, 2021	105	2,558	1,094	3,757
Additions	64	232	910	1,206
Disposals	-	-	-	-
Balance as at March 31, 2022	169	2,790	2,004	4,963
II. Accumulated Depreciation				
Balance as at April 01, 2020	2	529	-	531
Amortisation Expenses	1	585	18	604
Disposals/adjustments/write offs	-	(529)	-	(529)
Balance as at March 31, 2021	3	585	18	606
Amortisation Expenses	8	521	322	851
Disposals/adjustments/write offs	-	26	(50)	(24)
Balance as at March 31, 2022	11	1,132	290	1,433

Lease Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Current	814	631
Non-current	2,850	2,669
	3,664	3,300

Notes forming part of the Standalone Financial Statements

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

5. Other intangible assets

Particulars	As at March 31, 2022	As at March 31, 2021
Carrying amount of:		
Computer Software	362	421
Software license	114	134
Other intangible assets	697	750
Total	1,173	1,305

Particulars	Computer software	Software license	Other intangible assets	Total
I. Cost				
Balance as at April 01, 2020	673	262	1,126	2,061
Additions	42	30	-	72
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2021	715	292	1,126	2,133
Additions	31	3	-	34
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2022	746	295	1,126	2,167
II. Accumulated amortisation				
Balance as at April 01, 2020	208	132	323	663
Amortisation Expenses	86	26	53	165
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2021	294	158	376	828
Amortisation Expenses	90	23	53	166
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2022	384	181	429	994

Notes forming part of the Standalone Financial Statements

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

6. Investments

Particulars	Face Value per share	As at Mar 31, 2022		As at March 31, 2021	
		No. of shares	Amount	No. of shares	Amount
A. Investments – Non-current					
Unquoted:					
Equity instruments of subsidiary companies (carried at cost)					
Pennar Global Inc., USA	USD 0.01 each	12,35,00,000	862	12,35,00,000	862
Enertech Pennar Defense and Engineering Systems Private Limited	₹ 10 each	5,100	1	5,100	1
Pennar GmbH, Germany	Euro 1 each	25,000	20	25,000	20
Oneworks BIM Technologies Private Limited (Refer note 40)	₹ 100 each	-	-	1,000	349
			883		1,232
Investment carried at fair value through Other comprehensive income (FVTOCI)					
Mana Effluent Treatment Plant Limited	₹ 1000 each	200	2	200	2
Total Non-current investments			885		1,234
B. Investments – Current (quoted) (Refer note below)					
Investment carried at fair value through profit and loss (FVTPL)					
Investments in mutual funds			4,497		1,757
Total Current investments			4,497		1,757

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 investments – Current (quoted)

Particulars	As at Mar 31, 2022		As at March 31, 2021	
	No. of units	Amount	No. of units	Amount
Investments in Mutual Funds*				
ICICI Overnight Fund- Growth- Direct Plan	4,36,373	500	4,50,568	500
HDFC Liquid Fund - Regular Plan- Growth Option	-	-	16,352	500
Nippon India Overnight Fund - Growth Plan	4,44,875	507	6,78,939	757
Aditya Birla Sunlife Limited - Money Manager Fund - Growth - Direct	1,19,931	359	-	-
Aditya Birla Sunlife Limited - Overnight Direct Growth	43,500	500	-	-
SBI Overnight Fund - Direct - Growth	7,223	250	-	-
HDFC Overnight Fund - Direct Plan- Growth Option	3,157	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	1,124	250	-	-
TATA Overnight Fund - Direct - Growth	22,296	250	-	-
Total current investment		4,497		1,757

*The market value of quoted investment is equal to its carrying value.

Notes forming part of the Standalone Financial Statements

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

7. Loans (unsecured, considered good)

Particulars	As at March 31, 2022	As at March 31, 2021
Non current		
Loans to related parties* (Refer note 34(iii))	7,863	735
Total	7,863	735
Current:		
Loans to related parties* (Refer note 34(iii))	30	187
Inter-corporate deposits	-	605
Total	30	792

*Percentage of Loans to related parties to the total loans 100% (March 31, 2021: 60.38%)

8. Other financial assets (unsecured, considered good)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current:		
Deposits	939	950
Sales tax claims receivable	70	87
Total	1,009	1,037
Current:		
Interest accrued on deposits*	300	134
Unbilled revenue	796	1,159
Incentive receivable	8	255
Security Deposits	2,862	1,682
Receivable against sale of Land	-	1,910
Others	78	454
Total	4,044	5,594

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

9. Other assets (Unsecured, considered good) :

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Capital advances	428	1,077
Others	3	5
Total	431	1,082
Current:		
Advances recoverable in kind or for value to be received	7,879	8,645
Prepaid expenses	749	667
Employee advance	145	75
Balances with government authorities	3,562	3,971
Others	-	8
Total	12,335	13,366

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

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials	10,806	9,068
Work-in-progress	30,362	25,093
Finished goods	9,602	7,711
Stores and spares	6,046	4,525
Scrap	835	429
Total	57,651	46,826

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 ₹ lakhs, except share and per share data and where otherwise stated)

11. Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Non Current		
Unsecured, considered good	2,089	1,754
Credit impaired	-	-
	2,089	1,754
Less: Allowance for credit impaired (Refer note (b) below)	-	-
Total	2,089	1,754
Current		
Unsecured, considered good*	42,420	44,718
Credit impaired	8,315	5,902
	50,735	50,620
Less: Allowance for credit impaired (Refer note (b) below)	8,315	5,902
Total	42,420	44,718

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

Notes:

a. Trade receivables includes retention money aggregating to ₹ 9,053 lakhs (March 31, 2021: ₹ 7,442 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 impaired:

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	5,902	7,460
Impairment losses recognised on receivables	2,413	989
Amounts written off during the year as uncollectible, provision released	-	(2,547)
Balance at the end of the year	8,315	5,902

c. Of the trade receivables balance as at March 31, 2022, ₹ 6,526 Lakhs (as at March 31, 2021: ₹ 2,801 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, 2022	As at March 31, 2021
Cash on hand	-	-
Balances with banks		
in current accounts	24	953
in deposit accounts	1,484	1,045
Remittance in Transit	92	-
Total	1,600	1,998

13. Bank balances other than cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
a) Earmarked balances with banks		
- in preference shares redemption accounts	49	74
- in Margin money deposits* ^	1,584	1,104
- in deposit accounts (maturity greater than 3 months, upto 12 months)	3,301	1,005
Total	4,934	2,183

*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 ₹ 101 lakhs (March 31, 2021: Nil) money deposited in escrow account with Yes Bank against buy back of Shares.

Notes forming part of the Standalone Financial Statements

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

14. Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised share capital:		
Equity shares		
25,20,00,000 fully paid up equity shares of ₹ 5 each	12,600	12,600
Preference Shares:		
Series - A: 5,00,000 cumulative redeemable preference shares of ₹ 100 each	500	500
Series - B: 4,00,00,000 cumulative redeemable preference shares of ₹ 5 each	2,000	2,000
	15,100	15,100
Issued, subscribed and paid-up capital:		
Equity shares		
14,21,62,181 fully paid up equity shares (March 31, 2021: 14,21,62,231) of ₹ 5 each (Refer note (a) &(d) below)	7,108	7,108
Total	7,108	7,108

Notes:

a. Reconciliation of the number of shares outstanding equity shares:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	14,21,62,231	14,52,37,614
Less: Shares bought back and extinguished during the year	-	30,75,383
Less: Shares bought back and pending extinguishment	50	-
Closing balance	14,21,62,181	14,21,62,231

b. Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2022		As at March 31, 2021	
	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	14.78%	2,10,05,455	14.78%
Saif India IV FII Holdings Limited	-	-	1,13,14,460	7.96%
Franklin India Smaller Companies Fund	-	-	79,89,354	5.62%
Aditya Narsing Rao	84,27,203	5.93%	84,27,203	5.93%

c. Rights, preferences and restrictions attached to each class of shares:

Equity share: 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 respectively 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 Standalone Financial Statements

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

d. Buyback of equity shares:

The Board of Directors, at its meeting held on March 09, 2022, approved Buy back 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. The Maximum Buyback Size represents 5.97% and 5.93% of aggregate of the Company's paid up equity capital and free reserves based on the audited Consolidated and Standalone financial statements, respectively, of the Company as at March 31, 2021, which is in compliance with the maximum permissible limit of 10% of the total paid up equity share capital and free reserves in accordance with Section 68(2) of Companies Act, 2013.

As of March 31, 2022, the scheme of Buyback was open, the Company bought back 50 equity shares as of that date, resulting in total cash consideration of ₹ 32 lakhs (including ₹ 32 lakhs towards transaction cost and tax on Buyback). Out of 50 equity shares bought back, the Company extinguished nil equity shares as at March 31, 2022. In line with the requirement of Companies Act, 2013, an amount of ₹ 32 lakhs has been utilized from securities premium account for the buyback. Further, capital redemption reserve of ₹ 250 representing the nominal value of shares brought back, has been created in accordance with Section 69 of the Companies Act, 2013.

e. The company has not issued bonus shares during the period of five years immediately preceding the reporting date.

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

g. Disclosure of Share holding of Promoters

Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

Promoter name	As at March 31, 2022			As at March 31, 2021		
	No. of shares	% of total shares	% Change during the year	No. of shares	% of total shares	% Change during the year
Aditya Narsing Rao	84,27,203	5.93%	-	84,27,203	5.93%	-
Avanti Rao	23,97,951	1.69%	-	23,97,951	1.69%	-
Bhavana Puljal	16,94,027	1.19%	-	16,94,027	1.19%	-
Joginpally Nrupender Rao Huf	6,60,114	0.46%	-	6,60,114	0.46%	-
J Rajyalakshmi	69,33,038	4.88%	-	69,33,038	4.88%	-
J N Rupender Rao	60,10,786	4.23%	-	60,10,786	4.23%	-
Jayanthi Puljal	20,95,202	1.47%	-	20,95,202	1.47%	-
Kalpana Puljal	17,50,091	1.23%	-	17,50,091	1.23%	-
Pennar Holdings Private Limited	2,10,05,455	14.78%	-	2,10,05,455	14.78%	-

Notes forming part of the Standalone Financial Statements

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

15. Other equity

Other equity consist of the following:

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Capital reserve	386	386
(b) Securities premium account		
Opening balance	10,407	10,930
Premium paid upon Buyback of equity shares	-	(390)
Transaction costs relating to Buyback of equity shares	(32)	(133)
Closing balance	10,375	10,407
(c) General reserve		
Opening balance	762	916
Transfer to capital redemption reserve upon Buyback of equity shares	(*)	(154)
Closing balance	762	762
(d) Profit on forfeiture of shares	6	6
(e) Capital redemption reserve		
Opening balance	1,695	1,541
Appropriation from general reserve upon Buyback of equity shares	*	154
Closing balance	1,695	1,695
(f) Retained earnings		
Opening balance	48,725	48,622
Profit for the year	3,416	89
Remeasurement of net defined benefit liability net of income tax	(132)	14
Closing balance	52,009	48,725
Total	65,233	61,981

* 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 ₹ lakhs, except share and per share data and where otherwise stated)

(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 and Buyback of equity shares in accordance with Section 69 of the Companies Act, 2013. 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, 2022	As at March 31, 2021
Non-Current		
Term Loans- Secured - at amortised cost (Refer note (a) below)		
- From banks	7,972	8,693
- From non banking financial companies (NBFC's)	1,500	1,993
	9,472	10,686
Unsecured - at fair value		
- Sales tax deferment loan (Refer note (b) below)	387	566
Total	9,859	11,252
Current		
Loans repayable on demand from banks (Refer note (c) below)		
(i) Cash credits	7,361	6,481
(ii) Working capital demand loans	20,027	23,749
(iii) Credit Card & Bill discounting	16,815	11,581
Current maturities from long term debt		
Term Loans- Secured - at amortised cost (Refer note (a) below)		
- From banks	3,677	4,503
- From non banking financial companies (NBFC's)	711	287
	48,591	46,601
Unsecured - at fair value		
- Sales tax deferment loan (Refer note (b) below)	298	430
Total	48,889	47,031

Notes forming part of the Standalone Financial Statements

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

Notes:

a) Summary of borrowings arrangements

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2022	March 31, 2021	
From Banks:						
HDFC Bank Limited	48 equal monthly instalments of ₹ 48.46 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 and 100% Credit guarantee by National Credit guarantee Trust Company Limited (NCGTC)	5,116	5,116	2,326	7.25%
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	2,000	3,750	9.75% to 10.15% p.a
	48 equal monthly instalments of ₹ 13.95 lakhs 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	670	-	8.00%
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	1,406	2,031	10.25% to 10.40% 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	28	34	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	867	867	7.25%
Axis Bank Limited	16 equal quarterly instalments of ₹ 312.50 lakhs each commencing from June 2018	First charge on land, building and P&M located at Patancheru Plant and personal guarantee from Aditya N Rao (Vice-Chairman & Managing Director).	5,000	-	1,563	9.9% to 10.3% p.a
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	1,750	10.40%
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	707	874	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	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	27	9.26%
Total			23,618	11,649	13,222	
From Non Banking Financial Institutions:						
Tata Capital Financial Services Limited	60 months equal instalments of ₹ 30 lakhs each commencing from October 2021.	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	1,800	1,613	1,800	11.00%
Siemens Financial Services Private Limited	48 equal months instalments of ₹ 8.89 lakhs each commencing from March 2021	First charge by way of hypothecation of the vehicle for which the loan was taken and Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	427	356	427	11.75%
Tata Capital Financial Services Limited	24 equal months instalments of ₹ 11.12 lakhs each commencing from December 2021	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	267	223	-	9.50%
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	19	27	8.50%
Total			2,543	2,211	2,254	

Notes forming part of the Standalone Financial Statements

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

- (b) The Company availed an interest free sales tax deferment loan for a period of 14 years starting from 1997 – 98 amounting to ₹2,486 lakhs from the Commercial tax department. Out of this, amount aggregating ₹ 1,208 lakhs was paid during earlier years, an amount of ₹ 430 lakhs paid in the financial year 2021-22 and amount of ₹ 298 lakhs Payable in the financial year 2022-23 which is classified under the head "Current borrowings". Further ₹ 162 lakhs (As at March 31, 2021 – ₹ 282 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
2022-2023	298
2023-2024	335
2024-2025	214
Total	847

- (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 and SBM Bank are secured by first pari passu charge on the entire current assets and second charge on fixed assets of the company along with other working capital lenders under consortium, and for SBI, exclusive pledge of 15,00,000 shares (March 31, 2021: 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 N Rao (Vice – Chairman and Managing Director). These borrowings carried interest rate of 8% to 9.85% (March 31, 2021: 8% to 9.85%)

- (d) Details of borrowings guaranteed by Directors :

Particulars	As at March 31, 2022	As at March 31, 2021
Aditya Narsing Rao (Vice Chairman and Managing Director)	1,13,724	1,11,166

- (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 2021, September 2021 and December 2021 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 2022, since the same is not yet due

17. Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current		
Provision for gratuity (Refer note b (i) below)	402	231
Provision for compensated absences	685	633
Asset retirement obligation	341	302
Total	1,428	1,166
Current		
Provision for gratuity (Refer note b (i) below)	555	477
Provision for compensated absences	223	166
Total	778	643

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 ₹ 709 lakhs (March 31, 2021: ₹ 669 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.

Notes forming part of the Standalone Financial Statements

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

(i) Gratuity (funded):

Particulars	2021-22	2020-21
i) Change in Defined Benefit Obligation (DBO) during the year:		
Present Value of DBO at the beginning of the year	2,304	2,229
Interest cost	156	130
Current service cost	209	202
Actuarial loss on obligation	182	14
Benefits paid	(273)	(271)
Present Value of DBO at the end of the year	2,578	2,304
ii) Changes in the Fair Value of Plan Asset during the year		
Fair value of Plan Assets at the beginning of the year	1,596	1,604
Return on Plan Assets	6	31
Interest Income	108	94
Contributions paid	184	138
Benefits paid	(273)	(271)
Fair value of Plan Assets at the end of the year	1,621	1,596
iii) Amount Recognized in Balance Sheet		
Present Value of DBO of the year	2,578	2,304
Fair value of Plan Assets at the end of the year	1,621	1,596
Net Asset/(Liability) recognized in the balance sheet	(957)	(708)
– Non Current	(402)	(231)
– Current	(555)	(477)
iv) Components of employer expense		
Current service cost	209	202
Interest income on net defined benefit obligation	48	36
Expense recognised in Statement of Profit and Loss	257	238
v) Remeasurement on the net defined benefit obligation		
Actuarial (gain) / loss due to financial assumptions change in Defined Benefit Obligation	122	(5)
Actuarial loss due to experience on Defined Benefit Obligation	54	18
Return on Plan Assets excluding Interest Income	–	(31)
Remeasurements recognised in other comprehensive income	176	(18)
Total defined benefit cost recognised	433	220

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2022	Valuation as at March 31, 2021
Mortality	IALM (2012-14) Ult.	
Interest/Discount Rate	5.80%–6.75%	5.80%–6.75%
Rate of increase in compensation	5%–8%	5%–8%
Expected average remaining service	20.16	5.20–12.89
Employee Attrition rate	15%	3%–15%

Sensitivity Analysis

Particulars	Change in assumption	Effect in gratuity obligation
Discount rate	1% (–1%)	2,447 (2,691)
Salary Escalation rate	1% (–1%)	2,686 (2,448)
Attrition Rate	1% (–1%)	2,496 (2,682)
Mortality Rate	1% (–1%)	2,563 (2,563)

Estimate of expected benefit payout (in absolute terms i.e undiscounted)

Particulars	Gratuity
1 year	561
2 to 5 years	1,414
6 to 10 years	916
> 10 years	736

Notes forming part of the Standalone Financial Statements

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

ii) 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, 2022	Valuation as at March 31, 2021
Mortality	IALM (2012-14) Ult.	
Interest/Discount Rate	5.80%-6.75%	5.80%-6.75%
Rate of increase in compensation	5%-8%	5%-8%
Expected average remaining service	5.20-12.89	5.20-12.89
Employee Attrition rate	PS: 0 to 40 : 3%-15%	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 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, 2022	For the year ended March 31, 2021
Current tax	1,935	360
Deferred tax	(786)	(342)
	1,149	18

b. Income tax expense recognized directly in other comprehensive income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Tax effect on actuarial losses on defined benefit obligations	44	(4)
	44	(4)
Bifurcation of the income tax recognized in other comprehensive income into:		
Items that will not be reclassified to profit or loss	44	(4)
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, 2022 and March 31, 2021

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Accounting Profit before tax	4,565	107
Tax expense at statutory tax rate of 25.17% (2021: 25.17%)	1,149	27
Adjustments:		
Others	-	(9)
Tax expense reported in Statement of Profit and loss.	1,149	18
Effective tax rate	25.17%	16.82%

The difference between the tax rate enacted in India and the effective tax rate of the company is majorly because of items that are never taxable or deductible.

Notes forming part of the Standalone Financial Statements

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

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, 2022	As at March 31, 2021
Deferred tax assets	(4,108)	(3,085)
Deferred tax liabilities	4,803	4,610
	695	1,525

e. Movement in deferred tax assets and liabilities:

2021-22	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Liabilities				
Property, plant and equipment and Intangible assets	4,610	193	-	4,803
Assets				
Provision for employee benefits	(597)	(268)	44	(909)
Provision for doubtful debts	(2,127)	(657)	-	(2,784)
Provision for loss on onerous contracts	-	(6)	-	(6)
Provision for dismantling cost	(76)	-	-	(76)
Provision for RoU and Lease Liabilities	(9)	(48)	-	(57)
Others	(276)	-	-	(276)
Total	1,525	(786)	44	695

2020-21	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to Liabilities				
Property, plant and equipment and Intangible assets	4,267	343	-	4,610
Assets				
Provision for employee benefits	(447)	(146)	(4)	(597)
Provision for doubtful debts	(1,878)	(249)	-	(2,127)
Provision for loss on onerous contracts	(2)	2	-	-
Provision for loss on Contract Assets	(33)	33	-	-
Provision for dismantling cost	(67)	(9)	-	(76)
Provision for RoU and Lease Liabilities	-	(9)	-	(9)
Effect of change in tax rate	61	(61)	-	-
Others	(30)	(246)	=	(276)
Total	1,871	(342)	(4)	1,525

f. Income tax assets and liabilities

The following is the analysis of income tax assets/(liabilities) presented in the balance sheet

Particulars	As at March 31, 2022	As at March 31, 2021
Income tax assets [net of provisions]	1,314	315
Income tax liabilities [net of advance tax]	(2,875)	(938)
Total	(1,561)	(623)

Notes forming part of the Standalone Financial Statements

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

19. Other Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current		
Unearned government grants (Refer note 16(b))	79	162
Total	79	162
Current		
Advances from customers	5,976	2,643
Unearned revenue	1,342	1,603
Statutory liabilities	-	120
Unearned government grants (Refer note 16(b))	83	385
Others	15	181
Total	7,416	4,932

20. Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Acceptances	25,482	19,263
Other than Acceptances	26,018	25,372
Total	51,500	44,635
of the above:		
i) Outstanding dues of micro and small enterprises*	731	590
ii) Outstanding dues of creditors other than micro and small enterprises **	50,769	44,045

*Dues to Micro and small enterprises 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)

Refer Note 36 (i) for ageing of Trade payables.

21. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current		
Retention money payable	1,226	991
Total	1,226	991
Current		
Unclaimed redeemed preference shares	49	74
Interest accrued but not due on borrowings	204	194
Statutory liabilities	604	-
Payables on purchase of fixed assets	828	608
Other Payables	3,020	2,076
Total	4,705	2,952

Notes forming part of the Standalone Financial Statements

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

22. Revenue from operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue From operations		
– Sale of products	129,927	93,686
– Revenue from contracts	60,982	48,812
– Sale of services	3,598	4,346
Other Operating Revenue		
– Sale of Scrap	4,968	4,810
Total	199,475	151,654

There is no single customer contributing 10% or more to the Company's revenue (March 31, 2021 : Nil).

23. Other Income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income earned on financial assets		
– Bank deposits	148	244
– Other interest income	477	391
Net gain arising from financial instruments designated as fair value through Profit and Loss	11	-
Gain on sale of current investments, net	15	52
Reversal of provisions on onerous contracts (Net)	-	10
Liabilities no longer required written back	604	253
Provisions no longer required written back	-	41
Others	610	790
Total	1,865	1,781

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening stock of inventories		
Work-in-progress	25,093	22,029
Finished goods	7,711	7,837
Scrap	429	592
	33,233	30,458
Closing stock of inventories		
Work-in-progress	30,362	25,093
Finished goods	9,602	7,711
Scrap	835	429
	40,799	33,233
Decrease / (increase) in inventories of finished goods and work-in-progress	(7,566)	(2,775)

25. Employee benefits expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	13,568	11,408
Contribution to provident and other funds	872	1,034
Staff welfare expenses	831	744
	15,271	13,186
Less: Expenses incurred towards capital projects	223	136
Total	15,048	13,050

Notes forming part of the Standalone Financial Statements

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

26. Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest:		
Term loans	1,396	1,315
Working capital demand loans	2,535	2,391
Lease interest cost	387	363
Bill discounting charges	763	1,750
Other bank charges	2,609	2,299
Less: Expenses incurred towards capital projects	182	172
Total	7,508	7,946

27. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on Property, plant and equipment (Refer note 3)	4,017	3,998
Amortisation on Right-of-use assets (Refer note 4)	851	604
Amortisation of intangible assets (Refer note 5)	166	165
Total	5,034	4,767

28. Other Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Job work and processing charges	5,653	5,147
Sub-contract expenses	2,627	2,810
Erection expenses	6,499	5,488
Stores and spares consumed	12,014	10,960
Power and fuel	1,899	1,543
Repairs and maintenance		
– Plant and equipment	279	220
– Buildings	31	30
– Others	294	345
Rent	369	379
Carriage and freight	6,898	4,508
Payment to Auditors (Refer note (a) below)	83	67
Loss on sale of plant and equipment	9	5
Foreign Exchange Fluctuation	178	443
Expenditure for Corporate social responsibility (Refer note 30)	94	144
Trade and other receivables written off	–	141
Allowance for credit impaired	2,413	989
Advances written off	6	–
Miscellaneous expenses	6,615	4,520
Total	45,961	37,739

Notes:

a. Payments to Auditors:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Audit fee	42	42
Limited review	15	15
Certificates	24	9
Out of pocket expenses	2	1
Total	83	67

Note: Amounts given above excludes Goods and Services tax

Notes forming part of the Standalone Financial Statements

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

29. Contingent Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
a) Claims against the company not acknowledged on debt relating to indirect tax matters		
i) Sales Tax	5,699	1,210
ii) Excise duty and service tax	313	322
iii) Good and Services Tax Act	416	69
iv) Entry tax	249	239
v) Income tax Act	119	110
	6,796	1,950

(b) The Company has provided Corporate Performance Guarantee to West era Limited in October 2021 for a value not exceeding USD 931,000 (equivalent of ₹ 706 lakhs) with regards to contractual liabilities under applicable agreements/contracts entered by company with West era. The Guarantee would be valid up to May 31, 2022.

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 sub committee of Board and approved CSR policy. As per the said policy, Company has incurred ₹ 94 lakhs (year ended March 31, 2021 – ₹ 144 lakhs) during the year. The nature of CSR activities undertaken by the company includes promoting education, promoting health care including preventive health care and sanitation and animal welfare.

a) Gross amount required to be spent by the company during the year is ₹ 94 lakhs.

b) Amount spent during the year on:

Details of expenditure on corporate social responsibility expenditure

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) Construction / acquisition of any asset	25	76
(ii) On purposes other than (i) above	44	68

c) Details of amount unspent:

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
179	-	94	69	-	181	23

31. Earnings per Share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit after tax	3,416	89
Weighted average number of equity shares	142,162,181	142,377,284
Face value per share	5	5
Basic and Diluted earnings per Equity Share	2.40	0.06

Notes forming part of the Standalone Financial Statements

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

32. Disclosures relating to micro and small enterprises

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Principal and the interest due thereon remaining unpaid to any supplier at the end of the accounting year;		
Principal	731	590
Interest	34	15
(b) 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 supplier beyond the appointed day during each accounting year;	13	11
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of the each accounting year; and	34	15
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act.	-	-

Dues to Micro and small Enterprise have been determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

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 longterm/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, investment in mutual funds and Inter-corporate deposits given.

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 March 31, 2022	As at March 31, 2021
Equity share capital	7,108	7,108
Other equity	65,233	61,981
Total Equity (A)	72,341	69,089
Non-current borrowings	9,859	11,252
Short term borrowings	44,203	41,811
Current maturities of long-term borrowings	4,686	5,220
Gross Debt	58,748	58,283
Less: Inter-corporate deposits and loans	(7,893)	(1,527)
Less: Current investments	(4,497)	(1,757)
Less: Cash and cash equivalents	(1,600)	(1,998)
Less: Other balances with banks	(4,934)	(2,183)
Net debt (B)	39,824	50,818
Net debt to equity (B/A)	0.55	0.74

Notes forming part of the Standalone Financial Statements

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

b. Financial instruments by category

Particulars	Carrying value as at	
	March 31, 2022	March 31, 2021
Financial assets		
Measured at amortised cost		
Other financial assets	5,053	6,631
Loans (Inter-corporate deposits)	7,893	1,527
Trade receivables	44,509	46,472
Cash and cash equivalents	1,600	1,998
Other bank balances	4,934	2,183
Non-current investments	883	1,232
Total financial assets measured at amortised cost (A)	64,872	60,043
Measured at fair value through profit and loss		
Investments in mutual funds	4,497	1,757
Total financial assets at fair value through profit and Loss (B)	4,497	1,757
Financial assets at Fair value through other comprehensive income (C)	2	2
Total Financial Assets (A+B+C)	69,371	61,802
Financial Liabilities		
Measured at amortised cost		
Long-term borrowings	9,472	10,686
Short-term borrowings	48,591	46,601
Trade payables	51,500	44,635
Other financial liabilities	5,931	3,943
Total financial liabilities carried at amortised cost(A)	115,494	105,865
Measured at fair value through Profit and Loss		
Sales tax deferment loan	685	996
Lease Liabilities	3,664	3,300
Financial liabilities at fair value through Profit and Loss (B)	4,349	4,296
Total Financial Liabilities (A+B)	119,843	110,161

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

Notes forming part of the Standalone Financial Statements

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

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 counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

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:

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)
Total	12,928	195	197	231	13,551

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

Currency exposure as at March 31, 2021

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	SGD (in equivalent INR)	Other Currencies* (in equivalent INR)	Total (INR)
Trade receivables	2,860	34	60	312	3,266
Loans	735	-	-	-	735
Trade payables	(539)	-	(6)	-	(545)
Total	3,056	34	54	312	3,456

*Others include currencies such as Malaysian Ringgit, etc

Notes forming part of the Standalone Financial Statements

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

Unhedged foreign currency exposure

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)

Amounts receivable/ (payable) in foreign currency

Particulars	As at March 31, 2021			
	USD (In Lakhs)	Euro (In Lakhs)	SGD (In Lakhs)	Others (In Lakhs)
Trade receivables	38.91	0.40	1.11	15.94
Loans	10.00	-	-	-
Trade payables	(7.33)	-	(0.11)	-

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, 2022	March 31, 2021
Strengthening	5.28	0.57
Weakening	(5.28)	(0.57)

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 ₹ lakhs, except share and per share data and where otherwise stated)

Working Capital position

Particulars	As at March 31, 2022	As at March 31, 2021
Current assets	127,511	117,234
Current liabilities	(116,977)	(101,762)
Working capital	10,534	15,472

Sensitivity analysis:

Particulars	Impact on profit and loss	
	March 31, 2022	31-Mar-21
1% increase in interest rate	(105)	(155)
1% decrease in interest rate	105	155

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, 2022

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
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
	105,908	13,935	-	119,843

(ii) Liquidity exposure as at March 31, 2021

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	-	11,252	-	11,252
Short-term Borrowings	47,031	-	-	47,031
Trade payables	44,635	-	-	44,635
Lease Liabilities	631	2,402	267	3,300
Other financial liabilities	2,951	991	-	3,942
	95,248	14,645	267	1,10,160

Refer note 16 for the details of collateral security against the above mentioned banking facilities.

d. Fair value hierarchy

Valuation technique and key inputs

Level 1 – Quoted prices (unadjusted) in an active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2022

Notes forming part of the Standalone Financial Statements

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

(i) 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
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	4,497	4,497	-	-
Financial liabilities				
Lease Liabilities	3,664	-	3,664	-
Sales tax deferment loan	685	-	-	685

(ii) Level wise disclosure of Financial instruments as at March 31, 2021 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	1,757	1,757	-	-
Financial liabilities				
Lease Liabilities	3,300	-	3,300	-
Sales tax deferment loan	996	-	-	996

(iii) 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
Financial assets				
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	5,053	-	5,053	-
Financial liabilities				
Borrowings	58,063	-	58,063	-
Trade payables	51,500	-	51,500	-
Other financial liabilities	5,931	-	5,931	-

(iv) Level wise disclosure of Financial instruments as at March 31, 2021 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	1,232	-	1,232	-
Trade receivables	46,472	-	46,472	-
Cash and cash equivalents	1,998	-	1,998	-
Bank balances other than cash and cash equivalents	2,183	-	2,183	-
Loans	1,527	-	1,527	-
Other financial assets	6,631	-	6,631	-
Financial liabilities				
Borrowings	57,287	-	57,287	-
Trade payables	44,635	-	44,635	-
Other financial liabilities	3,943	-	3,943	-

Notes forming part of the Standalone Financial Statements

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

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	
			31-Mar-22	31-Mar-21
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%
Oneworks BIM Technologies Private Limited (upto August 31, 2021)	Subsidiary Company	India	–	100%
Pennar Global Metals, LLC (w.e.f August 12, 2020)	Step-down Subsidiary	USA	100%	100%
Ascent Buildings, LLC (from September 4, 2020)	Step-down Subsidiary	USA	100%	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 Narsing 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
Bhandari Kamalakar Rao	Non Executive & Independent Director
Varun Chawla	Non Executive & Independent Director
Manish Sabharwal	Non Executive & Independent Director
Bharati Jacob	Non Executive & Independent Director
Chandra Sekhar Sripada	Non Executive & Independent Director
Ravi Venkata Siva Ramakrishna	Non Executive & Independent Director (Appointed w.e.f. 04.06.2021)
Anne E Brown	Relative of KMP
Kondapalli Siddharth Rao	Relative of KMP

Notes forming part of the Standalone Financial Statements

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

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of goods and services		
Pennar Global Inc.	6,103	5,862
Enertech Pennar Defense and Engineering Systems Private Limited	664	691
Pennar GmbH	268	59
Oneworks BIM Technologies Private Limited	-	77
Pennar Global Metals, LLC	5,643	1,270
Ascent Buildings LLC	65	-
	12,743	7,959
Purchase of goods and services		
Pennar Global Inc.	127	137
Enertech Pennar Defense and Engineering Systems Private Limited	378	494
Pennar GmbH	27	-
	532	631
Professional charges		
Kondapalli Siddharth Rao	18	10
Purchase of Property, Plant and Equipment		
Oneworks BIM Technologies Private Limited	-	33
Intercompany deposits / Loans given to:		
Enertech Pennar Defense and Engineering Systems Private Limited	-	180
Pennar Global Inc.	7,128	-
Intercompany deposits / Loans repayment:		
Enertech Pennar Defense and Engineering Systems Private Limited	150	-
Interest income on intercompany deposits / Loans given:		
Enertech Pennar Defense and Engineering Systems Private Limited	23	20
Pennar Global Inc.	196	-
Oneworks BIM Technologies Private Limited	-	9
Advances given :		
Pennar Global Inc.	3,335	3,057
Advances received back:		
Pennar Global Inc.	6,392	-
Paid towards corporate social responsibility		
Pennar Foundation	44	1
Director's remuneration (Including Perquisites and Contribution to Funds)		
Joginapally Venkata Nrupender Rao	168	119
Aditya Narsing Rao	105	69
Lavanya Kumar Rao Kondapally	90	55
Potluri Venkateswara Rao	-	95
	363	338
Directors sitting fees		
Bhandari Kamalakar Rao	6	5
Varun Chawla	6	5
Manish Mahender Sabharwal	5	4
Chandra Sekhar Sripada	5	4
Bharati Jacob	3	4
Potluri Venkateswara Rao	5	-
Ravi Venkata Siva Ramakrishna	4	-
	34	22

Notes forming part of the Standalone Financial Statements

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

(iii) Balances with related parties:

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables		
Pennar Global Inc.	60	64
Kondapalli Siddharth	2	-
Total	62	64
Managerial Remuneration Payable		
Joginapally Venkata Nrupender Rao	13	21
Aditya Narsing Rao	-	15
Lavanya Kumar Rao Kondapally	-	9
Potluri Venkateswara Rao	-	15
Total	13	60
Trade receivables		
Enertech Pennar Defense and Engineering Systems Private Limited	1,507	708
Pennar Global Inc.	1,151	1,729
Oneworks BIM Technologies Private Limited	-	85
Pennar Global Metals, LLC	3,782	1,337
Pennar GMBH	176	-
Ascent Buildings LLC	65	-
Total	6,681	3,859
Advances to suppliers and others		
Enertech Pennar Defense and Engineering Systems Private Limited	923	250
Oneworks BIM Technologies Private Limited	-	44
Pennar Global Inc.	-	3,057
	923	3,351
Investment in subsidiary companies		
Enertech Pennar Defense and Engineering Systems Private Limited	1	1
Pennar Global Inc.	862	862
Oneworks BIM Technologies Private Limited	-	349
Pennar GmbH	20	20
Total	883	1,232
Loans/ Inter corporate deposits receivable		
Enertech Pennar Defense and Engineering Systems Private Limited	30	180
Pennar Global Inc.	7,863	735
Total	7,893	915
Interest on Inter corporate deposits receivable		
Enertech Pennar Defense and Engineering Systems Private Limited	-	7
Pennar Global Inc.	199	-
Total	199	7
Managerial Commission payable	20	-

Notes forming part of the Standalone Financial Statements

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

Note 35:

Title Deeds of Immovable property not held in company's name

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value (₹ lakhs)	Title deeds held in the name of	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
Property, plant and equipment	Land	195	Pennar Engineered Building Systems Limited	No	May 2019 till Balance sheet date	The said Land was transferred vide scheme of Amalgamation approved by NCLT, Hyderabad. Same is pending to be transferred in the name of the Company.
Property, plant and equipment	Land	27	Pennar Enviro Limited	No	May 2019 till Balance sheet date	The said Land is in the erstwhile name of the Company, not yet transferred in the new name of Company.
Property, plant and equipment	Land	10	Pennar Steels Limited	No	April 1986 till Balance sheet date	

Note 36: Ageing schedule

(i) Trade Payables

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	13	23	-	731
(ii)Others	582	3,242	44,119	1,616	652	558	50,769
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
Total	892	3,242	44,504	1,629	675	558	51,500

As at March 31, 2021	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	155	-	402	33	-	-	590
(ii)Others	399	2,768	38,166	1,367	641	704	44,045
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
Total	554	2,768	38,568	1,400	641	704	44,635

Notes forming part of the Standalone Financial Statements

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

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

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	372	44,509
(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
(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
Total	9,053	33,012	1,855	2,891	2,295	3,718	52,824

As at March 31, 2021	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	7,442	34,770	1,856	1,606	620	178	46,472
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	1,290	103	655	1,677	1,406	5,131
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	4	-	1	22	744	771
Total	7,442	36,064	1,959	2,262	2,319	2,328	52,374

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

(a) 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
Total	2,349	4,986	221	-	7,556

(b) 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
Total	6,387	-	-	-	6,387

(c) For Capital-work-in progress as at March 31, 2021, following is the ageing schedule :

As at March 31, 2021	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	5,095	240	-	-	5,335
Projects temporarily suspended	-	-	-	-	-

Notes forming part of the Standalone Financial Statements

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

Note 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 or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(vi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(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:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(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.

Notes forming part of the Standalone Financial Statements

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

Note 38 : Ratios

Sl no	Particulars	As at March 31, 2022	As at March 31, 2021	Absolute Change	Absolute Change %	Remarks
a	Current Ratio	1.09	1.15	(0.06)	-5%	-
b	Debt-Equity Ratio	0.86	0.89	(0.03)	-3%	-
c	Debt Service Coverage Ratio	1.26	0.93	0.33	35%	Due to increase in earning for debt service
d	Return on Equity Ratio	0.05	*	0.05	100%	Due to increase in profit during current year.
e	Inventory turnover ratio	4.25	3.74	0.51	14%	-
f	Trade Receivables turnover ratio	4.38	3.38	1.01	30%	Due to increase in revenue during current year.
g	Trade payables turnover ratio	3.04	2.29	0.75	33%	Due to increase in purchases during current year .
h	Net capital turnover ratio	18.94	9.80	9.13	93%	Due to increase in revenue during current year and decrease in Working Capital
i	Net profit ratio	0.02	*	0.02	100%	Due to increase in profit in the current year
j	Return on Capital employed	0.03	0.02	0.03	100%	Due to increase in earning before Interest and tax
k	Return on investment	0.01	0.02	(0.01)	-50%	Due to decrease in Average investment

* less than 0.01%

	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
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. Exceptional Item

Pursuant to the approval of the Board at its meeting held on August 12, 2020, the Company sold a freehold land situated at Bandalguda, Hyderabad for a consideration of ₹ 2,000 lakhs. Upon sale, resultant profit of ₹ 1,996 lakhs has been disclosed as an 'exceptional item' in the financial statements for the year ended March 31, 2021.

40. During the year, the Company has disposed off its investment in Subsidiary, One works BIM Technologies Private Limited and accounting for divestment 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)
Profit on disposal of investment in subsidiary	(1)

Notes forming part of the Standalone Financial Statements

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

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.
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 funds raised 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, 2022 an amount of ₹ 430 lakhs (March 31, 2021: ₹ 435 Lakhs) are unutilized funds which have been temporarily invested in mutual funds
45. On March 24, 2021, the Ministry of Corporate Affairs (MCA) through notification amended Schedule III of the Companies Act 2013, applicable for financial periods commencing from April 01, 2021. Pursuant to such amendments, current maturities of long term borrowings of ₹ 5,220 lakhs as at March 31, 2021 in the financial results respectively have been reclassified from 'Other financial liabilities' to 'Borrowings' under current financial liabilities.
46. These financial statements were approved by the Company's Board of Directors on May 25, 2022.

For and on behalf of the Board of Directors

Aditya N 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 25, 2022

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 ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and 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 the consideration of separate financial statements / financial information of the subsidiaries referred to in the Other Matters section below, 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
Revenue recognition – Refer note 2.12 'Revenue recognition', note 2.23 'Critical accounting judgements and key sources of estimation uncertainty' of the consolidated financial statements.	Principal audit procedures performed: We obtained an understanding of the revenue recognition process and tested the Parent's controls around the timely and accurate recording of sales transactions.
The Parent recognises revenue from sale of goods based on the terms and conditions of transactions which varies with different customers.	We have obtained an understanding of a sample of customer contracts.
For sale transactions in a certain period of time around the Balance Sheet date, it is essential to ensure that the control of goods have transferred to the customers. As revenue recognition is subject to management's judgement on whether the control of the goods have been transferred, we consider cut-off of revenue as a key audit matter.	Our test of revenue samples focused on sales recorded immediately before the year-end, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent'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, standalone financial statements and our auditor's report thereon. The Management Discussion and Analysis, Director's Report, Report on Corporate Governance and Business Responsibility 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 will not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our 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 as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. 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; 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 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 Parent, 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 respective 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 respective Board of Directors either intends to liquidate their 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 also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility 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 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.

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 financial 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 Parent Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- 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 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 entities or business activities 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 the 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.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent 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 of the current period 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.

Other Matters

- (a) We did not audit the financial statements of four subsidiaries, whose financial statements reflect total assets of ₹ 25,169 lakhs as at March 31, 2022, total revenues of ₹ 39,873 lakhs and net cash inflows amounting to ₹ 685 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 subsection (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) We did not audit the financial statements / financial information of two subsidiaries, whose financial statements / financial information reflect total assets of ₹ 386 lakhs as at March 31, 2022, total revenues of ₹ 503 lakhs and net cash inflows amounting to ₹ 261 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are unaudited and 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, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the consolidated financial statements above 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 and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:
- 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.
 - 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, returns and the reports of the other auditors.
 - 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 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.
 - In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
 - On the basis of the written representations received from the directors of the Parent Company as on March 31, 2022 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
 - With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent company, subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies
 - With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies incorporated in India, the remuneration paid / payable by the Parent Company and such subsidiary companies to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended 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;
 - 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 Parent Company and its subsidiary companies incorporated in India.
 - iv) (a) The respective Managements of the Parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 38(vi) to the Consolidated financial statements, 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 Parent Company or any of such subsidiaries 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 Parent Company or any of such subsidiaries or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The respective Managements of the Parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 38(vii) to the Consolidated financial statements, no funds have been received by the Parent Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's 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 misstatement.
 - v) The Parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent Company, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration Number: 117366W/W100018)

Ganesh Balakrishnan

Partner

(Membership No. 201193)

UDIN: 22201193AJPGJA8787

Place: Hyderabad

Date: May 25, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of Pennar Industries Limited (hereinafter referred to as "the Parent") and its subsidiary company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent and its subsidiary company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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). 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary company which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 of the subsidiary company, which are companies incorporated in India, 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 system over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent including its subsidiary company which are companies incorporated in India, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting 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.

Other Matters

The Parent has consolidated financial information of one subsidiary company incorporated in India on the basis of unaudited financial statements/ financial information prepared by the Management. In our opinion and according to the information and explanations given to us by the Management, such subsidiary is not material to the Group.

Our opinion is not modified in respect of the above matter.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration Number: 117366W/W100018)

Ganesh Balakrishnan

Partner

(Membership No. 201193)

Place: Hyderabad

Date: May 25, 2022

Consolidated Balance Sheet as at March 31, 2022

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

Particulars		Note No.	As at March 31, 2022	As at March 31, 2021
I	ASSETS			
1	Non-current assets			
	Property, plant and equipment	3	56,174	55,486
	Right-of-use assets	4	6,985	3,151
	Capital work-in-progress	37(iii)	7,572	6,123
	Goodwill		-	322
	Other intangible assets	5	1,243	1,324
	Financial assets			
	(a) Investments	6	2	2
	(b) Trade receivables	11	2,089	1,754
	(c) Other financial assets	8	1,135	1,048
	Income tax assets (net)	18(f)	1,333	328
	Deferred tax assets (net)		-	1
	Other non-current assets	9	431	1,208
	Total Non-current assets		76,964	70,747
2	Current assets			
	Inventories	10	64,285	48,655
	Financial assets			
	(a) Investments	6	4,497	1,757
	(b) Trade receivables	11	42,506	42,702
	(c) Cash and cash equivalents	12	3,777	3,353
	(d) Bank balances other than cash and cash equivalents	13	4,934	2,183
	(e) Loans	7	-	792
	(f) Other financial assets	8	4,349	5,891
	Other current assets	9	12,791	13,174
	Total Current assets		1,37,139	1,18,507
	Total assets (1+2)		2,14,103	1,89,254
II	EQUITY AND LIABILITIES			
	EQUITY			
1	Equity share capital	14	7,108	7,108
	Other equity	15	66,410	62,475
	Equity attributable to shareholders of the company		73,518	69,583
	Non-controlling Interest		95	87
	Total Equity		73,613	69,670
2	LIABILITIES			
	Non-current liabilities			
	Financial liabilities			
	(a) Borrowings	16	9,859	11,278
	(b) Lease liabilities	4	4,464	2,669
	(c) Other financial liabilities	21	1,226	991
	Provisions	17	1,428	1,166
	Deferred tax liabilities (net)	18(d)	695	1,525
	Other non-current liabilities	19	79	162
	Total Non-current liabilities		17,751	17,791
3	Current liabilities			
	Financial liabilities			
	(a) Borrowings	16	48,909	47,166
	(b) Lease liabilities	4	1,306	631
	(c) Trade payables	20		
	Total outstanding dues of micro and small enterprises		731	590
	Total outstanding dues of creditors other than micro and small enterprises		53,634	43,682
	(d) Other financial liabilities	21	5,681	3,054
	Other current liabilities	19	8,542	5,054
	Provisions	17	778	643
	Current tax liabilities (net)	18(f)	3,158	973
	Total Current liabilities		1,22,739	1,01,793
	Total Liabilities (2+3)		1,40,490	1,19,584
	Total Equity and Liabilities (1+2+3)		2,14,103	1,89,254
	Corporate information and significant accounting policies	1 & 2		

See accompanying notes forming part of these Consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan

Partner

(Membership No. 201193)

Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Place: Hyderabad

Date: May 25, 2022

JS Krishna Prasad

Chief Financial Officer

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Consolidated Statement of Profit and Loss for the year ended March 31, 2022

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

Particulars		Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
I.	INCOME			
	Revenue from operations	22	2,26,575	1,52,535
	Other income	23	1,706	1,866
	Total income		2,28,281	1,54,401
II.	EXPENSES			
	Cost of materials consumed		1,29,762	92,754
	Purchase of traded goods		20,832	3,669
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(10,435)	(4,432)
	Employee benefits expense	25	20,845	13,638
	Finance costs	26	7,838	7,967
	Depreciation and amortisation expense	27	5,413	4,817
	Other expenses	28	48,435	37,619
	Total expenses		2,22,690	1,56,032
III.	Profit before exceptional item and tax (I - II)		5,591	(1,631)
IV.	Exceptional item (Refer note 41)		-	1,996
V.	Profit before tax (III + IV)		5,591	365
VI.	Tax expense:	18(a)		
	Current tax		2,186	423
	Deferred tax		(786)	(342)
	Total tax expense		1,400	81
VII.	Profit for the year (V - VI)		4,191	284
	Profit for the year attributable to -			
	Shareholders of the company		4,183	254
	Non-Controlling Interest		8	30
VIII.	Other comprehensive income			
	Items that will not be reclassified subsequently to profit or loss:			
	- Remeasurements of the net defined benefit plans	17(b)	(176)	18
	- Income tax relating to above items	18(b)	44	(4)
	Items that will be reclassified subsequently to profit or loss:			
	- Exchange difference in translating the financial statements of foreign operations		(121)	(41)
	Total other comprehensive loss for the year		(253)	(27)
IX.	Total comprehensive income for the year (VII + VIII)		3,938	257
	Total comprehensive income attributable to			
	Shareholders of the company		3,930	227
	Non-Controlling Interest		8	30
X.	Earning per equity share (par value of ₹ 5 each)			
	Basic and Diluted (₹)	31	2.94	0.18
	Corporate information and significant accounting policies	1 & 2		

See accompanying notes forming part of these Consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan

Partner

(Membership No. 201193)

Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Place: Hyderabad

Date: May 25, 2022

JS Krishna Prasad

Chief Financial Officer

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Consolidated Cash Flow Statement for the year ended March 31, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Cash flow from operating activities:		
Profit before tax	5,591	365
Adjustments for:		
Depreciation and amortisation expense	5,413	4,817
Loss on sale/scrap of property, plant and equipments (net)	9	5
Profit on sale of investments (net)	(15)	(52)
Net gain arising from financial instruments designated as FVTPL	(11)	-
Exchange differences (net)	102	441
Liabilities no longer required written back	(604)	(284)
Trade and other receivables written off	-	141
Provision for doubtful trade and other receivables, loans and advances (net)	2,413	989
Finance costs	7,838	7,967
Interest income	(420)	(684)
Operating profit before working capital changes:	20,316	13,705
Changes in working capital:		
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	11,007	(3,338)
Other liabilities	6,042	(2,263)
Provisions	221	149
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(2,797)	(2,308)
Inventories	(15,630)	(4,671)
Other assets	1,355	(5,302)
Cash generated from / (used in) operations	20,514	(4,028)
Direct taxes paid (net of refunds)	(1,021)	(248)
Net cash flow from / (used in) operating activities (A)	19,493	(4,276)
B. Cash flows from investing activities:		
Purchase of property, plant and equipments, including capital work-in-progress and capital advances	(5,748)	(5,328)
Proceeds from disposal of investment in subsidiary	62	-
Proceeds from sale of property, plant and equipments	70	75
Net (increase) / decrease in current investments	(2,713)	2,804
Inter-corporate deposits/ loans (net)	792	1,372
Movement in other bank balances	(2,751)	(163)
Interest received	442	630
Net cash used in investing activities (B)	(9,846)	(610)
C. Cash flow from financing activities:		
Proceeds from long term borrowings	3,853	7,561
Repayment of long term borrowings	(5,934)	(6,516)
Increase in short term borrowings (net)	2,277	12,095
Payment towards buyback of shares including transaction costs	(32)	(678)
Interest and other borrowing costs paid	(7,001)	(7,527)
Repayment of lease liability	(2,386)	(598)
Net cash from / (used in) financing activities (C)	(9,223)	4,337
Net (decrease)/increase in cash and cash equivalents (A + B + C)	424	(549)
Cash and cash equivalents at the beginning of the year	3,353	3,902
Cash and cash equivalents at the end of the period	3,777	3,353

Consolidated Cash Flow Statement for the year ended March 31, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash and cash equivalents comprises of: (Refer note 12)		
Cash on hand	1	5
Balances with Banks		
- in current accounts	2,191	2,275
- in deposit accounts	1,493	1,073
- Remittance in transit	92	-
	3,777	3,353

Notes:

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.

See accompanying notes forming part of these Consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan

Partner

(Membership No. 201193)

Place: Hyderabad

Date: May 25, 2022

Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

JS Krishna Prasad

Chief Financial Officer

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

Consolidated Statement of Changes in Equity

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

A. Equity share capital

Particulars	No of Shares	Amount
Balance as at April 01, 2020	14,52,37,614	7,262
Less: Shares bought back and extinguished during the year	30,75,383	154
Balance as at March 31, 2021	14,21,62,231	7,108
Less: Shares bought back and pending extinguishment	50	*
Balance as at March 31, 2022	14,21,62,181	7,108

* less than a lakh

B. Other equity

Particulars	Reserves and surplus						Items of other comprehensive income	Non-controlling interests	Total other equity
	Capital Reserve	Securities premium	General reserve	Profit on forfeiture of shares	Capital redemption reserve	Retained earnings			
Balance as at April 01, 2020	386	10,930	916	6	1,541	48,915	77	57	62,828
Profit for the year	-	-	-	-	-	254	-	30	284
Remeasurement defined benefit liability net of tax	-	-	-	-	-	14	-	-	14
Buyback of equity shares	-	(390)	-	-	-	-	-	-	(390)
Amount transferred to capital redemption reserve upon Buyback	-	-	(154)	-	154	-	-	-	-
Transaction costs towards Buyback of equity shares	-	(133)	-	-	-	-	-	-	(133)
Exchange differences in translation of foreign operations	-	-	-	-	-	-	(41)	-	(41)
Balance as at March 31, 2021	386	10,407	762	6	1,695	49,183	36	87	62,562
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
Transaction costs towards Buyback of equity shares	-	(32)	-	-	-	-	-	-	(32)
Exchange differences in translation of foreign operations	-	-	-	-	-	-	(121)	-	(121)
Balance as at March 31, 2022	386	10,375	762	6	1,695	53,271	(85)	95	66,505

* Less than a lakh

See accompanying notes forming part of these Consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm Registration Number : 117366W/W-100018

For and on behalf of the Board of Directors

Ganesh Balakrishnan

Partner

(Membership No. 201193)

Aditya N Rao

Vice Chairman & Managing Director

(DIN: 01307343)

Lavanya Kumar Rao K

Whole Time Director

(DIN: 01710629)

Place: Hyderabad

Date: May 25, 2022

JS Krishna Prasad

Chief Financial Officer

Mirza Mohammed Ali Baig

Company Secretary

(M No: A29058)

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 relates 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, 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.

Notes forming part of these Consolidated Financial Statements

2.2 Consolidation Procedure

The consolidated financial statements have been prepared in accordance with principles laid down in Ind AS 110 on "consolidated financial statements", as notified vide Companies (Accounting standards) Rules, 2015 (as amended).

Subsidiaries

I. Subsidiaries are entities over which the Group has control and the control is achieved when group is exposed, or has rights, to variable returns from its involvement with investee and has the ability to affect those returns through its:

- Power over the investee
- Exposure or rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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 intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intra group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra group 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 intra group 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

Name of the Entity	Principal Place of business and country of Incorporation	Investee Relationship		Proportion of Ownership interest	
		March 31,2022	March 31,2021	March 31,2022	March 31,2021
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%
Oneworks Bim Technologies private Limited	India	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. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

2.5. Functional and presentation currency:

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee (₹), the national currency of India, which is the functional currency of the Company.

2.6 Income taxes:

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

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 fulfillment 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. This policy has been applied to contracts existing and entered into on or after 1 April 2019.

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.

Notes forming part of these Consolidated Financial Statements

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term

2.8 Earnings per share:

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

2.9 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 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 is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates after taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Effective April 01, 2018, Ind AS 115 "Revenue from Contracts with Customers" (hereafter "Ind AS 115") introduced a 5-step approach to revenue recognition, which establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced Ind AS 18 "Revenue Recognition", Ind AS 11 "Construction Contracts" and related interpretations.

Sale of products and Services:

The Group recognises revenue for supply of goods to customers against orders received. The majority of contracts that group 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.

Income from supply of Pre- Engineered Buildings/ steel structural:

Revenue from supply of Pre-Engineered Building (PEBS)/ steel structural are recognized as per the terms of the contract using the percentage of completion method. Percentage of completion is determined as a proportion of the costs incurred up to the reporting date to the total estimated costs.

When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognized as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed up to the reporting date bear to the estimated total contract costs.

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.

Revenue earned but not billed to customers against erection contracts is reflected as "Contract assets" under "Other financial assets". Billings on incomplete contracts in excess of accrued costs and accrued profits are included in other current liabilities as "Contract liabilities". Due to the uncertainties attached, the revenue on account of extra claims are accounted for at the time of acceptance/ settlement by the customers.

Interest, Dividend and Claims:

Dividend income is recognized when the right to receive payment is established. Interest has been accounted using effective interest rate method. Insurance claims/ other claims are accounted as and when admitted / settled

Export Benefits:

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate reliability of such benefits are established.

Notes forming part of these Consolidated Financial Statements

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 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.

Leasehold Land held under finance lease including leasehold land are depreciated over their expected lease terms, 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	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 Rs. 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.

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 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.

Notes forming part of these Consolidated Financial Statements

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.

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.

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. As a practical expedient, the Group uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL 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.

Notes forming part of these Consolidated Financial Statements

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.

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 doubtful receivables	The Group makes provision for doubtful 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.

2.25 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below:

Ind AS 16 – Property Plant and equipment: The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The group has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets: The amendment specifies that the 'cost of fulfilling a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, Materials) or an allocation of other costs that relate directly to fulfilment contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The group has evaluated the amendment and the impact is not expected to be material

Notes forming part of the Consolidated financial statements

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

3. Property, plant and equipment

Particulars	As at March 31, 2022	As at March 31, 2021
Carrying amounts of:		
Freehold land (refer note 36)	1,341	1,330
Leasehold Improvements	13	18
Buildings	28,196	27,993
Plant and equipment	20,735	20,396
Electrical equipment	4,401	4,697
Computers	453	468
Office equipment	238	160
Furniture and fixtures	444	240
Vehicles	353	184
Total	56,174	55,486
Capital work-in-progress (Refer note (a) and (b) below)	7,572	6,123

Notes:

- Capital work in progress includes borrowing cost of ₹ 182 Lakhs (March 31, 2021 ₹ 172 Lakhs) capitalised during the year.
- Refer Note 37(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 Group except as disclosed in Note 36. The Group 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
I. Cost / Fair value										
Balance as at April 01, 2020	1,292	45	32,378	39,967	7,122	597	333	545	431	82,710
Additions	42	-	1,214	721	252	422	6	2	1	2,660
Disposals/adjustments/write offs	(4)	-	-	(306)	(7)	(73)	(10)	(29)	(30)	(459)
Balance as at March 31, 2021	1,330	45	33,592	40,382	7,367	946	329	518	402	84,911
Additions	11	-	1,325	2,925	22	70	146	339	228	5,066
Disposals/adjustments/write offs	-	-	-	-	-	-	(14)	(103)	(56)	(173)
Dismantling cost	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2022	1,341	45	34,917	43,307	7,389	1,016	461	754	574	89,804
II. Accumulated Depreciation										
Balance as at April 01, 2020	-	22	4,523	17,604	2,355	403	112	231	174	25,424
Depreciation for the year	-	5	1,076	2,389	315	98	61	47	44	4,035
Disposals/adjustments/write offs	-	-	-	(7)	-	(23)	(4)	-	-	(34)
Balance as at March 31, 2021	-	27	5,599	19,986	2,670	478	169	278	218	29,425
Depreciation for the year	-	5	1,122	2,586	318	85	67	59	57	4,299
Disposals/adjustments/write offs	-	-	-	-	-	-	(13)	(27)	(54)	(94)
Balance as at March 31, 2022	-	32	6,721	22,572	2,988	563	223	310	221	33,630

Notes forming part of the Consolidated financial statements

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

4. Right-of-Use Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Carrying amount of:		
Land	158	102
Buildings	5,113	1,973
Plant and Machinery	1,714	1,076
Total	6,985	3,151

Particulars	Land	Buildings	Plant & Machinery	Total
I. Cost				
Balance as at April 01, 2020	105	3,960	-	4,065
Additions	-	311	1,094	1,405
Disposals/adjustments/write offs	-	(1,713)	-	(1,713)
Balance as at March 31, 2021	105	2,558	1,094	3,757
Additions	64	3,768	910	4,742
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2022	169	6,326	2,004	8,499
II. Accumulated amortisation				
Balance as at April 01, 2020	2	529	-	531
Amortisation expenses	1	585	18	604
Disposals/adjustments/write offs	-	(529)	-	(529)
Balance as at March 31, 2021	3	585	18	606
Amortisation expenses	8	601	322	931
Disposals/adjustments/write offs	-	27	(50)	(23)
Balance as at March 31, 2022	11	1,213	290	1,514

5. Other intangible assets

Particulars	As at March 31, 2022	As at March 31, 2021
Carrying amount of:		
Computer Software	349	408
Software license	198	167
Other intangible assets	696	749
Total	1,243	1,324

Particulars	Computer software	Software license	Other intangible assets	Total
I. Cost				
Balance as at April 01, 2020	674	295	1,126	2,095
Additions	42	30	-	72
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2021	716	325	1,126	2,167
Additions	31	71	-	102
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2022	747	396	1,126	2,269
II. Accumulated amortisation				
Balance as at April 01, 2020	209	132	324	665
Amortisation expenses	99	26	53	178
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2021	308	158	377	843
Amortisation expenses	90	40	53	183
Disposals/adjustments/write offs	-	-	-	-
Balance as at March 31, 2022	398	198	430	1,026

Notes forming part of the Consolidated financial statements

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

6. Investments

Particulars	Face Value per share	As at Mar 31, 2022		As at Mar 31, 2021	
		No. of shares	Amount	No. of shares	Amount
A. Investments - Non-current					
Unquoted:					
Investment carried at fair value through Other comprehensive income (FVTOCI)					
Mana Effluent treatment plant Limited	₹ 1000 each	200	2	200	2
Total Non-current investments			2		2
B. Investments - Current (quoted) (Refer note below)					
Investment carried at fair value through profit and loss (FVTPL)					
Investments in mutual funds (Refer note below)			4,497		
Total Current investments			4,497		1,757

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 investments - Current (quoted)

Particulars	As at 31 Mar 2022		As at 31 Mar 2021	
	No. of units	Amount	No. of units	Amount
At fair value through profit and loss (FVTPL)				
Investments in Mutual Funds*				
SBI Overnight Fund -Direct Plan	7,223	250	-	-
ABSL Money Manager Fund Growth -Direct Plan	1,19,931	359	-	-
ABSL Overnight Fund Growth -Direct Plan	43,500	500	-	-
ICICI Overnight Fund Growth - Direct Plan	4,36,373	500	4,50,568	500
Axis Overnight Fund	1,124	250	-	-
Kotak Overnight Fund	44,110	500	-	-
Franklin Overnight Fund	22,519	250	-	-
HDFC Liquid Plan - Regular Plan - Growth Option	-	-	16,352	500
HDFC Overnight Fund - Direct Plan - Growth Option	7,919	250	-	-
Nippon Overnight Fund	4,44,875	507	6,78,939	757
DSP Overnight Fund-Direct Plan	21,962	250	-	-
DSP Ultra Short Fund-Direct Plan	3,564	106	-	-
Invesco India Overnight Fund-Direct Plan	23,272	250	-	-
UTI Liquid Cash Fund	712	25	-	-
UTI Overnight Fund-Direct Plan	8,592	250	-	-
Tata Overnight Fund-Direct Plan	22,296	250	-	-
Total current investment		4,497		1,757

* The market value of quoted investment is equal to its carrying value.

7. Loans (Unsecured, considered good)

Particulars	As at March 31, 2022	As at March 31, 2021
Current:		
Inter-corporate deposits	-	792
Total	-	792

Notes forming part of the Consolidated financial statements

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

8. Other financial assets (unsecured, considered good)

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current:		
Deposits	1,065	961
Sales tax claims receivable	70	87
Total other non-current financial assets	1,135	1,048
Current:		
Interest accrued on deposits	112	134
Unbilled revenue	796	1,159
Incentive receivable	8	255
Security Deposits	3,355	1,682
Receivable against sale of Land	-	1,910
Others	78	751
Total other current financial assets	4,349	5,891

9. Other assets (Unsecured, considered good) :

Particulars	As at March 31, 2022	As at March 31, 2021
Non-current		
Capital advances	428	1,077
Others	3	131
Total other non-current assets	431	1,208
Current:		
Advances recoverable in kind or for value to be received	7,628	5,295
Prepaid expenses	761	682
Balances with Government authorities	3,742	3,971
Other receivables	515	3,151
Employee advance	145	75
Total other current assets	12,791	13,174

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

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials	12,707	9,259
Work-in-progress	31,722	25,661
Finished goods	12,975	8,781
Stores and spares	6,046	4,525
Scrap	835	429
Total	64,285	48,655

Notes:

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

Notes forming part of the Consolidated financial statements

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

11. Trade receivables

Particulars	As at March 31, 2022	As at March 31, 2021
Non Current		
Unsecured, considered good	2,089	1,754
Credit impaired	-	-
	2,089	1,754
Less: Allowance for credit impaired (Refer note (b) below)	-	-
Total	2,089	1,754
Current		
Unsecured, considered good	42,506	42,702
Credit impaired	8,315	5,902
	50,821	48,604
Less: Allowance for credit impaired (Refer note (b) below)	8,315	5,902
Total	42,506	42,702

Notes:

a. Trade receivables includes retention money aggregating to ₹ 9,053 lakhs (March 31, 2021 : ₹ 7,442 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 impaired:

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	5,902	7,460
Impairment losses recognised on receivables	2,413	989
Amounts written off during the year as uncollectible, provision released	-	(2,547)
Balance at the end of the year	8,315	5,902

c. of the trade receivables balance as at March 31, 2022, ₹ 2,755 Lakhs (as at March 31, 2021: ₹ 2,801 Lakhs) is due from the Group's largest customers individually representing more than 5% of total trade receivables balance.

d. Refer Note 37 (ii) for ageing of Trade receivables.

12. Cash and cash equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks		
in current accounts	2,191	2,273
in deposit accounts	1,493	1,075
Cash on hand	1	5
Remittance in Transit	92	-
Total	3,777	3,353

Notes forming part of the Consolidated financial statements

(All amounts in ₹ 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, 2022	As at March 31, 2021
Current		
a) Earmarked balances with banks		
- in preference shares redemption accounts	49	74
- in Margin money deposits* ^	1,584	1,104
- in deposit accounts (maturity greater than 3 months, upto 12 months)	3,301	1,005
Total	4,934	2,183

*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 ₹ 101 lakhs (March 31, 2021 : Nil) money deposited in escrow account with Yes Bank against buy back of Shares

14. Equity share capital

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised share capital:		
Equity shares		
25,20,00,000 fully paid up equity shares of ₹ 5 each	12,600	12,600
Preference Shares:		
Series - A: 5,00,000 cumulative redeemable preference shares of ₹ 100 each	500	500
Series - B: 4,00,00,000 cumulative redeemable preference shares of ₹ 5 each	2,000	2,000
	15,100	15,100
Issued, subscribed and paid-up capital:		
Equity shares		
14,21,62,181 fully paid up equity shares (March 31, 2021: 14,21,62,231) of ₹ 5 each (Refer note (a) &(d) below)	7,108	7,108
Total	7,108	7,108

Notes:

a. Reconciliation of the number of shares outstanding:

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	14,21,62,231	14,52,37,614
Less: Shares bought back and extinguished during the year	-	30,75,383
Less: Shares bought back and pending extinguishment	50	-
Balance	14,21,62,181	14,21,62,231

b. Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2022		As at March 31, 2021	
	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	14.78%	2,10,05,455	14.78%
Saif India IV FII Holdings Limited	-	-	1,13,14,460	7.96%
Franklin India Smaller Companies Fund	-	-	79,89,354	5.62%
Aditya Narsing Rao	84,27,203	5.93%	84,27,203	5.93%

c. Rights, preferences and restrictions attached to each class of 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 respectively 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 ₹ lakhs, except share and per share data and where otherwise stated)

d. Buyback of equity shares:

The Board of Directors, at its meeting held on March 09, 2022, 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. The Maximum Buyback Size represents 5.97% and 5.93% of aggregate of the Company's paid up equity capital and free reserves based on the audited Consolidated and Standalone financial statements, respectively, of the Company as at March 31, 2021, which is in compliance with the maximum permissible limit of 10% of the total paid up equity share capital and free reserves in accordance with Section 68(2) of Companies Act, 2013.

As of March 31, 2022, the scheme of Buyback was open, the Company bought back 50 equity shares as of that date, resulting in total cash consideration of ₹ 32 lakhs (including ₹ 32 lakhs towards transaction cost and tax on Buyback). Out of 50 equity shares bought back, the Company extinguished nil equity shares as at March 31, 2022. In line with the requirement of Companies Act, 2013, an amount of ₹ 32 lakhs has been utilized from securities premium account for the buyback. Further, capital redemption reserve of ₹ 250 representing the nominal value of shares brought back, has been created in accordance with Section 69 of the Companies Act, 2013.

e. The company has not issued bonus shares during the period of five years immediately preceding the reporting date.

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

g. Disclosure of Share holding of Promoters

Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

Promoter name	As at March 31, 2022			As at March 31, 2021		
	No. of shares	% of total shares	% Change during the year	No. of shares	% of total shares	% Change during the year
Aditya Narsing Rao	84,27,203	5.93%	-	84,27,203	5.93%	-
Avanti Rao	23,97,951	1.69%	-	23,97,951	1.69%	-
Bhavana Puljal	16,94,027	1.19%	-	16,94,027	1.19%	-
Joginpally Nrupender Rao Huf	6,60,114	0.46%	-	6,60,114	0.46%	-
J Rajyalakshmi	69,33,038	4.88%	-	69,33,038	4.88%	-
J N Rupender Rao	60,10,786	4.23%	-	60,10,786	4.23%	-
Jayanthi Puljal	20,95,202	1.47%	-	20,95,202	1.47%	-
Kalpana Puljal	17,50,091	1.23%	-	17,50,091	1.23%	-
Pennar Holdings Private Limited	2,10,05,455	14.78%	-	2,10,05,455	14.78%	-

Notes forming part of the Consolidated financial statements

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

15. Other equity

Other equity consist of the following:

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Capital reserve	386	386
(b) Securities premium account		
Opening balance	10,407	10,930
Premium paid upon Buyback of equity shares	-	(390)
Transaction costs relating to Buyback of equity shares	(32)	(133)
Closing balance	10,375	10,407
(c) General reserve		
Opening balance	762	916
Transfer to capital redemption reserve upon Buyback of equity shares	(*)	(154)
Closing balance	762	762
(d) Profit on forfeiture of shares	6	6
(e) Capital redemption reserve		
Opening balance	1,695	1,541
Appropriation from general reserve upon Buyback of equity shares	*	154
Closing balance	1,695	1,695
(f) Retained earnings		
Opening balance	49,219	48,992
Add: Profit for the year	4,183	254
Remeasurement of net defined benefit liability net of income tax	(132)	14
Disposal of subsidiary	37	-
Exchange differences translation of foreign operations	(121)	(41)
Closing balance	53,186	49,219
Total	66,410	62,475

* 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.

Notes forming part of the Consolidated financial statements

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

(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 and Buyback of equity shares in accordance with Section 69 of the Companies Act, 2013. 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, 2022	As at March 31, 2021
Non-Current		
Term Loans- Secured - at amortised cost (Refer note (a) below)		
- From banks	7,972	8,719
- From non banking financial companies	1,500	1,993
	9,472	10,712
Unsecured - at fair value		
Sales tax deferment loan (Refer note (b) below)	387	566
Total	9,859	11,278
Current		
Loans repayable on demand from banks- Secured - at amortised cost (Refer note (c) below)		
(i) Cash credits	7,381	6,481
(ii) Working capital demand loans	20,027	23,827
(iii) Credit Card & Bill discounting	16,815	11,581
(iv) Others	-	57
Current maturities from long term borrowings		
Term Loans- Secured - at amortised cost (Refer note (a) below)		
- From banks	3,677	4,503
- From non banking financial companies	711	287
	48,611	46,736
Unsecured - at fair value		
Sales tax deferment loan (Refer note (b) below)	298	430
Total	48,909	47,166

Notes forming part of the Consolidated financial statements

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

Notes:

(a) Summary of borrowings arrangements

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2022	March 31, 2021	
From Banks:						
HDFC Bank Limited	48 equal monthly instalments of ₹ 48.46 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 and 100% Credit guarantee by National Credit guarantee Trust Company Limited(NCGTC)	5,116	5,116	2,326	7.25%
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	2,000	3,750	9.75% to 10.15% p.a
	48 equal monthly instalments of ₹ 13.95 lakhs 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	670	-	8.00%
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	1,406	2,031	10.25% to 10.40% 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	28	34	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 mortgagees of created in favour of the bank 100% Credit guarantee by national Credit guarantee Trust Company Limited(NCGTC)"	867	867	867	7.25%
Axis Bank Limited	16 equal quarterly instalments of ₹ 312.50 lakhs each commencing from June 2018	First charge on land, building and P&M located at Patancheru Plant and personal guarantee from Aditya N Rao (Vice-Chairman & Managing Director).	5,000	-	1,563	9.9% to 10.3% p.a
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	1,750	10.40%
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	707	874	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	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	27	9.26%
Total			23,618	11,649	13,222	

Notes forming part of the Consolidated financial statements

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

From Non Banking Financial Institutions:						
Tata Capital Financial Services Limited	60 months equal instalments of ₹ 30 lakhs each commencing from October 2021.	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	1,800	1,613	1,800	11.00%
Siemens Financial Services Private Limited	48 equal months instalments of ₹ 8.89 lakhs each commencing from March 2021	First charge by way of hypothecation of the vehicle for which the loan was taken and Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao..	427	356	427	11.75%
Tata Capital Financial Services Limited	24 equal months instalments of ₹ 11.12 lakhs each commencing from December 2021	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	267	223	-	9.50%
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	19	27	8.50%
Total			2,543	2,211	2,254	

(b) The Company availed an interest free sales tax deferment loan for a period of 14 years starting from 1997 – 98 amounting to ₹ 2,486 lakhs from the Commercial tax department. Out of this, amount aggregating ₹ 1,208 lakhs was paid during earlier years, an amount of ₹ 430 lakhs paid in the financial year 2021-22 and amount of ₹ 298 lakhs Payable in the financial year 2022-23 which is classified under the head "Current borrowings". Further ₹ 162 lakhs (As at March 31, 2021 – ₹ 282 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
2022-2023	298
2023-2024	335
2024-2025	214
Total	847

(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 and SBM Bank are secured by first pari passu charge on the entire current assets and second charge on fixed assets of the company along with other working capital lenders under consortium, and for SBI, exclusive pledge of 15,00,000 shares (March 31, 2021: 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 N Rao (Vice – Chairman and Managing Director). These borrowings carried interest rate of 8% to 9.85% (March 31, 2021: 8% to 9.85%).

(d) Details of borrowings guaranteed by Directors :

Particulars	As at March 31, 2022	As at March 31, 2021
Aditya Narsing Rao (Vice Chairman and Managing Director)	1,13,724	1,11,166

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 2021, September 2021 and December 2021 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 2022, since the same is not yet due.

17. Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current		
Provision for gratuity	402	231
Provision for compensated absences	685	633
Asset retirement obligation	341	302
Total	1,428	1,166
Current		
Provision for gratuity	555	477
Provision for compensated absences	223	166
Total	778	643

Notes forming part of the Consolidated financial statements

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

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 obligation 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 towards contribution to provident fund and employee state insurance for the year are aggregating to ₹ 709 lakhs (March 31, 2021: ₹ 669 lakhs) and is included under contribution to provident and other funds

(b) Post retirement benefit-Defined benefits

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.

(i) Gratuity (funded):

Particulars	2021-22	2020-21
i) Change in defined benefit obligation(DBO) during the year :		
Present value of DBO at the beginning of the year	2,304	2,229
Interest cost	156	130
Current service cost	209	202
Actuarial loss on obligation	182	14
Benefits paid	(273)	(271)
Present value of DBO at the end of the year	2,578	2,304
ii) Changes in the Fair Value of Plan Asset during the year		
Fair value of Plan Assets at the beginning of the year	1,596	1,604
Return on Plan Assets	6	31
Interest Income	108	94
Contributions paid	184	138
Benefits paid	(273)	(271)
Fair value of Plan Assets at the end of the year	1,621	1,596
iii) Amount Recognized in Balance Sheet		
Present value of DBO of the year	2,578	2,304
Fair value of Plan Assets at the end of the year	1,621	1,596
Net Asset/(Liability) recognized in the balance sheet	(957)	(708)
Non current	(402)	(231)
Current	(555)	(477)

iv) Components of employer expense		
Current service cost	209	202
Interest income on net defined benefit obligation	48	36
Expense recognised in Statement of Profit and Loss	257	238

v) Re-measurements on the net defined benefit obligation		
Actuarial (gain)/loss due to financial assumptions change in Defined Benefit Obligation	128	(5)
Actuarial loss due to experience on Defined Benefit Obligation	54	18
Return on Plan Assets excluding Interest Income	(6)	(31)
Remeasurements recognised in other comprehensive income	176	(18)
Total Defined benefit cost recognised	433	220

The principal assumptions used for the purposes of the actuarial valuations were as follows:	Valuation as at March 31, 2022	Valuation as at March 31, 2021
Mortality	IALM (2012 – 14) Ult.	
Interest/Discount Rate	5.80% – 6.75%	5.80% – 6.75%
Rate of increase in compensation	5% – 8.5%	5% – 8%
Expected average remaining service	20.16	5.20 – 12.89
Employee Attrition rate	15%	3% – 15%

Notes forming part of the Consolidated financial statements

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

Sensitivity analysis:

Particulars	Change in assumption	Effect in gratuity obligation
Discount rate	1%	2,447
	(-1%)	(2,691)
Salary Escalation rate	1%	2,686
	(-1%)	(2,448)
Attrition Rate	1%	2,496
	(-1%)	(2,682)
Mortality Rate	1%	2,563
	(-1%)	(2,563)

Estimate of expected benefit payout (in absolute terms i.e. undiscounted)

Particulars	Gratuity
1 year	561
2 to 5 years	1,414
6 to 10 years	916
> 10 years	736

(ii) 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, 2022	Valuation as at March 31, 2021
Mortality	IALM (2012-14) Ult.	
Interest/Discount Rate	5.80%-6.75%	5.80%-6.75%
Rate of increase in compensation	5%-8.5%	5%-8%
Expected average remaining service	19.75	5.20-12.89
Employee Attrition rate	15%	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 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, 2022	For the year ended March 31, 2021
Current tax	2,186	423
Deferred tax	(786)	(342)
	1,400	81

Notes forming part of the Consolidated financial statements

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

b. Income tax expense recognized directly in other comprehensive income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Tax effect on actuarial losses on defined benefit obligations	44	(4)
	44	(4)
Bifurcation of the income tax recognized in other comprehensive income into:		
Items that will not be reclassified to profit or loss	44	(4)
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, 2022 and March 31, 2021

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Accounting Profit before tax	5,591	365
Tax expense at statutory tax rate of 25.17% (2021: 25.17%)	1,407	92
Adjustments:		
Others	(7)	(11)
Tax expense reported in Statement of Profit and loss.	1,400	81
Effective tax rate	25.04%	22.19%

The difference between the tax rate enacted in India and the effective tax rate of the company is majorly because of items that are never taxable or deductible.

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, 2022	As at March 31, 2021
Deferred tax assets	(4,108)	(3,085)
Deferred tax liabilities	4,803	4,610
	695	1,525

e. Movement in deferred tax assets and liabilities:

2021-22	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax liabilities/(assets) in relation to:				
Liabilities				
Property, plant and equipment and Intangible assets	4,610	193	-	4,803
Assets				
Provision for employee benefits	(597)	(268)	44	(909)
Provision for doubtful debts	(2,127)	(657)	-	(2,784)
Provision for loss on onerous contracts	-	(6)	-	(6)
Provision for dismantling cost	(76)	-	-	(76)
Provision for RoU and Lease Liabilities	(9)	(48)	-	(57)
Others	(276)	-	-	(276)
Total	1,525	(786)	44	695

2020-21	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to				
Liabilities				
Property, plant and equipment and Intangible assets	4,267	343	-	4,610
Assets				
Provision for employee benefits	(447)	(146)	(4)	(597)
Provision for doubtful debts	(1,878)	(249)	-	(2,127)
Provision for loss on onerous contracts	(2)	2	-	-
Provision for loss on Contract Assets	(33)	33	-	-
Provision for dismantling cost	(67)	(9)	-	(76)
Provision for RoU and Lease Liabilities	-	(9)	-	(9)
Effect of change in tax rate	61	(61)	-	-
Others	(30)	(246)	-	(276)
Total	1,871	(342)	(4)	1,525

Notes forming part of the Consolidated financial statements

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

f. Income tax assets and liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Income tax assets [net of provisions]	1,333	328
Income tax liabilities [net of advance tax]	(3,158)	(973)
Total	(1,825)	(645)

19. Other Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current		
Unearned government grants (Refer note 16(b))	79	162
Total	79	162
Current		
Advances from customers	7,102	2,643
Unearned revenue	1,342	1,603
Statutory liabilities	-	385
Unearned government grants (Refer note 16(b))	83	120
Others	15	303
Total	8,542	5,054

20. Trade payables

Particulars	As at March 31, 2022	As at March 31, 2021
Acceptances	25,482	19,266
Other than Acceptances	28,883	25,006
Total	54,365	44,272
Of the above:		
i) Dues to micro and small enterprises *	731	590
ii) outstanding dues of creditors other than micro and small enterprises **	53,634	43,682

* Dues to Micro and Small enterprises 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

Refer Note 37(i) for ageing of Trade payables

21. Other financial liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Non-Current		
Retention money Payable	1,226	991
Total	1,226	991
Current		
Unclaimed redeemed preference shares	49	74
Interest accrued but not due on borrowings	206	194
Statutory liabilities	1,564	-
Other Payables	3,034	2,178
Payables on purchase of fixed assets	828	608
Total	5,681	3,054

Notes forming part of the Consolidated financial statements

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

22. Revenue from operations

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue From operations		
– Sale of products	1,55,603	93,602
– Revenue from contracts	60,991	48,812
– Sale of services	5,013	5,311
Other Operating Revenue		
–Scrap sales	4,968	4,810
Total	2,26,575	1,52,535

There is no single customer contributing 10% or more to the Company's revenue (March 31, 2021 : Nil).

23. Other Income

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income earned on financial assets		
– Bank deposits	157	244
– Other interest income	263	440
Net gain arising from financial instruments designated as fair value through Profit and Loss	11	54
Gain on sale of current investments, net	15	–
Foreign Exchange fluctuation Net	–	1
Liabilities no longer required written back	604	284
Others	656	843
Total	1,706	1,866

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening stock of inventories		
Work-in-progress	25,661	22,010
Finished goods	8,781	7,837
Scrap	429	592
	34,871	30,439
Closing stock of inventories		
Work-in-progress	31,722	25,661
Finished goods	13,036	8,781
Scrap	835	429
	45,593	34,871
Decrease / (increase) in inventories of finished goods and work-in-progress	(10,722)	(4,432)

25. Employee benefits expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	18,608	11,985
Contribution to provident and other funds	872	1,044
Staff welfare expenses	1,588	745
	21,068	13,774
Less:- Capitalization of salaries	223	136
Total	20,845	13,638

26. Finance costs

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest:		
Term loans	1,396	1,336
Working capital demand loans	2,535	2,391
Interest on leases	697	–
Others	770	363
Bill discounting charges	–	1,750
Other bank charges	2,622	2,299
	8,020	8,139
Less : Expenses incurred towards capital projects	182	172
Total	7,838	7,967

Notes forming part of the Consolidated financial statements

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

27. Depreciation and amortisation expense

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation on property, plant and equipment (Refer note 3)	4,299	4,035
Amortisation on Right-of-use assets (Refer note 4)	931	604
Amortisation of intangible assets (Refer note 5)	183	178
Total	5,413	4,817

28. Other Expenses

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Job work and processing charges	5,114	5,147
Sub-contract expenses	2,627	2,810
Erection expenses	6,499	5,488
Stores and spares consumed	12,014	10,960
Power and fuel	1,899	1,543
Repairs and maintenance		
– Plant and equipment	279	220
– Buildings	31	30
– Others	294	345
Rent	550	430
Carriage and freight	6,898	4,509
Payment to Auditors	88	73
Loss on sale of fixed assets	9	6
Foreign Exchange Fluctuation	178	443
Expenditure for Corporate social responsibility (Refer note 30)	94	144
Trade and other receivables written off	–	141
Allowance for credit impaired	2,413	989
Advances written off	6	–
Miscellaneous expenses	9,442	4,341
Total	48,435	37,619

29. Contingent Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
a) Claims against the company not acknowledged on debt relating to indirect tax matters		
i) Sales Tax	5,699	1,210
ii) Excise duty and service tax	313	322
iii) Good and Services Tax Act	416	69
iv) Entry tax	249	239
v) Income tax Act	119	110
	6,796	1,950

(b) The Company has provided Corporate Performance Guarantee to West era Limited in October 2021, for a value not exceeding USD 931,000 (equivalent of ₹ 706 lakhs) with regards to contractual liabilities under applicable agreements/contracts entered by company with West era. The Guarantee would be valid upto May 31, 2022.

Notes forming part of the Consolidated financial statements

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

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 sub committee of Board and approved CSR policy. As per the said policy, Company has incurred ₹ 94 lakhs (year ended March 31, 2021 – ₹ 144 lakhs) during the year. The nature of CSR activities undertaken by the company includes promoting education, promoting health care including preventive health care and sanitation and animal welfare.

a) Gross amount required to be spent by the company during the year is ₹ 94 lakhs.

b) Amount spent during the year on:

Details of expenditure on corporate social responsibility expenditure

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) Construction / acquisition of any asset	25	76
(ii) On purposes other than (i) above	44	68

c) Details of amount unspent:

Opening Balance		Amount required to be spent during the year	Amount spent during the year		Closing Balance	
With Company	In Separate CSR Unspent A/c		From Company's bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
179	-	94	69	-	181	23

31. Earnings per Share

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit after tax	4,183	254
Weighted average number of equity shares	14,21,62,181	14,23,77,284
Face value per share	5	5
Basic and Diluted earnings per Equity Share	2.94	0.18

32. Disclosures relating to micro and small enterprises

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Principal and the interest due thereon remaining unpaid to any supplier at the end of the accounting year;		
Principal	731	590
Interest	34	15
(b) 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 supplier beyond the appointed day during each accounting year;	13	11
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this MSMED Act;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of the each accounting year; and	34	15
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the MSMED Act.	-	-

Dues to Micro and small Enterprise have been determined by the Group on the basis of information available with the Group and has been relied upon by the auditors.

Notes forming part of the Consolidated financial statements

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

33. 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 and Inter-corporate deposits given.

The Group'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 Group.

Particulars	As at March 31, 2022	As at March 31, 2021
Equity share capital	7,108	7,108
Other equity	66,410	62,475
Total Equity (A)	73,518	69,583
Non-current borrowings	9,859	11,278
Short term borrowings	44,223	41,946
Current maturities of long-term borrowings	4,686	5,220
Gross Debt	58,768	58,444
Less: Inter-corporate deposits and loans	-	(792)
Less: Current investments	(4,497)	(1,757)
Less: Cash and cash equivalents	(3,777)	(3,353)
Less: Other balances with banks	(4,934)	(2,183)
Net debt (B)	45,560	50,359
Net debt to equity (B/A)	0.62	0.72

Notes forming part of the Consolidated financial statements

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

b. Financial instruments by category

Particulars	Carrying value as at	
	March 31, 2022	March 31, 2021
Financial assets		
Measured at amortised cost		
Other financial assets	5,484	6,939
Loans (Inter-corporate deposits)	-	792
Trade receivables	44,595	44,456
Cash and cash equivalents	3,777	3,353
Other bank balances	4,934	2,183
Total financial assets measured at amortised cost (A)	58,790	57,723
Measured at fair value through profit and loss		
Investments in mutual funds	4,497	1,757
Total financial assets at fair value through profit and Loss (B)	4,497	1,757
Financial assets at Fair value through other comprehensive income (C)	2	2
Total Financial Assets (A+B+C)	63,289	59,482
Financial Liabilities		
Measured at amortised cost		
Long-term borrowings	9,472	10,712
Short-term borrowings	48,611	46,736
Trade payables	54,365	44,272
Other financial liabilities	6,907	4,045
Total financial liabilities carried at amortised cost (A)	1,19,355	1,05,765
Measured at fair value through Profit and Loss		
Sales tax deferment loan	685	996
Lease Liabilities	5,770	3,300
Financial liabilities at fair value through Profit and Loss (B)	6,455	4,296
Total Financial Liabilities (A+B)	1,25,810	1,10,061

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 ₹ lakhs, except share and per share data and where otherwise stated)

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 nonderivative 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 & 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 Group'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, 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)
Total	417	34	197	231	879

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

Currency exposure as at March 31, 2021

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	SGD (in equivalent INR)	Other Currencies* (in equivalent INR)	Total (INR)
Trade receivables	851	34	60	312	1,257
Trade payables	(515)	-	(6)	-	(521)
Total	336	34	54	312	736

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

Notes forming part of the Consolidated financial statements

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

Unhedged foreign currency exposure

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)

Amounts receivable/ (payable) in foreign currency

Particulars	As at March 31, 2021			
	USD(In Lakhs)	Euro(In Lakhs)	SGD(In Lakhs)	Others (In Lakhs)
Trade receivables	11.58	0.40	1.11	15.94
Trade payables	(7.00)	-	(0.11)	-

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	
	31-Mar-22	31-Mar-21
Strengthening	0.18	0.06
Weakening	(0.18)	(0.06)

Commodity price risk

The Group's revenue is exposed to the market risk of price fluctuations related to the purchase of steel products used as Raw Material in manufacture of Finished Goods. The group manages the risk by forecasting its production and the manufacturing plan. Raw Material purchases are made based on the evaluation of the steel prices aligned to such production plans.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the group are principally denominated in rupees with mix of fixed and floating rates of interest. The 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 group by maintaining an appropriate mix between fixed and floating rate borrowings, ensuring the most costeffective strategies are applied.

Working Capital position

Particulars	As at March 31, 2022	As at March 31, 2021
Current assets	1,37,139	1,18,507
Current liabilities	(1,22,739)	(1,01,793)
Working capital	14,400	16,714

Sensitivity analysis:

Particulars	Impact on profit and loss	
	March 31, 2022	31-Mar-21
1% increase in interest rate	(144)	(167)
1% decrease in interest rate	144	167

Notes forming part of the Consolidated financial statements

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

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, 2022

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
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
	1,10,261	15,549	-	1,25,810

ii) Liquidity exposure as at March 31, 2021

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial liabilities				
Long-term Borrowings	-	11,278	-	11,278
Short-term Borrowings	47,166	-	-	47,166
Trade payables	44,272	-	-	44,272
Lease Liabilities	631	2,402	267	3,300
Other financial liabilities	3,054	991	-	4,045
	95,123	14,671	267	1,10,061

Refer note 16 for the details of collateral security against the above mentioned banking facilities.

d. Fair value hierarchy

Valuation technique and key inputs

Level 1 – Quoted prices (unadjusted) in an active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at March 31, 2022.

(i) 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
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	4,497	4,497	-	-
Financial liabilities				
Lease Liabilities	5,770	-	5,770	-
Sales tax deferment loan	685	-	-	685

(ii) Level wise disclosure of Financial instruments as at March 31, 2021 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Non current- Investments	2	-	-	2
Current- Investments	1,757	1,757	-	-
Financial liabilities				
Lease Liabilities	3,300	-	3,300	-
Sales tax deferment loan	996	-	-	996

Notes forming part of the Consolidated financial statements

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

(iii) 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
Financial assets				
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	-
Financial liabilities				
Borrowings	58,083	-	58,083	-
Trade payables	54,365	-	54,365	-
Other financial liabilities	6,907	-	6,907	-

(iv) Level wise disclosure of Financial instruments as at March 31, 2021 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Financial assets				
Trade receivables	44,456	-	44,456	-
Cash and cash equivalents	3,353	-	3,353	-
Bank balances other than cash and cash equivalents	2,183	-	2,183	-
Loans	792	-	792	-
Other financial assets	6,939	-	6,939	-
Financial liabilities				
Borrowings	57,448	-	57,448	-
Trade payables	44,272	-	44,272	-
Other financial liabilities	4,045	-	4,045	-

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	
			31-Mar-22	31-Mar-21
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%
Oneworks BIM Technologies Private Limited (upto August 31, 2021)	Subsidiary Company	India	-	100%
Pennar Global Metals, LLC (w.e.f August 12, 2020)	Step-down Subsidiary	USA	100%	100%
Ascent Buildings, LLC (from September 4, 2020)	Step-down Subsidiary	USA	100%	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 Narsing Rao	Vice Chairman and Managing Director
Lavanya Kumar Rao Kondapally	Whole Time Director
Potluri Venkateswara Rao	Non Executive Director (w.e.f. 01.04.2021)
Eric James Brown	Non Executive Director
Bhandari Kamalakar Rao	Non Executive & Independent Director
Varun Chawla	Non Executive & Independent Director
Manish Sabharwal	Non Executive & Independent Director
Bharati Jacob	Non Executive & Independent Director
Chandra Sekhar Sripada	Non Executive & Independent Director
Ravi Venkata Siva Ramakrishna	Non Executive & Independent Director (Appointed w.e.f. 04.06.2021)
Anne E Brown	Relative of KMP
Kondapalli Siddharth Rao	Relative of KMP

Notes forming part of the Consolidated financial statements

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

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Director's remuneration (Including Perquisites and Contribution to Funds)		
Joginapally Venkata Nrupender Rao	168	119
Aditya Narsing Rao	105	69
Lavanya Kumar Rao Kondapally	90	55
Potluri Venkateswara Rao	-	95
Eric James Brown	188	-
	551	338
Paid towards corporate social responsibility		
Pennar Foundation	44	1
Professional Services paid – Kondapalli Siddharth Rao	18	10
Directors sitting fees		
Bhandari Kamalakar Rao	6	5
Varun Chawla	6	5
Manish Sabharwal	5	4
Chandra Sekhar Sripada	5	4
Bharati Jacob	3	4
P V Rao	5	-
Ravi Venkata Siva Ramakrishna	4	-
	34	22
Salaries to relative of KMP		
Anne E Brown	29	-

(iii) Balances with related parties:

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Payable		
Kondapalli Siddharth	2	-
Managerial Remuneration Payable		
Joginapally Venkata Nrupender Rao	13	21
Aditya Narsing Rao	-	15
Lavanya Kumar Rao Kondapally	-	9
Potluri Venkateswara Rao	-	15
Total	13	60
Managerial Commission payable	20	-

Notes forming part of the Consolidated financial statements

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

35. Segment Information

Segment information is presented for the consolidated financial statements as permitted under the Ind AS 108 – ‘Operating segments’. The Company 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 Company’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, 2022	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Diversified Engineering	1,35,521	92,351	12,327	6,777
Custom designed building solutions & auxiliaries	1,04,462	69,031	6,515	4,376
Less : Inter segment revenue	(13,408)	(8,847)	-	-
Total	2,26,575	1,52,535	18,842	11,153
Exceptional item			-	1,996
Depreciation and amortisation expense			(5,413)	(4,817)
Finance Cost			(7,838)	(7,967)
Profit before tax			5,591	365
Tax expense			(1,400)	(81)
Profit after tax			4,191	284
Share of non-controlling interest			8	30
Profit for the year attributable to the shareholders of the Company			4,183	254

B. Segment assets and liabilities

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Segment assets		
Diversified Engineering	1,40,043	1,19,042
Custom designed building solutions & auxiliaries	74,060	70,212
Consolidated total assets	2,14,103	1,89,254
Segment liabilities		
Diversified Engineering	84,126	84,109
Custom designed building solutions & auxiliaries	56,364	35,475
Consolidated total assets	1,40,490	1,19,584

C. Geographical information

The geographical information analyses the Company’s revenues and non-current assets held by the Company’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	For the year ended March 31, 2022	For the year ended March 31, 2021
India	1,79,381	1,48,163
Other Countries	47,194	4,372
	2,26,575	1,52,535

Note 36:

Title Deeds of Immovable property not held in company’s name

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value (₹ lakhs)	Title deeds held in the name of	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
Property, plant and equipment	Land	195	Pennar Engineered Building Systems Limited	No	May 2019 till Balance sheet date	The said Land was transferred vide scheme of Amalgamation approved by NCLT, Hyderabad. Same is pending to be transferred in the name of the Company. The said Land is in the erstwhile name of the Company, not yet transferred in the new name of Company.
Property, plant and equipment	Land	27	Pennar Enviro Limited	No	May 2019 till Balance sheet date	
Property, plant and equipment	Land	10	Pennar Steels Limited	No	April 1986 till Balance sheet date	

Notes forming part of the Consolidated financial statements

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

Note 37 : Ageing schedule

(i) Trade Payables

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	13	23	-	731
(ii)Others	582	3,242	46,274	2,218	760	558	53,634
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
Total	892	3,242	46,659	2,231	783	558	54,365

As at March 31, 2021	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	155	-	402	33	-	-	590
(ii)Others	399	2,768	37,718	1,452	641	704	43,682
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
Total	554	2,768	38,120	1,485	641	704	44,272

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

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
(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
Total	9,053	32,773	2,052	2,951	2,363	3,718	52,910

As at March 31, 2021	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	7,442	34,256	260	1,700	620	178	44,456
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	1,290	103	655	1,677	1,406	5,131
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	4	-	1	22	744	771
Total	7,442	35,550	363	2,356	2,319	2,328	50,358

Notes forming part of the Consolidated financial statements

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

(iii) Capital-Work-in Progress (CWIP)
(a) 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
Total	2,366	4,986	220	-	7,572

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

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
Total	6,315	-	-	-	6,315

(c) For Capital-work-in progress as at March 31, 2021, following is the ageing schedule :

As at March 31, 2021	Amount in CWIP for a period of				Total
	<1 year	1-2 years	2-3 years	> 3 years	
Projects in progress	5,883	240	-	-	6,123
Projects temporarily suspended	-	-	-	-	-
Total	5,883	240	-	-	6,123

Notes forming part of the Consolidated financial statements

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

Note 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 or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (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:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - (b) 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 Group shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (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).

Note 39. Disposal of Investment

During the year, the Parent has disposed off its investment in Subsidiary, Oneworks BIM Technologies Private Limited and accounting for divestment of stake is given effect as of that date i.e., August 31, 2021. Accordingly the good will recognised on acquisition of subsidiary has been adjusted on disposal of investment.

Particulars	Amount
Goodwill on disposal	322
Proceeds from disposal of subsidiary	(62)
Reversal of contingent consideration payable	(288)
Fair value adjustment	28

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

40. 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 net assets	Amount	As % of consolidated Profit/(Loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount				
		31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21				
A.	Parent	98.27%	72,341	99.17%		81.51%	3,416	31.31%	89	52.17%	(13.2)	(51.85%)	14	83.39%	3,284	40.08%	103
B.	Subsidiary incorporated in India Enertech Pennar Defense and Engineering Systems Private Limited	0.26%	194	0.25%	177	0.43%	18	21.81%	62	-	-	-	-	0.46%	18	241.2%	62
	Oneworks BIM Technologies Private Limited	-	-	-	(1)	(0.21%)	(9)	(10.91%)	(31)	-	-	-	-	(0.23%)	(9)	(12.06%)	(31)
C.	Subsidiary incorporated outside India																
	Pennar GmbH	0.22%	159	0.12%	85	1.84%	77	22.25%	63	-	-	0%	-	1.96%	77	24.51%	63
	Pennar Global Inc.	2.81%	2,071	1.77%	1,230	22.93%	961	35.54%	101	47.83%	(121)	151.85%	(41)	21.33%	840	23.35%	60
	Total	10.156%	74,765	101.31%	70,580	106.50%	4,463	100%	284	100%	(253)	100%	(27)	106.91%	4,210	100%	257
	Consolidated Adjustments	(1.56%)	(1,152)	(1.31%)	(910)	(6.50%)	(272)	-	-	-	-	-	-	(6.91%)	(272)	-	-
	Net Amount	100.00%	73,613	100.00%	69,670	100.00%	4,191	100%	284	100%	(253)	100%	(27)	100%	3,938	100%	257

*Net Assets means total assets minus total liabilities excluding shareholders 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 ₹ lakhs, except share and per share data and where otherwise stated)

41. Exceptional Item

Pursuant to the approval of the Board at its meeting held on August 12, 2020, the Company sold a freehold land situated at Bandalguda, Hyderabad for a consideration of ₹2,000 lakhs. Upon sale, resultant profit of ₹ 1,996 lakhs has been disclosed as an 'exceptional item' in the consolidated financial statements for the year ended March 31, 2021

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 Consolidated 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 Group 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. The erstwhile subsidiary Company Pennar Engineered Building Systems Limited (PEBS) has funds raised 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, 2022 an amount of ₹ 430 lakhs (March 31, 2021: ₹ 435 Lakhs) are unutilized funds which have been temporally invested in mutual funds
45. On March 24, 2021, the Ministry of Corporate Affairs (MCA) through notification amended Schedule III of the Companies Act 2013, applicable for financial periods commencing from April 01, 2021. Pursuant to such amendments, current maturities of long term borrowings of ₹ 5,220 lakhs as at March 31, 2021 in the Consolidated financial results respectively have been reclassified from 'Other financial liabilities' to 'Borrowings' under current financial liabilities.
46. These financial statements were approved by the Company's Board of Directors on May 25, 2022

For and on behalf of the Board of Directors

Aditya N 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 25, 2022

NOTICE is hereby given that the 46th Annual General Meeting (AGM) of members of M/s. Pennar Industries Limited will be held on Thursday, the 22nd September, 2022 at 11:00 A.M. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statement (including audited consolidated financial statements) of the company for the financial year ended 31st March, 2022 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 31st March, 2022 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 31st March, 2022 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. Nrupender Rao (DIN: 00089922) 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. Nrupender Rao (DIN: 00089922), 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. Aditya Rao (DIN: 01307343) 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. Aditya Rao (DIN: 01307343), 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."

4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), M/s. MSKA & Associates, Chartered Accountants (Firm Registration No. 105047W), Hyderabad, be and are hereby appointed as the Statutory Auditor of the Company to hold office for a term of five consecutive years from the conclusion of the ensuing Annual General meeting to be held in the year 2022 till the conclusion of the Annual General Meeting to be held in the year 2027 on such remuneration plus taxes as applicable and reimbursement of out-of pocket expenses in connection with the audit as may be mutually agreed upon by the Board of Directors and the Auditors."

SPECIAL BUSINESS:

5. To ratify the remuneration payable to M/s. Kandikonda & Associates., Cost Accountants (Registration No. 101361) for the financial year ending 31st March, 2023 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded to ratify the appointment of M/s. Kandikonda & associates., Cost Accountants (Registration No. 101361) made by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2023, and also to ratify the remuneration of Rs. 80,000/- p.a. as an audit fee including all taxes and duties and out of pocket expenses."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution."

6. To Create Charges and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed by the Members at their Meeting held on 30th day of September, 2019 and pursuant to Section 180(1)(a) of companies Act 2013 and other applicable provision if an, of the companies Act, 2013 & Companies Act, 1956 (including any statutory modification or re-enactment thereof) the consent of Members of the company be and is hereby accorded to the Board of Directors of the Company to create such charges (including but not limited to Mortgages and Hypothecations) in addition to the existing charges created by the Company, on such movable, immovable and other properties / assets or the whole or substantially the whole of the Undertaking or the Undertakings of the Company both present and future or in such manner the Board may deem fit In the best interest of the Company, together with the power to take over management and concern of the Company in certain events, so as to secure 'Fund based borrowing (including but not limited to Rupee / Foreign Currency Loans, Debenture, Bonds or other instruments)' and 'Non- fund based Facilities / Limits etc ., availed from Banks / financial institutions, Companies Body Corporate and others', Corporate Guarantees etc., provided that the total amount of such Funds base borrowing, Non-fund based support, Corporate Guarantees or other together with interest, cost, charges, expenses and other monies payable by the company by whatever name called, shall not, at any time, exceed Rs. 1,700 crores (Rupees One Thousand Seven Hundred Crores) and that for the implementation of this Resolution, the Board may act through any Committee / Director or any other person duly authorized in that behalf."

7. To borrow in excess of paid-up capital and free reserves and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed by the Members at their Meeting held on 30th day of September, 2019 and pursuant to Section 180(1) (c) of Companies Act 2013 and other applicable provision if any, of the Companies Act, 2013 & Companies Act, 1956 (including any statutory modification or re-enactment thereof) the consent of Members of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time, any sum or sums of money as it may deem proper notwithstanding that the money to be borrowed together with the money already borrowed by the company, if any (apart from temporary loans obtained from the company's banker in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, if any, that is to say, reserves not set apart for any specific purpose, provided that the total amount of moneys to be so borrowed by the Company together with money already borrowed (apart from temporary loans obtained from the Company's bankers in ordinary course of business) shall not exceed Rs. 1,700 crores (Rupees One Thousand Seven Hundred Crores only) outstanding at any one time and that for the implementation of this Resolution, the Board may act through any Committee /Director or any other person duly authorized in that behalf."

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

**Place : Hyderabad
Date : 09.08.2022**

**Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS 29058**

Notes :

1. In continuation to the General Circular No. 02/2021 issued by Ministry of Corporate Affairs ('MCA') and Circular number SEBI/HO/CFD/CMD2/CIR/P/2021/11 issued by the Securities and Exchange Board of India (SEBI), MCA issued General Circular No. 02/2022 and SEBI issued Circular Number SEBI/HO/CFD/CMD2/CIR/P/2022/62 (hereinafter collectively referred to as "the Circulars"), permitting the companies whose Annual General Meeting ('AGM') are due in the year 2022 to hold their AGM through VC/OVAM till 31st December, 2022. 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 with copy to evoting@kfinotech.com and mirza.baig@pennarindia.com.
4. The Register of Members and the Share Transfer Books of the company will remain closed from 13th September, 2022 to 14th September, 2022, 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. 22nd September, 2022. Members seeking to inspect such documents can send an email to corporatecommunications@pennarindia.com.
9. Members are requested to address all correspondence with regard to change of address, dividend matters to the Registrar and Share Transfer Agents, M/s. KFin Technologies Limited (formerly KFin Technologies Private Limited), Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District, Nanakramguda, Seriligampalli Hyderabad - 500032 in respect of shares held in physical mode and to their depository participants in respect of shares held in dematerialized form.
10. Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Registrar and Share Transfer Agent, M/s. KFin Technologies Limited (formerly KFin Technologies Private Limited) in case the shares are held by them in physical form. The email IDs of the shareholders registered with the DP and made available to the Company shall be the registered email ID unless communication is received to the contrary.
11. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same.

12. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. For details, please refer to corporate governance report which is a part of this Annual Report.

13. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2021-22 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 2021-22 will also be available on the Company's website www.pennarindia.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.

14. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

16. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.

17. Members are requested to keep their copy of the Annual Report during meeting.

18. In compliance with the provisions of section 108 of the Act, the Companies (Management and Administration) Rules, 2014 and SEBI (LODR) Regulations, 2015, shareholders are provided with the facility to cast their vote electronically, through the e-voting services provided by M/s. KFin Technologies Limited (formerly KFin Technologies Private Limited), in respect of all resolutions set forth in this Notice. Mr. Subhash Kishan Kandrapu, (Membership No. 32743) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

Procedure for Remote e-Voting

i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by KFinTech, on all the resolutions set forth in this Notice. The instructions for eVoting are given herein below.

ii. However, pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the **individual demat account holders**, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.

iii. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.

iv. The remote e-Voting period commences 18.09.2022(9:00 a.m.) to 21.09.2022 (5:00 p.m.)

v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

vi. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@kfintech.com. However, if he / she is already registered with KFinTech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.

vii. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode."

viii. The details of the process and manner for remote e-Voting and e-AGM are explained herein below:

Step 1 : Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access to KFinTech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.

Step 3 : Access to join virtual meetings(e-AGM) of the Company on KFin system to participate eAGM and vote at the AGM

Details on Step 1 are mentioned below:

I) Login method for remote e-Voting for Individual shareholders holding securities in demat mode

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>1. User already registered for IDEAS facility: Visit URL: https://eservices.nsdl.com Click on the "Beneficial Owner" icon under "Login" under 'IDEAS' section. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting" Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period.</p> <p>2. User not registered for IDEAS e-Services To register click on link : https://eservices.nsdl.com Select "Register Online for IDEAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Proceed with completing the required fields. Follow steps given in points 1</p> <p>3. Alternatively by directly accessing the e-Voting website of NSDLOpen URL: https://www.evoting.nsdl.com/Click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. Post successful authentication, you will requested to select the name of the company and the eVoting Service Provider name, i.e.KFinTech. On successful selection, you will be redirected to KFinTech e-Voting page for casting your vote during the remote e-Voting period.</p>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing user who have opted for Easi / Easiest Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com Click on New System Myeasi Login with your registered user id and password. The user will see the e-Voting Menu. The Menu will have links of ESP i.e. KFinTech e-Voting portal. Click on e-Voting service provider name to cast your vote.</p> <p>2. User not registered for Easi/Easiest Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration Proceed with completing the required fields. Follow the steps given in point 1</p>
	<p>3. Alternatively, by directly accessing the e-Voting website of CDSL Visit URL: www.cdslindia.com Provide your demat Account Number and PAN No. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP, i.e KFinTech where the e- Voting is in progress.</p>
Individual Shareholder login through their demat accounts / Website of Depository Participant	<p>You can also login using the login credentials of your demat account through your DP registered with NSDL /CDSL for e-Voting facility. Once logged-in, 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 options available against company name or e-Voting service provider – Kfintech and you will be redirected to e-Voting website of KFinTech for casting your vote during the remote e-Voting period without any further authentication.</p>

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

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
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

Details on Step 2 are mentioned below:

II) Login method for e-Voting for shareholders other than Individual's shareholders holding securities in demat mode and shareholders holding securities in physical mode.

(A) Members whose email IDs are registered with the Company/ Depository Participants (s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:

- i. Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (AZ), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVEN" i.e., 'Pennar Industries Limited' - AGM and click on "Submit"
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting, together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id subbok@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name_Even No."

(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:

i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get their email address and mobile number provided with KFintech, by accessing the link: <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.

ii Alternatively, member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.

iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

Details on Step 3 are mentioned below:

III) Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of the Company through VC/OAVM and e-Voting during the meeting.

i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFintech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company/KFintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remotee-Voting instructions mentioned above.

ii. Facility for joining AGM through VC/ OAVM shall open atleast 15 minutes before the commencement of the Meeting.

iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.

iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at corporatecommunications@pennarindia.com. Questions /queries received by the Company at least seven days before the date of the Annual General Meeting shall only be considered and responded during the AGM.

vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.

vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

viii. Facility of joining the AGM through VC / OAVM shall be available for atleast 2000 members on first come first served basis.

ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

OTHER INSTRUCTIONS

i. Speaker Registration: The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will be opened from 18.09.2022(9:00 a.m.) to 21.09.2022 (5:00 p.m.). Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.

ii. Post your Question: The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will be opened from 18.09.2022(9:00 a.m.) to 21.09.2022 (5:00 p.m.).

iii. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (Kfintech Website) or contact Mr. Rajeev Kumar, at evoting@kfintech.com or call Kfintech's toll free No. 1-800-309-4001 for any further clarifications.

iv. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 15th September, 2022, 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.

v. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:

i) If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

1. Example for NSDL:

2. MYEPWD <SPACE> IN12345612345678

3. Example for CDSL:

4. MYEPWD <SPACE> I402345612345678

5. Example for Physical:

6. MYEPWD <SPACE> XXXX1234567890

ii) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

iii) Members who may require any technical assistance or support before or during the AGM are requested to contact Kfintech at toll free number 1-800-309-4001 or write to them at evoting@kfintech.com.

iv) The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.

EXPLANATORY STATEMENT

[pursuant to Section 102(1) of the Companies Act, 2013]

Item # 5 Approval for payment of remuneration to the Cost Auditors for the financial year ending 31st March, 2023

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the M/s. Kandikonda & associates., Cost Accountants (Registration No. 101361) to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2023 at a remuneration of Rs. 80,000/- p.a. as an audit fee including all taxes and duties and out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2023.

The Board recommends the resolution for your approval. None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested in the said resolution.

Item # 6 Creation of charges

The Company requires to borrow funds from time to time to meet both its short term and long terms business objectives, from various external agencies like banks, financial institutions, bodies corporate, individuals or other kind of lenders. According to section 180 (1) (c) of the Companies Act, 2013, the total amount of such borrowings as well as the outstanding at any time cannot exceed the aggregate of paid up capital and free reserves of the Company, except with the consent of the members. The company felt that the said limit is not adequate and needs enhancement, accordingly the resolution having no. 6 has been proposed to increase the limits of borrowing to Rs. 1,700 Crore.

The Board recommends the resolution for your approval. None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested in the said resolution.

Item # 7 Authority to borrow in excess of paid-up capital and free reserves

Through the proposed resolution it is sought to grant authority to the Board of Directors to secure the borrowings, if required, by creating charge/mortgage on the assets of the Company. The existing authority is derived from the earlier resolution. Since it is not practical to seek general meeting's approval every time a loan is sanctioned, it is proposed to obtain a blanket approval to secure the properties for the loans sanctioned within the limits of Rs. 1,700 Crore, as stated in the previous item. Even though section 180 (1) (a) refers to sale, lease or disposal of the whole or substantially whole of the undertaking of the Company, creating mortgage or charge on the assets give a right to the lender to take possession of or own the said properties in certain events, such creation of charge/mortgage in way constitutes sale or disposal of the undertaking of the Company. Therefore a resolution under Section 180 (1) (a) is required for this purpose.

The Board recommends the resolution for your approval. None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested in the said resolution.

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

**Place : Hyderabad
Date : 09.08.2022**

**Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS 29058**

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 31 st March, 2022	Chairman of the Committee of other companies on which he/she is a director as on 31 st March, 2022	Member of the Committee of other companies on which he/she is a director as on 31 st March, 2022	No. of Meetings attended during the year	No of Shares held by them in the Company as on 31 st March, 2022	Relationship between Directors inter se
Joginapally Venkata Nrupender Rao	23.06.1945	23.09.1995	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 Rs. 5/- each.	Mr. Nrupender Rao, Chairman is father of Mr. Aditya Rao, MD
Aditya Rao	06.12.1981	30.01.2008	B.S., M. Eng. From Cornell University, USA	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	M/s. Pennar Holdings Private Limited M/s. Enertech Pennar Defense and Engineering Systems Private Limited M/s. Pennar Global INC, USA	Nil	Nil	5	84,27,203 Equity Shares of Rs. 5/- each.	Mr. Aditya Rao, MD is son of Mr. Joginapally Venkata Nrupender Rao, Chairman

CORPORATE INFORMATION

Board of Directors

- Mr. Nrupender Rao – Executive Chairman
- Mr. RVS Ramakrishna – Independent Director
- Mr. Manish Sabharwal – Independent Director
- Mr. Chandrasekhar Sripada – Independent Director
- Mr. B Kamalaker Rao – Independent Director
- Mr. Varun Chawla – Independent Director
- Mr. Eric James Brown – Non-Executive Director
- Mr. P V Rao – Non-Executive Director
- Mr. K Lavanya Kumar Rao – Executive Director
- Mr. Aditya Rao – Vice Chairman and Managing Director

Key Managerial Personnel

Chief Financial Officer

Mr. J S Krishna Prasad

Company Secretary & Compliance Officer

Mr. Mirza Mohammed Ali Baig

Statutory Auditors

Deloitte Haskins & Sells LLP,
Chartered Accountants
KRB Towers, 1 to 4 & 4A, 1st, 2nd, & 3rd Floor, Jubilee
Enclave, Madhapur, Hyderabad – 500081

Bankers

State Bank of India
Axis Bank Limited
Yes Bank Limited
HDFC Bank Limited
ICICI Bank Limited
Bandhan Bank Limited
SBM Bank India Limited

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, Dina-
kar Nagar, Neredmet
Secundrabad – 500056

Registered Office Address

Floor No. 3, DHFLVC Silicon Towers, Kondapur,
Hyderabad – 500 084
CIN: L27109TS1975PLC001919
e-Mail ID:
corporatecommunications@pennarindia.com

Registrar and Transfer Agents

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

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

Plants

Patancheru Unit 1 :

Phase- I, Bandal Guda, IDA Patancheru, Sangareddy
502319. Telangana, India.

Patancheru Unit 2 :

Shanthi Nagar colony, IDA Patancheru, Sangareddy
(Dist.), Telangana.

Isnapur Unit:

Isnapur Village, Sangareddy (Dist.), Telangana.

Velchal Unit:

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

Chennai Unit:

Kannigaipair Village, Uthukottai Tq Thiruvellore Dist.,
Tamil Nadu.

Tarapur Unit:

J-72, MIDC, Tarapur, Maharashtra.

Sadashivpet Unit 1 :

PEBS Unit, Chandapur Village, Sadasivpet Mandal,
Sanga Reddy District.

Sadashivpet Unit 2 :

Chandapur Village, Sadasivpet Mandal, Medak (Dist.).

Chemicals Unit:

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

Boiler Business Unit:

D-9 & 10, Developed Plot Estate, Thuvakudi,
Tiruchirappalli – 620 015.

Manufacturing Unit:

Cadnum, France.

Manufacturing Unit:

Portland, Oregon, USA





3rd Floor, DHFLVC Silicon Towers, Kondapur,
Hyderabad, Telangana, India.
www.pennarindia.com