



# PENNAR INDUSTRIES LIMITED



Date : 30.09.2021

Place: Hyderabad

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

Sub: Approved Annual Report - 2020-21

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are herewith enclosing the Approved Annual Report 2020-21 of M/s. Pennar Industries Limited

Kindly take the same on record.

Thanking You,

Yours faithfully,

**for Pennar Industries Limited**



**Mirza Mohammed Ali Baig**  
**Company Secretary & Compliance Officer**  
ACS29058

Manufacture of Cold Rolled Steel Strips & Formed Sections, Sheet Metal Pressed, Fabricated & Machined Components, Precision Electric Resistance Welder Tubes, Cold Drawn Electric Resistance Welded Tubes and Fabricated Components & Structures: Design, Development, Manufacture of Hydraulic Cylinders. Manufacture of Railway Coach Accessories Include under Frames using 1.1, 1.4, 7.1 and 8.1 group Materials by SMAW, GMAW & GTAW

**Corporate Office & Works :** IDA, Patancheru-502 319, Sangareddy District, Telangana State, INDIA  
**Tel:** +91 8455 242184 to 242193, **E-mail:** corporatecommunications@pennarindia.com, **Website:** www.pennarindia.com

**Regd. Office:** 3rd Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084.

**Tel:** +91 40 4006 1621 to 24, **Fax:** +91 40 4006 1618

**CIN No:** L27109AP1975PLC001919

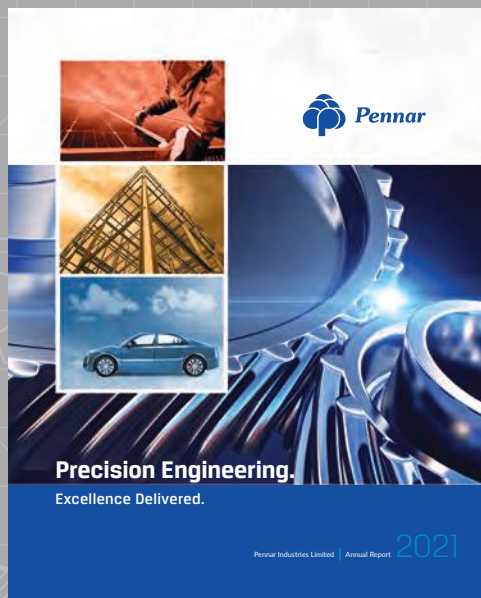


# Precision Engineering.

## Excellence Delivered.

DOWNLOAD 

Pennar Industries Limited | Annual Report 2021



<https://www.pennarindia.com>

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# Precision Engineering. Excellence Delivered.

Since the beginning, our journey to becoming an engineering powerhouse was built on persistence and grit. Today, we stand tall with an unmatched portfolio of products and solutions focused on serving high growth sectors of India, and advanced markets such as the USA and Europe.

In our quest to create sustainable value, we have been expanding our operational footprint nationwide and globally, setting new benchmarks for operational efficiencies, investing in global resources and redefining paradigms.

With agility and resilience ingrained, we are focused on building a quality business, where we give importance to value over volume. Our efforts are aligned towards growing our high margin business segments, carefully targeting interesting opportunities to widen our addressable market.

Under the cloud of a global pandemic, we are quickly adapting to the new normal with prudence and ingenuity, confident on delivering consistent performance in the medium term. Being a smart, forward-thinking engineering products and solutions company, we remain undaunted by the recent events, and we are inspired and humbled by the way our people have stood up to this challenge. Our time-tested business model, combined with our proven track record of strong operations, gives us the confidence to serve our stakeholders well.

We have seen and endured several challenging times during our 30 years of history, only to come out stronger at the other end. Our sustained vigour is the result of our cautious capital allocation and risk management frameworks. The resilient strength of our company gives us a valid license to dream the future with positivity. We welcome all our stakeholders to join us in becoming a solutions powerhouse.



# Pennar in Perspective

## Who we are

Pennar Industries Limited is one of the leading engineering organisations in India well known for its expertise in providing engineered products & services. An epitome of quality, precision, and perfection, Pennar is driven by an unrelenting desire to excel with experience spanning over three decades.

## What we do

Today, with an annual production capacity of more than 350,000 MTPA, we are a multi-location, multi-product company manufacturing precision engineering products such as: Cold Rolled Steel Strips, Precision Tubes, Railway wagons / Coaches, Pre-Engineered Building Systems, Sheet Metal Components, Road Safety Systems, Hydraulics and Warehousing solutions etc.

## Pennar in Numbers

Total Income (Net)

**₹15,440  
million**

CAPEX

**₹612  
million**

Revenue from Operations

**₹15,254  
million**

EBITDA Margin

**9%**

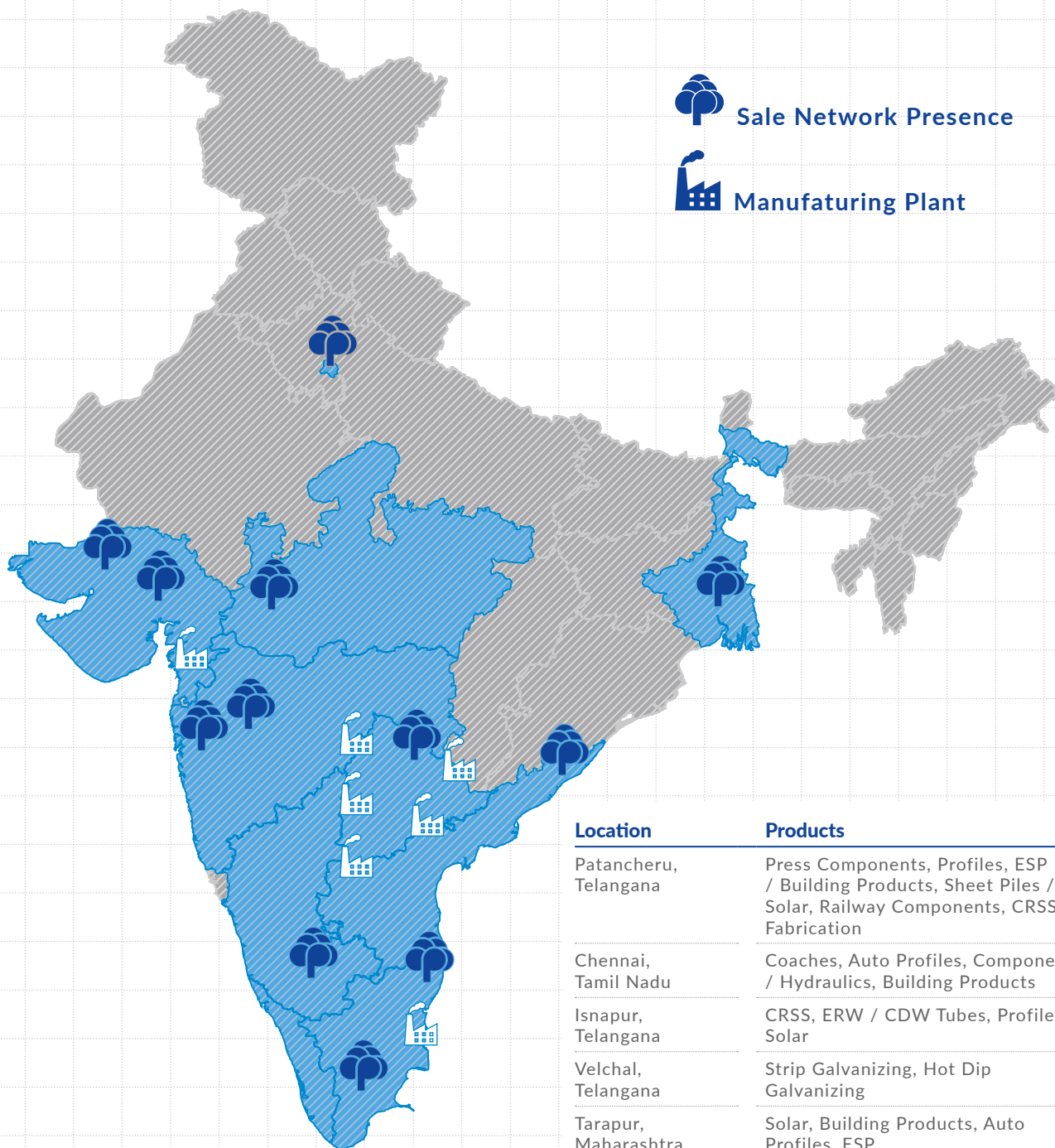
Profit After Tax (PAT)

**₹28.4  
million**

CSR Outreach

**>₹14  
million**

## Our Manufacturing Presence



Location	Products
Patancheru, Telangana	Press Components, Profiles, ESP / Building Products, Sheet Piles / Solar, Railway Components, CRSS, Fabrication
Chennai, Tamil Nadu	Coaches, Auto Profiles, Components / Hydraulics, Building Products
Isnapur, Telangana	CRSS, ERW / CDW Tubes, Profiles, Solar
Velchal, Telangana	Strip Galvanizing, Hot Dip Galvanizing
Tarapur, Maharashtra	Solar, Building Products, Auto Profiles, ESP
Sadashivpet, Telangana	Pre-Engineered Building Systems
Mallapur, Telangana	Fuel Additives, Water Treatment Chemicals & Solutions



# Engineering Excellence

**Established in 1988**, Pennar is headed by **Mr. Nrupender Rao** (*Chairman*), **Mr. Aditya Rao** (*Vice Chairman and MD*) and is managed by experienced professionals. Being one of the leading engineering company, our business philosophy strives on capital efficiency and accelerated growth. This serves as a key differentiator and consciously adds value to all of our processes and stakeholders.



**We make difference through:**





## Our Vision

Our vision is to evolve into a globally reputed, diverse and innovative engineering company. We thrive to have a strong and enduring relationship with our customers based on the quality of our products and services.



## Our Mission

Our mission is to leverage modern infrastructure, technical expertise and decades of experience to provide high quality and cost-effective products to our customers. We are committed to delivering premium quality products to our customers. We work closely with shareholders, suppliers, customers and employees to pledge high economic returns.



## Pennar Edge



### Technology-driven

Having a strong technology focus, it has invested in state-of-the-art manufacturing facilities resulting in customisation of products. Besides, the Company created a repository of over 2,500 tools and dies, enabling it to manufacture a large product portfolio.



### Value-added products

The Company increased the proportion of value-added products in its revenue mix resulting in a higher margin-accretive product mix and improved realisations.



### Quality focus

The Company is committed to provide quality products to customers. All manufacturing units are ISO 9001:2008-certified, resulting in a high-quality discipline.



### High-growth markets

The Company focuses on high-growth sectors of the Indian economy, such as infrastructure, railways, construction and automobiles, which the government has prioritised for increased investments.



### Blue-chip clients

The Company has a blue-chip client roster, which includes TATA Motors, L&T, Ashok Leyland, ABB, Schneider Electric, MRF, among others. The five leading clients accounted for 25% of the Company's revenues. The building subsidiary developed prestigious customers like L&T, Ultratech Cement, Dr. Reddy's Labs, My Home Group, Reliance Retail and others



### Diversified product mix

The Company's portfolio comprises over 1,000 products, across diverse sectors like railways, automobiles, general engineering, building and construction among others, thus de-risking the business.





## Message from the Chairman

**Nrupender Rao, Chairman**

Cash and cash equivalent

**₹200  
million**

Operating Profit Margin

**39%**

### **Dear Shareholders,**

FY2021 will be remembered as the year of COVID-19. For the Pennar team, it was a tale of resilience reflected in our determination to face down challenges and continue to deliver on our commitments. The year saw multiple national lockdowns when only essential services were allowed and people were confined to their homes. These restrictions placed significant pressure on our people and our operations. Throughout, our priority has been the well-being of our people. In our various works and projects across India, we rolled out our operations with a minimal workforce to continue delivering on our committed output to our customers. We have worked hard to foster employee engagement through online resources to create a culture of support and understanding where everyone has access to the aid they need. Your Company is an exemplary illustration of true grit put on view by its employees. I am immensely proud of the way our people have banded together in steering the Company through the last fiscal year. I am pleased to inform you that, despite a tough year, I believe that we have come out stronger through FY2021.

### **Our Financial Performance**

With the spread of the COVID-19 pandemic, resultant national level and localised lockdowns impacted economic activity, with many sectors slowing down drastically. Despite these challenges, our performance for the fiscal year under review reflected resilience and strength. During FY20-21, our total revenue from operations decreased by 27.59% at ₹15,254 million as compared to ₹ 21,066 million in the



*Despite the pandemic affecting much of India's economy, our business continued to make progress towards our clear ambitions. Our sustainable business model, combined with our proven experience in the engineering space, offer us significant opportunities to continue to generate value for all our stakeholders.*

previous year. Our EBITDA margin was at 9% as of FY20-21, while gross margin decreased by 60 bps YoY. We sustained our track record of strong cash generation, with cash and cash equivalent at ₹ 200 million. With our Operating Profit Margin staying intact at around 39%, our steady performance gives further credence to our approach to pursue both good top and bottom-line numbers.

### Resilience & Long-Term Strength

Over the years, we have successfully overcome many challenges and going forward, our goal is to become an enduring company that can withstand challenging market conditions. We are confident that our prudent capital budgeting approach, to sustain our balance sheet strength and keep adequate liquidity positions, will give us the currency to extend our position in the marketplace. We have, by design, built up our financial strength and flexibility over the last couple of years, so we are well placed to deliver on our strategy. With strong progress under our belt already, our management team is strong, enthusiastic, and committed to delivering for all our stakeholders. We have excellent people across our business, who have got us through multiple crisis and will stand us in good stead for the future. Again, I would like to thank the whole team for their contribution this year.

### In closing

During FY2021, despite the pandemic playing spoil sport to much of India's economy, our business continued to make progress towards our clear ambitions. Our sustainable business model, combined with our proven experience in the engineering space, offer us significant opportunities to continue to generate value for all our stakeholders. We are confident

that our initiatives, directed towards bringing normalcy to our operations, will make us bounce back in a post-pandemic world.

I would like to thank the entire Pennar family for their contribution this year. Our sustainable business model, combined with our proven record of accomplishment for scaling, offer us significant opportunities to continue to generate value for all our stakeholders. Going forward, our goal is to continuously deliver outlier performance that can withstand challenging market conditions.

I express my sincere gratitude to my shareholders, suppliers, bankers, associates, financial institutions, and Central and State Governments for their patience. We look forward to a healthier and more vibrant world for all of us.

Sincerely,

**Nrupender Rao**

Chairman

DIN No. 00089922



## Message from the Vice-Chairman & MD

Aditya Rao, Vice-Chairman & MD



*India's V-shaped recovery is being augmented by a robust rise in consumption and investment coupled with a mega vaccination drive and bounce-back in the infrastructure, real estate and services sectors.*

### Dear Shareholders,

We all know how severely the global economy has suffered over the last year and half. We're now learning to live with new realities and to prepare ourselves for a post covid era. Looking ahead, there is scope for optimism. Global growth is expected to attain 6% in 2021 and 4.4% in 2022 backed by fiscal support in key economies, projected vaccine-powered recovery in the latter part of 2021 and evolving economic activity. Closer home, India's GDP growth is estimated to bounce back at 11% in FY2022 led by the Government's Atma Nirbhar Bharat Abhiyaan resulting in a stimulus package exceeding ₹ 29 trillion, translating to about 15% of India's GDP. India's V-shaped recovery is being augmented by a robust rise in consumption and investment coupled with a mega vaccination drive and bounce-back in the infrastructure, real estate and services sectors. The reinstatement of inter and intra state movement and record-high monthly GST collections resonate with the unlocking of industrial and commercial activities. The potential of becoming the fifth largest economy by 2025, overtaking the United Kingdom, bodes well for a company like ours that participates in selling diversified engineering products and solution into multiple sectors. I am pleased to confirm that your Company is well positioned to ride this wave of growth and opportunity.





*The three strategic pillars that are in play for charting our way ahead include geographical diversification, improving capital efficiency, and moving up the value chain by focusing on higher precision and 'difficult to make' engineering products and services.*

### Market dynamics

Looking at the Auto sector first, the Government mandated transition from BS-IV to BS-VI emission standards from April 1 2020; a halt in the launch of new technology products; inventory accumulation and finally the multiple lockdowns, all of which, had a substantial overall impact on the sector. Due to the COVID-19 outbreak, there has been an adverse impact on both supply-side and demand-side for the automobile industry. As a result, the Indian Automobile industry registering a de-growth of (-) 14.04 percent over a highly disrupted FY2021. While the passenger segment declined only by 2.24%, the commercial vehicle segment de-grew by more than 20%. Looking ahead, the possible transition of the automobile industry towards hybrids and electric vehicles will lead to incremental disruption in the overall automotive market landscape which will also influence the product portfolios of auto component manufacturers. India's electric vehicle (EV) market is estimated to be a ₹ 50,000 crore (US\$ 7.09 billion) opportunity by 2025, with two and three-wheelers expected to drive higher electrification of the vehicles. We're already seeing a lot of action in this space. Given India's demographic and persistent demand within this sector, our automotive business looks to be on a sound footing.

Our Indian Railways plays a critical role in aiding the Country's economic and social growth through connectivity, mobility, and trade. As an indispensable back-bone transportation network of India, the Indian railways is in for a major makeover. The Government has committed a 17% year-on-year increase in capital expenditure for Indian Railways. Apart from the network's expansion, the more important developments for this sector includes the invitations for participation in PPP deals covering the operation of 150 passenger services; and more Tejas high-quality trains connecting tourist destinations. Our railways business will continue to be busy in the medium term with multiple projects on the anvil.

The engineering sector is by far the largest of the industrial sectors in India and has witnessed a remarkable growth over the last few years driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy. As one of India's most advanced and proficient precision engineering companies, Pennar is most suited to benefit from this surge in demand.

India's estimated  
EV market by 2025

**₹390  
million**

YoY increase in Indian Railways  
Capex

**US\$7.09  
billion**

## MESSAGE FROM THE VICE-CHAIRMAN & MD



*Our Solar Module Mounting Structures division has ample ability to cater to this surging demand and we expect to see more action in this space.*

Planned solar capacity  
addition by 2022

**114GW**

Design & Engineering  
Projects completed in  
FY2021

**>3000**

### Pre-Engineered Building Products (PEBS)

Setup in 2008, our PEBS division is now over a dozen years old, and has delivered consistent YOY growth over the years. Over a span of FY2010-2021, we've successfully completed over 782 projects, satisfying 806 customers. With an order book as on 31<sup>st</sup> March, 2021 of ₹ 4187.80 million, I am pleased to say that the success story continues. Over the next decade, India is expected to witness rampant growth in the manufacturing, logistics and real state sectors, and for our PEBS business, we see a very bright future ahead.

### Solar Modules

With India making good on its Paris pledges to become a net-zero country by 2050, there is a massive push taking place towards the renewable energy, and in Solar in particular. The government is aiming to achieve 227 GW of renewable energy capacity, including 114 GW of solar capacity addition by 2022. This will call for major investment in mega solar projects and we're already seeing major moves by leading IPP players in this direction. Our Solar Module Mounting Structures division has ample ability to cater to this surging demand and we expect to see more action in this space. Our unmatched features and capabilities give us the ability to meet the requirements of multiple customers, and we will continue to leverage our market leadership position going forward.

### Design & Engineering Services

With an ability to provide design, detailing and other engineering solutions to companies in the metal buildings and structural engineering space in the US and other advanced markets, we've ensured that we're in the knowledge side of the business, with an entry point into the earliest part of any project's lifecycle. This gives us an edge in knowing design trends and their impact on end products, while also giving us the intellectual bandwidth to innovate and differentiating ourselves. With over 3000 projects completed during FY2021 itself, we see a bright future for this end of our business.

### Our Strategies in work

The three strategic pillars that are in play for charting our way ahead include geographical diversification, entering the defence space, and moving up the value chain by focusing on higher precision and 'difficult to make' engineering products and services.



*We are continuously moving up the Value Chain by strengthening our niche engineering capabilities to increase our share of critical components manufacturing, to strengthen customer engagement further, and to create entry barriers.*

On the global market front, we intend to become a recognised global player by leveraging our USA manufacturing presence, along with targeting other main markets such as APAC, Europe and MENA.

In the Aerospace sector, we intend to focus on precision machining, nuclear power, and precision auto & engineering components. Still in our early years, we have proved our capability for supplying value-added precision engineered products as per customers' bespoke specifications. With India's capital investments growing and with a preference for 'make in India' a priority, we see great scope to succeed in this business.

Finally, we are continuously moving up the Value Chain by strengthening our niche engineering capabilities to increase our share of critical components manufacturing, to strengthen customer engagement further, and to create entry barriers.

### In Closing

As we continue our journey to achieve these objectives, I would like to express my gratitude to all our customers, employees, lenders and shareholders for their continued contribution and support. Your unending faith in Pennar will continue to be the foundation on which we have built and are growing our business and serving our customers.

Sincerely,

**Aditya Rao**

Vice-Chairman & MD

DIN No. 01307343

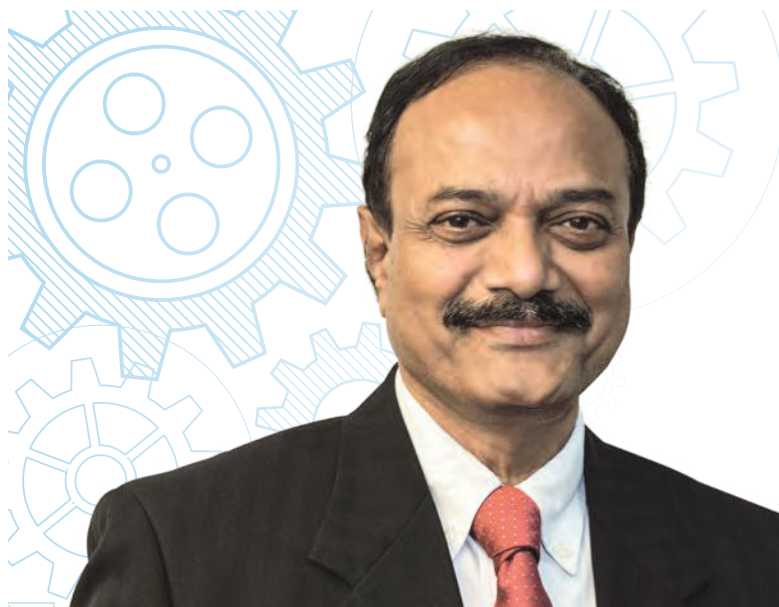
**PEBS Projects  
completed  
FY2010-21**

**782**

**Order book for PEBS as on  
31<sup>st</sup> March,  
2021**

**₹4187.80  
million**





## Message from the Executive Director

**K L Kumar**, *Executive Director*

Vaccination  
coverage of  
dose 1

**100%**

Vaccination  
coverage of  
dose 2

**> 50%**

### Dear Shareholders,

FY2021 was indeed an extremely challenging year as far as business operations was concerned. The Covid-19 Pandemic put the whole economy's track on halt, and made it extremely difficult for anyone to operate normally without compromising health risks.

At Pennar, our leadership team stepped up into action without hesitation and took all the essential steps to establish and implement the necessary SOPs to ensure that safety came first. We are glad to share that our employee welfare initiatives to manage the covid pandemic at our workplace were quite effective, due to which the infection rate was kept at less than 3% of the employee base. Not only did this mean reduced health risk exposures, but it also allowed your company to function optimally with the reduced work force we were mandated to keep. Some of the key measures taken to manage the situation included tying up with specific hospitals for bed and oxygen availability; organising vaccination camps at our plant and offices; establishing health camps to monitor the general health of employees; and following and enforcing all precautions at the workplace. Currently, our overall vaccination coverage on dose 1 is around 100%, and on dose 2 around 50%. We are actively working on achieving 100% of dose 2 vaccination in the immediate future. Thanks to the above protocols being implemented, the impact on the Company's operational performance was negligible.



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*Pennar is a people-centric organisation and aspires to be an employer of choice. At Pennar, we believe in people empowerment irrespective of grades and background, and we make every effort to ensure a nurturing and conducive environment for all stakeholders.*

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## People

Pennar is a people-centric organisation and aspires to be an employer of choice. At Pennar, we believe in people empowerment irrespective of grades and background, and we make every effort to ensure a nurturing and conducive environment for all stakeholders. Today, we have strong employee base of more than 4,500 spread across the country. With an effective forecasting model aided by inputs from each of our business units, Pennar is building a strong talent pipeline to fuel the company's future growth.

We have a positive and smooth employee relation across our organization, and our industrial relations are collaborative and supportive of the organizational objectives. We are pleased to inform you that we have not lost any man-days due to our all-inclusive management philosophy. Importantly, to strive for excellence in our organization we continuously pursue employee efficiency improvements and satisfaction. As communicated last year, we began evaluating our individual business units on a monthly basis, with rewards being linked to employees' performances. This is leading to a focussed improvement in each of our business lines we are operating in. This has been the key to our successful delivery on business performance during this Covid impacted year.

Our in-house training approach has ensured that the employees add on to their skill sets resulting in improving employee's efficiency and morale. During FY2021, we held an awards function for our employees, wherein we felicitated employees on completing, 30 years, 25 years, 20 years, 15 years and 10 years of service with the organization. We also announced the reward for best employees of the organization amongst many other criteria. As an all-inclusive family approach, we also rewarded meritorious students from our employee's family.

## CSR

For Pennar, carrying out CSR initiatives is always an important pillar of our contribution to society. We believe in contributing to the society and country which helps our business to function in and thrive from. A key initiative for FY2021 include the village school adoption initiative, in which the teachers' salary, books, uniforms, drinking water, and food were taken care of at Tarapur (Maharashtra), Chennai and Bandalguda Villages in Telangana. Provided infrastructural support to various institutions to help them improve their resident's basic social need like roads, community centre etc. Additionally, in Chennai and Patancheru (Bandlaguda), we arranged potable drinking water daily to the colonies and school children.

## In Closing

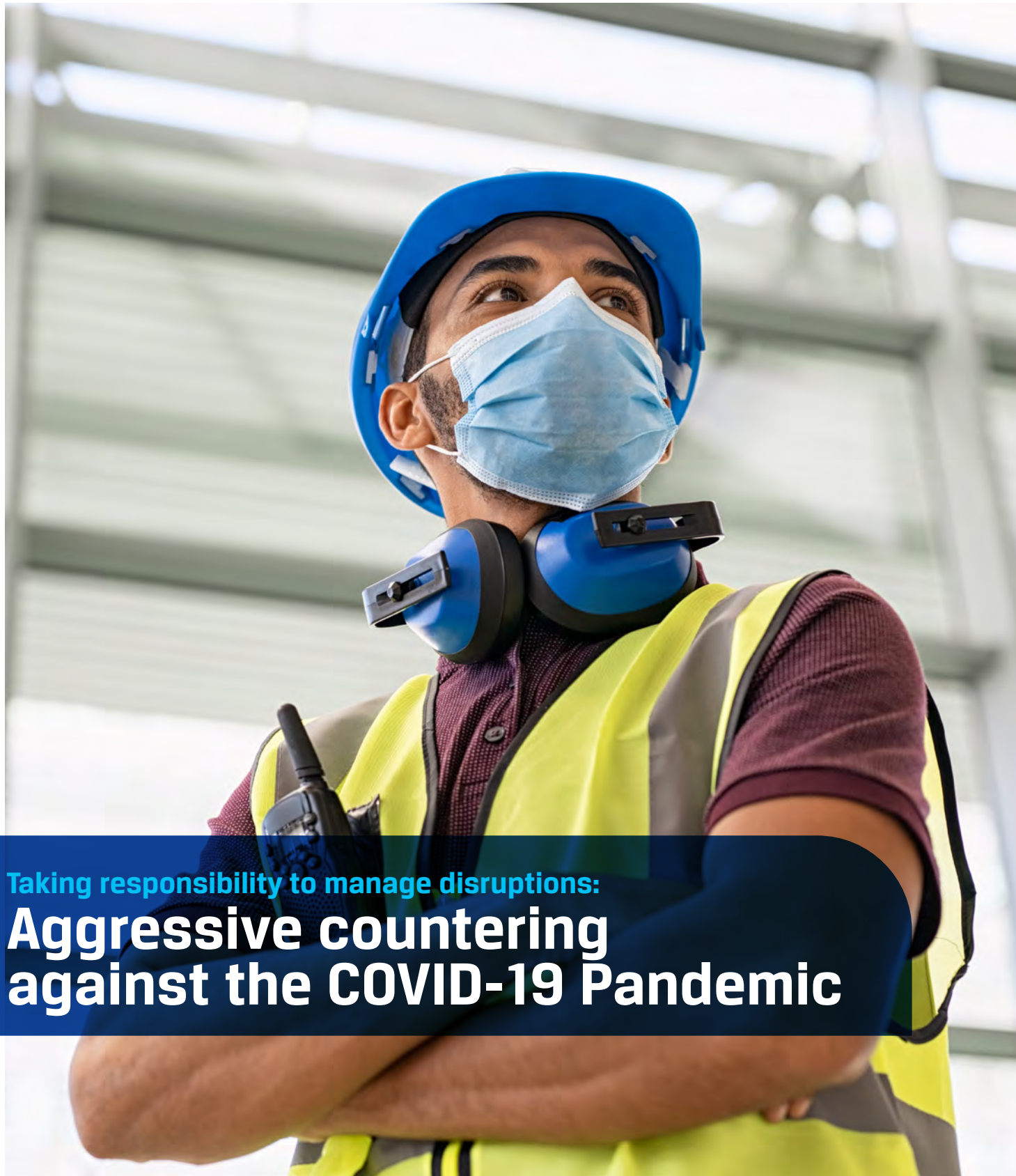
Going forward, our goal is to continuously deliver outlier performance that can withstand challenging market conditions. We have, by design, built up our financial strength and flexibility over the last couple of years, so we are well placed to deliver on our strategy. With strong progress under our belt already, our management team is strong, enthusiastic, and committed to delivering for all our stakeholders. We have excellent people across our business, who have got us through this crisis and will stand us in good stead for the future.

Sincerely,

**K L Kumar**

Executive Director

DIN No. 01710629



Taking responsibility to manage disruptions:

# Aggressive countering against the COVID-19 Pandemic



The last two years have been the most tumultuous periods over the last century. The unprecedented health crisis, caused by the novel coronavirus, has taken an immense human as well as economic toll globally. At Pennar, we responded at once with a comprehensive Covid-19 response plan. Right from the early stages of the pandemic, we've been contributing as a responsible corporate in many ways. We donated money, medicines, protective equipment, and medical appliances. This also meant putting in place health and safety measures to protect our employees; running our plant operations smoothly to ensure supply to our customers; and providing essential support and assistance to our local communities in need.



## AGGRESSIVE COUNTERING AGAINST THE COVID-19 PANDEMIC



The COVID-19 pandemic had hit our country hard during early March, 2020, followed by the lockdown declared by the Government of India on 22<sup>nd</sup> March 2021. Consequently, all our plants across India had to suspend their operations, with the except of essential operations which could not come to a halt. On 5<sup>th</sup> May 2020 the Company resumed its operations with only 50% of its workforce as mandated by the local Governments. With the except of the shop floor employees, all other employees were either working from home, or they were working on alternative days.

### **Taking care of our employees**

Nationwide, the daily COVID-19 infection cases had started rising each consecutive month. and Pennar could not escape this. Around 140 of our employees were found positive for COVID-19 till March 2021. The very priority for PENNAR during a pandemic was the safety and well-being of our workforce. Employees are unable to focus on work responsibilities when their well-being and that of their family are in peril. Hence, the critical question we addressed at the onset of a pandemic event is whether our employees are safe, followed by whether they are available to perform critical functions. We focused on monitoring the situation, provide a safe workplace and offer our employees the support that they needed



The very priority for PENNAR during a pandemic was the safety and well-being of our workforce. We focused on monitoring the situation, provide a safe workplace and offer our employees the support that they needed. At Pennar, we implemented well-crafted SOPs in line with the COVID precaution guidelines. Some of these initiatives included:

- Ensuring the provisioning and wearing of masks
- Maintaining of social distance at workplaces and increased the transport facility
- Providing of sanitary facilities at all the required places in the premises.
- Disinfecting the workplace including shop floors
- Introduced fumigation chambers at gate.
- initiated body temperature screening at the entrances
- The migratory workers were provided with free food and shelter
- All the employees were provided with the immunity boosting medicines from our OHCs
- Quarantine rooms were created at our plants at Patancheru, Isnapur and Chennai.
- A COVID-19 task force was formed to take up the rescue and rehabilitation operations.

## A people-first mindset

To enable timely two-way communication and employee tracking and to disseminate critical information, we validated that emergency notification systems were in place and tested on a routine basis. In addition, we delivered pandemic-related training to enhance employee preparedness and alleviate any concerns.

## Vaccination drives

As a responsible employer, we are providing vaccine access to all our employees in a timely manner, while always respecting the local national regulations. The COVID-19 preventive vaccine hit the market during March 2021 and was available only in Private hospitals initially, and later introduced in Public Hospitals (PHCs). As a wellbeing measure of our employees, we had tied up with private hospitals to ensure availability of bed and oxygen to our infected employees. Also, we have organised seminars on holistic health issues with renovated specialists in the medical field and conducted health camps for the benefit our employees in association with our tie-up hospitals. We conducted around 25 workplace vaccination camps in collaboration with these tied-up private hospitals and PHCs. We take pride in the fact that today, 100% of our employees were vaccinated with the 1<sup>st</sup> dose. Uptil recently, we have achieved about 50% of vaccination for the 2<sup>nd</sup> dose as on date. To fast-track the vaccination drive, we have made vaccines available at our OHCs' in collaboration with the tied-up hospitals. We wish to ensure that 100% of our employees are vaccinated in the immediate future.





# DIVERSIFIED PORTFOLIO ACROSS MARKET

PRODUCT	MARKET SEGMENT
Special Grade CRSS	AUTOMOBILES, GENERAL ENGINEERING
Critical Components	AUTOMOBILES
Precision Tubes	AUTOMOBILES, GENERAL ENGINEERING
Building Components	CONSTRUCTION & INFRASTRUCTURE
Civil Infrastructure	
Hydraulic Cylinders	
ESP Electrodes	GENERAL ENGINEERING
Refrigerators & AC Components	WHITE GOODS
Rail Coaches (Conventional, Electric multiple unit (EMU), Mumbai Railway Vikas Corporation (MVRC)) & Wagons	RAILWAYS
Linke Hofmann Busch (LHB) & Metro Coaches	
Solar Module Mounting Solutions for Solar Panels	SOLAR INDUSTRY
Storage Solutions	



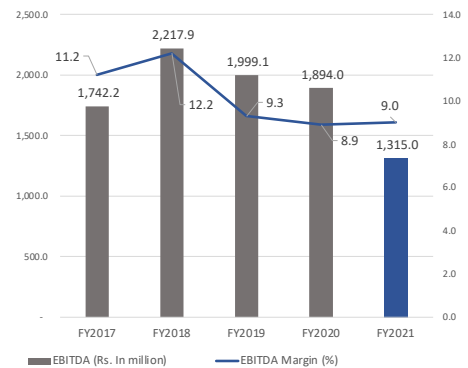
# Financial & Operational Overview



*With our Operating Profit Margin staying intact at around 39%, our steady performance gives further credence to our approach to pursue both good top and bottom-line numbers.*

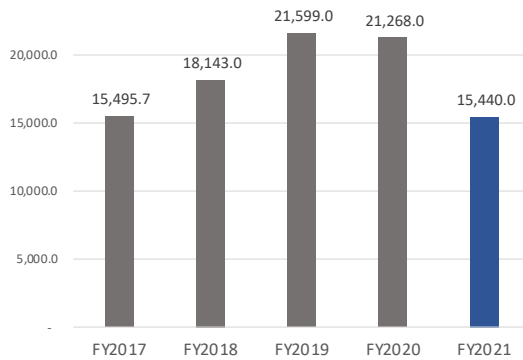
## EBITDA & EBITDA Margin

₹ in million



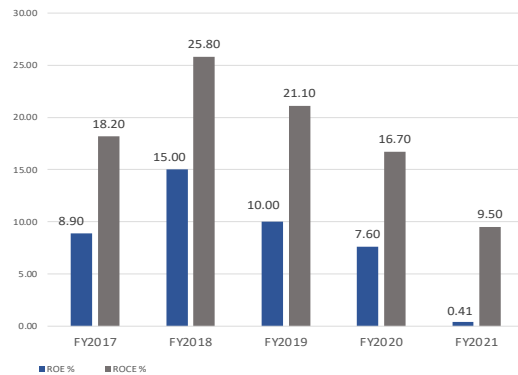
## Total Revenues

₹ in million



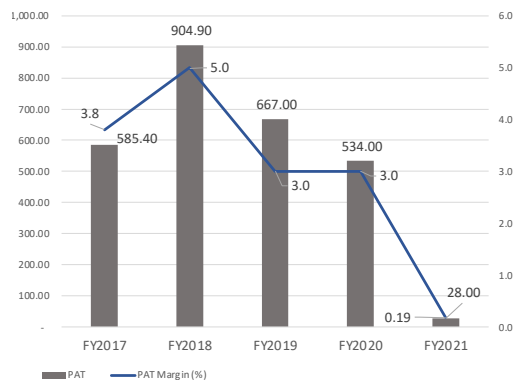
## Return Ratios ROE ROCE

₹ in million



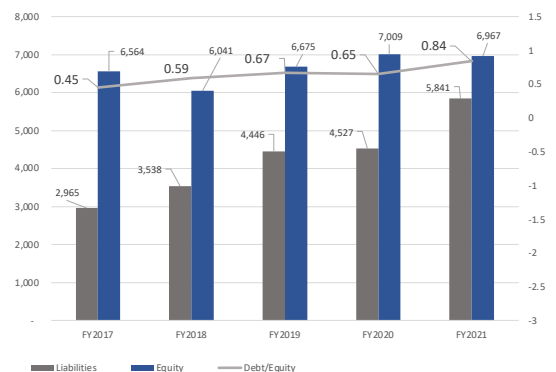
## PAT & PAT Margin

₹ in million



## Leverage Analysis

₹ in million



# Board of Directors



**Nrupender Rao**  
Executive Chairman

Chairman of Pennar Industries Limited, Hyderabad.

He has an illustrious career spanning over four decades in various organisations such as National Cash Register (USA), Union Carbide India, Nagarjuna Steels Limited and Pennar Group.

He had co-promoted ITW Signode (earlier Nagarjuna Signode) in 1980 along with Nagarjuna Steels Limited and Signode Corporation of USA.

He is a distinguished alumnus of IIT, Kharagpur and was awarded the IIT Kharagpur Alumnus award for the year 2011 by the Hon'ble Prime Minister of India. He has also done his Masters in Operations Research & Industrial Engineering from Purdue University (USA).



**Aditya Rao**  
Vice Chairman & Managing Director

Aditya Narsing Rao is the vice chairman of Pennar Industries Limited (PIL).

He is also the managing director of PIL. He holds a bachelor's degree in geophysics and master's degree in engineering management from Cornell University, New York, USA.

He has worked on new product development and the development of new revenue verticals including the solar power and environment treatment businesses across the group companies.



**K Lavanya Kumar**  
Executive Director

He has three decades of experience in the areas of law, construction, corporate affairs.

He graduated in Law from Kakatiya University. Mr. Kumar joined Pennar Group in 1987.



**P V Rao**  
Non - Executive Director

Mr. P V Rao is the Non-Executive Director of Pennar Industries Limited. He holds a bachelor degree in civil engineering from Jawaharlal Nehru Technological University, Kakinada and is a member of the Institution of Engineers (India).

He has more than thirty four years of experience in the construction industry and last twenty two years in pre-engineered buildings sector.

He is also a columnist in engineering magazines like Construction World, Construction Week, Steel Structures & Metal Buildings (SSMB), ACE Update, Master Builder, Construction & Architecture (C&A) Update, EPC World, B2B Purchase etc., and vernacular press.

**B Kamalaker Rao**

*Non-Executive  
Independent Director*

Serving as Director on Boards of several Government and Public Sector Undertakings.

He was distinguished member of the AP Legislative Council and a Senior Spokesperson for his political party.

**Manish Sabharwal**

*Non-Executive  
Independent Director*

Member of the Prime Ministers Council on Skill Development and has served on the Planning Commission steering committee on labour and employment for the Eleventh five year plan (2007-12).

He is a member of the CII core group on labour reforms.

**Varun Chawla**

*Non-Executive  
Independent Director*

9+ years of Investment Banking experience.

He was one of the founders of myguesthouse.com, acquired by Make My Trip.

**Bharati Jacob**

*Non-Executive  
Independent Director*

Extensive experience in venture investing, marketing and financial services.

Masters degrees from The Wharton School of University Pennsylvania and XLRI Jamshedpur.

**Eric James Brown**

*Non-Executive Director*

President and CEO of Pennar Global, Inc.

30+ years of experience

**Chandrasekhar Sripada**

*Non-Executive  
Independent Director*

40+ years corporate career in HRM across Public, Private and Multi-National Companies

MBA, MA & PhD

**RVS Ramakrishna**

*Addl. Non-Executive Independent Director*

Mr. RVS Ramakrishna is Graduate in Engineering in Chemical Technology from Birla Institute of Technology and Science, Pilani and has over 35 years of experience.

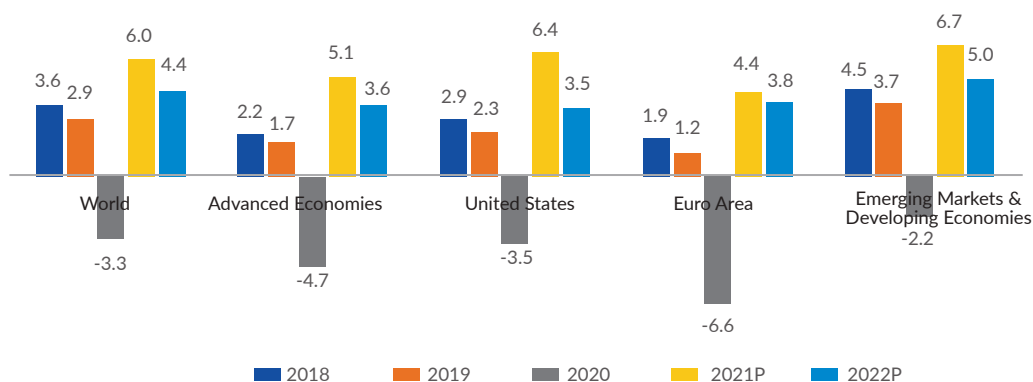


# Management Discussion and Analysis

## Global Economic Overview

After clocking consecutive growth of 3.6% and 2.9% in calendar years (CY) 2018 and 2019, the COVID-19 pandemic halted the global growth momentum in 2020. According to World Economic Outlook April 2020, the world's output contracted by 3.3% in CY2020. However, thanks to the prompt policy adopted by major countries, additional fiscal support and vaccine driven recovery in the second half of CY2020 to overcome the COVID-19 setback averted the 2008 global financial crisis. On the other hand, tourism and commodity export economies have been hardly hit in CY2020.

### World GDP, growth YoY (in %)



Source: IMF's World Economic Outlook (WEO), April 2021





WEO, April 2021 report states that the Advanced Economies growth contracted by 4.7% in CY2020 while Emerging Market and Developing Economies slipped by 2.2% in CY2020. However, Advanced Economies recovery are expected to out-pace Emerging Market and Developing Economies from the COVID-19 aftereffects due to earlier access to vaccinations and conducive macroeconomic policies. The United States and Japan announced significant fiscal support. The European Union has signalled to distribute the Next Generation EU Fund. The Biden's administration \$1.9 trillion rescue package is expected to boost the US economy, also benefiting key US trading allies.

### Outlook

According to WEO, April 2021 estimates the global growth is pegged at 6% in 2021 and 4.4% in 2022 backed by fiscal support in key economies, projected vaccine-powered recovery

*Advanced Economies recovery are expected to out-pace Emerging Market and Developing Economies from the COVID-19 aftereffects due to earlier access to vaccinations and conducive macroeconomic policies.*

in the latter part of 2021 and evolving economic activity to subdued mobility. Advanced Economies is expected to clock 5.1% and 3.6% growth in CY2021 and CY2022, respectively due to manageable debt service costs as majority debt is serviced by long-term and at times negative-yielding bonds. Emerging Market and Developing Economies is projected to register 6.7% and 5.0% growth in CY2021 and CY2022, respectively. China is estimated to grow by 8.4% and 5.6% in CY2021 and CY2022, respectively led by effective containment measures, spur in public investment activities and central bank aided liquidity support.



## INDIAN ECONOMIC OVERVIEW

According to National Statistics Office (NSO) estimates, COVID-19 pandemic and several containment measures are expected to cause India's Gross Domestic Product (GDP) growth contraction by 7.7% in FY2021 as against 4.2% growth in FY2020. As per the Government Response Stringency Index measured by Oxford University, the contraction mirrored India's stringent lockdown measures enforced by the Government. The contraction indicated a 'once in a century crisis' hit by the pandemic and associated public health measures. GDP at Current Prices or Nominal GDP in FY2021 is estimated to be pegged at ₹ 195.86 trillion vis-a-vis ₹ 203.51 trillion in FY2020, contracting by 3.8%.

Agriculture, Forest & Fisheries and Electricity, Gas, Water Supply & Other Utility services are the only two sectors projected to register positive growth of 3.4% and 2.7%, respectively. On the other hand, Trade, Hotels, Transport, Communication & Services related to Broadcasting, Construction, Mining & Quarrying and Manufacturing sector are estimated to degrow by 21.4%, 12.6%, 12.4% and 9.4%, respectively. India's per capita income is estimated at ₹ 85,929 in FY2021 as compared to ₹ 94,566 in FY2020.

India adopted a four-pillar strategy of containment, fiscal, financial and long-term structural reforms to overcome the COVID-19 led economic setback. The government's calibrated fiscal and monetary support gave a fillip to consumption and unlocked investment opportunities. Additionally, a favourable monetary policy pro-

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*India adopted a four-pillar strategy of containment, fiscal, financial and long-term structural reforms to overcome the COVID-19 led economic setback.*

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11%

Estimated GDP growth for India

₹ 29.87  
trillionAnnounced  
stimulus package for India

vided adequate liquidity and immediate aid to debtors, thereby smoothening the monetary policy transmission. Despite global adversities, India continued to be a preferred investment destination in FY2021. The Foreign Portfolio Investment (FPI) inflows pumped ₹ 2.74 trillion into the Indian equity markets during FY2021, reflecting the confidence of foreign investors in the sound fundamentals of the Indian Economy. India's Consumer Price Index (CPI) inflation rate stood at 6.2% in FY2021. The Indian Rupee surged by 4% to ₹ 73.1 per US Dollar thanks to the sustained foreign fund inflows into Indian equities, despite higher interest rates and inflation than the US.

India's trade deficit trimmed to USD 98.6 billion in FY2021 from USD 161.4 billion in FY2020. India's exports contracted by 7.3% to USD 290.6 billion

in FY2021. On the other hand, India's import declined by 18% to USD 389.2 billion in FY2021. According to Doing Business Report (DBR), India's Ease of Doing Business rankings improved to 63<sup>rd</sup> position in 2020 from 77<sup>th</sup> in 2018. India entered into the list of top 50 innovative countries and stood at 48<sup>th</sup> rank on the Global Innovation Index 2020. India was placed at 52<sup>nd</sup> position in 2019.

### Outlook

According to the Economic Survey 2021-21, India's GDP growth is estimated to bounce back at 11% in FY2022 led to the government's Atma Nirbhar Bharat Abhiyaan resulting in a stimulus package of ₹ 29.87 trillion translating to 15% of India's GDP. India's V-shaped recovery is augmented by a robust rise in consumption and investment coupled with a mega

vaccination drive and bounce-back in the services sector. The reinstatement of inter and intra state movement and record-high monthly GST collections resonate with the unlocking of industrial and commercial activities. Additionally, a surge in commercial paper issuances, easing yields and steady credit growth to Micro, Small and Medium Enterprises (MSMEs) has renewed Government's focus on MSMEs to survive and grow. However, the second wave of COVID-19 infections coupled with reimpositions of lockdown might pose a threat to the sustaining V-shaped recovery dampening market and consumer sentiment. According to the Centre for Economics and Business Research forecasts, India will be the fifth largest economy in 2025 overtaking the United Kingdom.



## Industry Overview

### Automobiles

The Indian automobile industry is contributing more than 7% of the country's GDP, employing ~8 million people directly and over 29 million people indirectly, through the backward and forward linkages. According to Society of Indian Automobile Manufacturers (SIAM), the industry produced a total 22,652,108 vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers and Quadricycles in April-March 2021 as against 26,353,293 in April-March 2020, registering a de-growth of (-) 14.04 percent over the same period last year. The sale of Passenger Vehicles declined by (-) 2.24 percent in April-March 2021 over the same period last year. Within the Passenger Vehicles, the sales of Passenger Cars and Vans declined by (-) 9.06, percent and (-) 17.62 percent respectively while sales of Utility Vehicles increased by 12.13 percent in April-March 2021 over the same period last year.

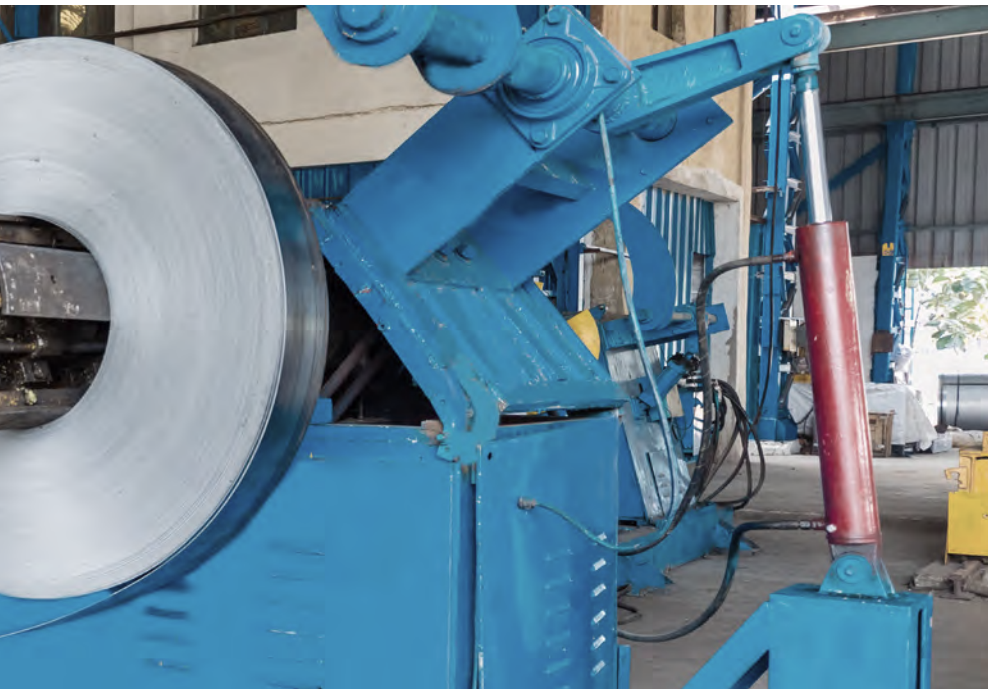
The overall Commercial Vehicles segment registered a de-growth of (-) 20.77 percent in April- March 2021 as compared to the same period last year. Within the Commercial Vehicles, Medium & Heavy Commercial Vehicles (M&HCVs) and Light Commercial Vehicles (LCVs) declined by (-) 28.40 percent and (-) 17.30 percent respectively in April-March 2021 over the same period last year.

Sale of Three Wheelers declined by (-) 66.06 percent in April-March 2021 over the same period last year. Within the Three Wheelers, Passenger Carrier and Goods Carrier declined by (-).74.49 percent and (-) 26.38 percent respectively in April-March 2021 over April-March 2020.



*India's V-shaped recovery is being augmented by a robust rise in consumption and investment coupled with a mega vaccination drive and bounce-back in the infrastructure, real estate and services sectors.*





₹ 195.86  
trillion

GDP in FY2021 is estimated

₹ 195.86  
trillion

GDP in FY2021 is estimated

₹ 195.86  
trillion

GDP in FY2021 is estimated

Two Wheelers sales registered a de-growth of (-) 13.19 percent in April-March 2021 over April-March 2020. Within the Two Wheelers segment, Scooters, Motorcycles and Mopeds declined by (-) 19.51 percent, (-) 10.65 percent and (-) 3.07 percent respectively in April-March 2021 over April-March 2020.

In April-March 2021, overall automobile exports declined by (-)13.05 percent. Passenger Vehicles, Commercial Vehicles, Three Wheelers and Two Wheelers exports also declined by (-) 38.92 percent, (-) 16.64 percent, (-) 21.67 percent, and (-) 6.87 percent respectively.

### Union Budget 2021

The most important announcement for the industry, was the voluntary vehicle scrappage policy. The government also introduced a cess on petrol and diesel along with other specific items. The

aim of this step is to boost agriculture infrastructure. Another critical announcement in the new budget 2021 was relating to taxes: the Government has decided to raise taxes on certain auto components such as engines, in order to foster India's self-reliance.

### Outlook

The possible transition of the automobile industry towards hybrids and electric vehicles will lead to disruption in the overall automotive market landscape which will also influence the product portfolios of auto component manufacturers. In the absence of a well-defined road map for the automobile industry, the future of the auto component segment looks uncertain. The alignment and the pace of this alignment to the anticipated new automotive landscape will be key for auto component manufacturers to stay relevant, survive disruption and

grow over the next multiple years. This alignment will see the rationalization of the product portfolio and even consolidation in different product segments in the auto component manufacturing pace. As per IBEF, India's electric vehicle (EV) market is estimated to be a ₹ 50,000 crore (US\$ 7.09 billion) opportunity by 2025, with two and three-wheelers expected to drive higher electrification of the vehicles.

The Government mandated transition from BS-IV to BS-VI emission standards from April 1 2020, a halt in the launch of new technology products, inventory accumulation and finally the multiple lockdowns, all of which, had a substantial overall impact on the sector. Due to the COVID-19 outbreak, there has been an adverse impact on both supply-side and demand-side for the automobile industry.

## MANAGEMENT DISCUSSION AND ANALYSIS



*A 17% year-on-year increase in capital expenditure for Indian Railways in 2020-21 was announced.*



According to SIAM, the CAF norms and BSVI implementation will further push automobile companies to embrace technology that restricts emission, and this will pave way for newer technology like ISG and BSG that are likely to replace alternator and generator in the automobile. The mandatory requirement to enhance safety features and premiumization of mass selling cars will also lead to the migration of electrical architecture from 12V to 48V.

### Railways

According to [www.investindia.gov.in](http://www.investindia.gov.in), India has the fourth-largest railway system in the world, behind only US, Russia and China. The Indian rail network has 123,542 km of total tracks over a 67,415 km route and about 7,300 stations. The railways run close to 13,523 passenger trains and 9,146 freight trains daily on its network. In the fiscal year ending March 2020,

Indian Railways carried 8.1 billion passengers. The Indian railways successfully and transported 1.23 billion tonnes of freight in FY 2020-21 which is 1.93 % higher compared to last year's loading for the same period. Indian Railways is the single largest employer in India and eighth largest in the world; employing close to 1.3 mn people and plays a critical role in aiding the Country's economic and social growth through connectivity, mobility, and trade.

A 17% year-on-year increase in capital expenditure for Indian Railways in 2020-21 was announced when Minister of Finance Nirmala Sitharaman presented the national budget on February 1, 2020. IR's capital expenditure will total ₹ 1.610 bn, while revenue expenditure has been kept at ₹ 2,194 bn. Total receipts are estimated at ₹ 2,259bn.

Ongoing rail projects highlighted in the budget were:

- IR is to complete 3 750 route-km of new lines, gauge conversion or provision of additional tracks this year, up from 3 150 route-km in 2019-20.
- Electrification of 6 000 route-km is targeted, with wiring of the entire broad gauge network now envisaged for completion by 2023-24.
- The first phase of a centralised traffic control deployment plan covers the installation of automatic block signalling on 1 830 km across eight zonal railways.
- Automatic train protection is to be rolled out using a mix of proven international technology as well as technology developed indigenously.
- a proposal to set up a large solar power facility on railway land;


**17%**

YoY increase in capital  
expenditure for Indian  
Railways in 2020-21

**US\$115.17  
billion**

Capital goods industry size  
to reach by 2025.

**₹ 1.610  
billion**

IR's capital expenditure for 2021

- invitations for participation in PPP deals covering the operation of 150 passenger services, as well as four station redevelopment projects;
- more Tejas high-quality trains connecting tourist destinations;
- 'actively pursuing' the development of the high speed line between Mumbai and Ahmedabad;
- developing a 148 km suburban network in Bangalore, with fares on a 'metro model'. The central government would provide 20% of equity and facilitate external assistance covering up to 60% of the ₹ 186 bn project cost.

### Indian Engineering & Capital Goods

The engineering sector is the largest of the industrial sectors in India. As per IBEF, it accounts for 27% of the total factories in the industrial

sectors and represents 63% of the overall foreign collaborations. India's engineering sector has witnessed a remarkable growth over the last few years driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy.

Turnover of the capital goods industry was estimated at US\$ 92.00 billion in 2019 and is forecast to reach US\$ 115.17 billion by 2025. India exports engineering goods mostly to US and Europe, which account for over 60% of the total export. Engineering exports were recorded at US\$ 75.90 billion in April (FY20) and reached US\$ 60.25 billion in January (FY21). Index of industrial production (IIP) for electrical equipment industry stood at 105.5 in FY20. The Indian machine tool production and consumption were

estimated at ₹ 6,150 crore (US\$ 872.46 million) and ₹ 15,670 crore (US\$ 2.22 billion), respectively, in 2019-20.

100% FDI is allowed through the automatic route, with major international players looking for growth opportunities to enter the Indian engineering sector. The engineering sector in India attracts immense interest from foreign players as it enjoys a comparative advantage in terms of manufacturing cost, technology, and innovation. The above, coupled with favourable regulatory policies and growth in the manufacturing sector, has enabled several foreign players to invest in India. In the recent past, there have been many major investments and developments in the Indian engineering and design sector.



## MANAGEMENT DISCUSSION AND ANALYSIS



*In the Union Budget 2021, the Government has given a massive push to the infrastructure sector by allocating ₹233,083 crore (US\$ 32.02 billion) to enhance the transport infrastructure.*

The Indian engineering sector is of strategic importance to the economy owing to its intense integration with other industry segments. The sector has been de-licensed and enjoys 100% FDI. With the aim to boost the manufacturing sector, the Government has relaxed the excise duties on factory gate tax, capital goods, consumer durables and vehicles.

- According to India Ratings and Research (Ind-Ra), the solar production-linked insurance (PLI) scheme will support 8-13% of photovoltaic energy plant requirements until 2029-30 and will help add 20 GW (gigawatts) of energy in the next five years.
- In April 2021, Under the Development cum Production Partner (DcPP) programme, Defence Research and Development Organisation (DRDO) allowed private

sector firms to develop and produce missile systems, such as vertical launched surface and air missile system programmes, to promote the domestic defence industry.

- The Indian telecom equipment market is likely to increase owing to the government's ₹ 12,195 crore (US\$ 1.6 billion) production-linked incentive scheme approved for telecom gear manufacturing in February 2021.
- The upcoming new textile policy (in draft version as of February 2021) is likely to focus on setting up manufacturing hubs for textile machineries with the help of FDIs.
- In December 2021, the Government of India announced that they are in talks with Argentina and Brazil to ink trade pacts with the two largest markets in South America, as it seeks to strengthen trade with the region.



- The Export Policy Uttar Pradesh 2020-25 for promoting export growth and competitiveness, providing export subsidiaries with the required export-related assistance and services and creating & improving technical and physical infrastructures to improve exports from state industries.
- In November 2020, to strengthen the capital goods (CG) sector, the government has set up a 22-member inter-ministerial committee through initiatives, which will help this sector to effectively contribute to the national target of achieving a US\$ 5 trillion economy and a US\$ 1 trillion manufacturing sector.
- In the Union Budget 2021, the Government has given a massive push to the infrastructure sector by allocating ₹ 233,083 crore (US\$ 32.02 billion) to enhance the transport infrastructure.
- The government expanded the 'National Infrastructure Pipeline (NIP)' to 7,400 projects. ~217 projects worth ₹ 1.10 lakh crore (US\$ 15.09 billion) were completed as of 2020.
- The Union Cabinet has approved incentives up to ₹ 10,000 crore (US\$ 1.47 billion) for investors by amending the M-SIPS scheme in order to further incentivise investment in electronics sector, create employment opportunities and reduce dependence on import by 2020.
- Government approved the 'Production Incentive Scheme' (PLI) for large-scale electronics manufacturing.

Turnover of capital goods industry is expected to increase to US\$ 115.17

billion by 2025F. India's engineering R&D market will increase from US\$ 36 billion in FY19 to US\$ 42 billion by FY22. It is estimated by IBEF, that India will need ₹ 235 trillion (US\$ 3.36 trillion) of investment in infrastructure in the next decade (2020-29). The export of engineering goods is expected to reach US\$ 200 billion by 2030.

### White Goods Industry

As per IBEF, the Indian appliance and consumer electronics (ACE) market reached ₹ 76,400 crore (US\$ 10.93 billion) in 2019. Appliances and consumer electronics industry is expected to double to reach ₹ 1.48 lakh crore (US\$ 21.18 billion) by 2025.

According to Retailers Association of India (RAI), sales of consumer electronics and appliances in the third quarter of FY21 increased by 23.5%, as compared with same period in the last fiscal year. Electronics hardware production in the country increased from ₹ 4.43 trillion (US\$ 72.38 billion) in FY19 to ₹ 5.47 trillion (US\$ 89.38 billion) in FY20. Demand for electronics hardware in India is expected to reach US\$ 400 billion by FY24.

The 'National Policy on Electronics 2019' is targeting production of one billion mobile handsets valued at US\$ 190 billion by 2025, out of which 600 million handsets valued at US\$ 100 billion are likely to be exported. In 2020, the Indian government targeted China with new restrictions on colour television and mobile phones. According to a report by Care Ratings, consumer electronics and appliances manufacturers are set to increase their production by 5-8% in FY22, after witnessing a contraction in demand in FY21.

**₹ 5.47 trillion**  
Electronics hardware production in FY20

**US\$1.47 billion**  
Worth of incentives for encouraging investment in electronics sector

There is a lot of scope for growth from the rural market with consumption expected to grow in these areas as penetration of brands increases. Demand for durables like refrigerators and consumer electronic goods are likely to witness an increased demand in the coming years, especially in the rural areas as the Government plans to invest significantly in rural electrification.

Growing awareness, easier access, and changing lifestyle have been the key growth drivers for the consumer market. The Government of India's policies and regulatory frameworks, such as relaxation of license rules and approval of 51% Foreign Direct Investment (FDI) in multi-brand and 100% in single-brand retail, are some of the major growth drivers for the consumer market. According to the Department for Promotion of Industry and Internal Trade (DPIIT), between April 2000-December 2020, FDI inflow in the electronics sector stood at US\$ 3.00 billion. On November 11, 2020, Union Cabinet approved the Production-Linked Incentive (PLI) scheme in 10 key sectors (including electronics and white goods) to boost India's manufacturing capabilities, exports and promote the 'Atmanirbhar Bharat' initiative.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Solar (renewable) Industry

According to IBEF, the Indian renewable energy sector is the fourth most attractive renewable energy market in the world<sup>1</sup>. India was ranked fifth in wind power, fifth in solar power and fourth in renewable power installed capacity, as of 2019. Installed renewable power generation capacity has gained pace over the past few years, posting a CAGR of 17.33% between FY16-20. With the increased support of Government and improved economics, the sector has become attractive from investors perspective. As India looks to meet its energy demand on its own, which is expected to reach 15,820 TWh by 2040, renewable energy is set to play an important role. The government is aiming to achieve 227 GW of renewable energy capacity (including 114 GW of solar capacity addition and 67 GW of wind power capacity) by 2022, more than its 175 GW target as per the Paris Agreement. The government plans to establish renewable energy capacity of 523 GW (including 73 GW from Hydro) by 2030.

As of February 2021, installed renewable energy capacity stood at 94.43 GW. The country is targeting about 450 Gigawatt (GW) of installed renewable energy capacity by 2030 – about 280 GW (over 60%) is expected from solar. From April 2015 to February 2021, India has added 117.9 GW of power generation capacity, including 64.5 GW of conventional source and 53.4 GW from renewable sources.

According to the data released by Department for Promotion of Industry and Internal Trade (DPIIT), FDI inflow in the Indian non-conventional energy sector stood at US\$ 9.83 billion between April 2000 and December



2020. More than US\$ 42 billion has been invested in India's renewable energy sector since 2014. New investment in clean energy in the country reached US\$ 11.1 billion in 2018. According to the analytics firm British Business Energy, India ranked 3<sup>rd</sup> globally in terms of its renewable energy investments and plans in 2020.

Some initiatives by Government of India to boost India's renewable energy sector are as follows:

- In March 2021, the Union Cabinet approved a Memorandum of Understanding (MoU) in the field of renewable energy cooperation between India and the French Republic.
- In March 2021, Haryana announced a scheme with a 40% subsidy for a 3 KW plant in homes, in accordance with the Ministry of New and Renewable Energy's guidelines, to encourage solar energy in the state. For solar systems of 4-10 KW, a 20% subsidy would be available for installation from specified companies.
- In the Union Budget 2021-22, Ministry for New and Renewable Energy was allocated ₹ 5,753 crore (US\$ 788.45 million) and ₹ 300 crore (US\$ 41.12 million) for the 'Green Energy Corridor' scheme.
- Under Union Budget 2021-22, the government has provided an additional capital infusion of ₹ 1,000 crore (US\$ 137.04 million) to Solar Energy Corporation of India (SECI) and ₹ 1,500 crore (US\$ 205.57 million) to Indian Renewable Energy Development Agency.
- To encourage domestic production, customs duty on solar inverters has been increased from 5% to 20%, and on solar lanterns from 5% to 15%.
- In November 2020, the government announced production-linked incentive (PLI) scheme worth ₹ 4,500 crore (US\$ 610.23 million) for high-efficiency solar PV modules manufacturing over a five-year period.



*MNRE has set an ambitious target to set up 114 GW by 2022 in solar energy alone.*

- India plans to add 30 GW of renewable energy capacity along a desert on its western border such as Gujarat and Rajasthan.
- Delhi Government decided to shut down thermal power plant in Rajghat and develop it into 5,000 KW solar park
- The Government of India has announced plans to implement a US\$ 238 million National Mission on advanced ultra-supercritical technologies for cleaner coal utilisation.
- Indian Railways is taking increased efforts through sustained energy efficient measures and maximum use of clean fuel to cut down emission level by 33% by 2030.

The Government is committed to increased use of clean energy sources and is already undertaking various large-scale sustainable power projects and promoting green energy heavily. In addition, renewable energy has the potential to create many employment opportunities at all levels, especially in rural areas. The Ministry of New and Renewable Energy (MNRE) has set an ambitious target to set up renewable energy capacities to the tune of 227 GW by 2022, of which about 114 GW is planned for solar, 67 GW for wind and other for hydro and bio among other. India's renewable energy sector is expected to attract investment worth US\$ 80 billion in the next four years. About 5,000 Compressed Biogas plants will be set up across India by 2023.

It is expected that by 2040, around 49% of the total electricity will be generated by renewable energy as more efficient batteries will be used to store electricity, which will further cut the solar energy cost by 66% as compared to the current cost.

\*Use of renewable in place of coal will save India ₹ 54,000 crore (US\$ 8.43 billion) annually. Renewable energy will account for 55% of the total installed power capacity by 2030.

As per the Central Electricity Authority (CEA) estimates, by 2029-30, the share of renewable energy generation would increase from 18% to 44%, while that of thermal is expected to reduce from 78% to 52%.

According to the year-end review (2020) by the Ministry of New and Renewable Energy, another 49.59 GW of renewable energy capacity is under installation and an additional 27.41 GW of capacity has been tendered. This puts the total capacity of renewable energy projects (already commissioned or in the pipeline) at ~167 GW.

The Government of India wants to develop a 'green city' in every state of the country, powered by renewable energy. The 'green city' will mainstream environment-friendly power through solar rooftop systems on all its houses, solar parks on the city's outskirts, waste to energy plants and electric mobility-enabled public transport systems.



## MANAGEMENT DISCUSSION AND ANALYSIS



*More than 2,000+ employees, with a cumulative experience of over a million person-days, results in excellence in a variety of fields and applications.*

### 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 a 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 seven manufacturing facilities situated across the Country. 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 four subsidiaries:**

- Pennar Global Inc.
- Pennar GMBH
- Enertech Pennar Defence and Engineering Systems Private Limited, and
- OneWorks BIM Technologies Private Limited





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.

### 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. The recently introduced Tubes manufacturing plant has received the TS 16949:2009 certification
- **Discerning and reputable Clientele:** Caters to brand-enhancing customers like VE Comm Vehicles (EML), 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, IVRCL, Vijai Electricals 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

### Response to Covid-19

Through FY2021, we took several initiatives to provide our employees to have a safe environment to work from; issued on-demand supply of PPEs to our workers and staff; established strong safety protocols in all our operations; organised vaccination drives for our employees and immediate family members; established strong protocols and digital infrastructure for helping employees to work from home wherever possible; and serve our community that were in the immediate vicinity of our operations. Through our CSR initiatives, we also donated several items that helped our stakeholders manage the pandemic better.

The pandemic also gave rise to creative digital solutions that made it possible for the voluntary work to be continued online. In compliance with coronavirus restrictions, we allowed employees to spend the day helping a neighbour, family member or local business in need. In 2021, we will continue to support our partners and will explore new opportunities for volunteering considering COVID-19.

As the pandemic is ongoing, the Company continues to take various measures to safeguard the health and safety of its employees and further to ensure total adherence to the guidelines issued by the Central and the respective State Governments besides the local authorities at all its business locations.

For more on our response to the Pandemic, Read Page 16.

## MANAGEMENT DISCUSSION AND ANALYSIS



### Engineered Products - Business Overview

#### Performance Highlights summary for Engineering Products:

Segment	FY2020	FY2021	Change
Structural railway components for Coaches, Wagons, and other parts (Revenue) to seven customers	₹ 4,026 million	₹ 1,411 million	-64.95%
Industrial components to Automobile & White Goods sectors (Weight)	7,789 MT	8,027 MT	+3.06%
Precision Tubes (Revenue & Weight) to more than 350 customers	₹ 2,457 million	₹ 2,013 million	-18.07%
	30,607 Mt	23,188 MT	-24.4%
ESP electrodes, building materials, special grade CRSS, and solar MMS (Revenue)	₹ 4,793 million	₹ 5,078.8 million	+5.95%



*The Company also aims to increase the share of critical components manufacturing to strengthen customer engagement further and create entry barriers.*

#### Key Strategies shaping the Engineered Products Business:

- Diversifying geographical presence across global markets: Pennar Industries aspires to becoming a known global player. To this extent, it is making steady progress towards setting up its USA manufacturing presence, along with targeting other main markets such as APAC, Europe and MENA. In FY2020, Pennar Industries bought One works BIM Technologies, which specialises in Building Information Modelling Management, Data Collection, and 3D digital Building Information modelling. The Company aims to market and sell this service into new advanced markets of Europe and UK.

- **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. In FY2019, Pennar Industries entered the aerospace industry by setting up 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.

## 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 seven 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 three types of products to this sector, that are as follows:

- 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, with the Country transitioning from BS-IV to BS-VI emission norms, from the current fiscal year. 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



## MANAGEMENT DISCUSSION AND ANALYSIS

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 and introduction of GST has started getting more jobs in logistics and warehousing in the USA. In India, with GST implementation, 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

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.



## 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

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 four fiscal years. 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.—

## MANAGEMENT DISCUSSION AND ANALYSIS



*The structures and structural component manufacturing capacity of Pennar currently stands at 60,000 MT per annum, which translates to approximately 1,000 MW worth of solar capacity.*

Kolkatta, and BEM 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.

### **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 60,000 MT per annum, which translates to approximately 1,000 MW 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.

## Storage Solutions

Pennar Industries' Storage Solution products are manufactured to deliver unmatched strength, stability, and safety. We supply a complete design service, including overall auto-cad drawings and site check. Pennar's modular design and standardisation of components keep installation costs lower. We offer customised design features such as span between columns, unsupported height & fabrication. With a comprehensive portfolio of storage products and a solutions-based approach, Pennar can supply a perfect answer for all their storage requirements of our customers.

### Four main categories of our Storage Solutions:

- Racking solutions
- Shelving solutions
- Special solutions
- Storage accessories

## 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 pre-engineered steel buildings, building components and structural steel. Pennar Industries caters to the overseas market through a joint venture between Pennar Industries, and PEBS Pennar called 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 FY2021, 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 782 projects completed in the span of FY2010-2021
- Caters to over 806 customers
- Cumulative Orders executed worth ₹ 54,521.77 million
- Cumulative Products delivered - 5, 21,660 MT
- Order book as on 31<sup>st</sup> March, 2021 was ₹ 4,187.80 million

## Key Strategies shaping the Engineering Services Business

- **Market Leadership:** Pennar Industries Limited is one of the leading players in pre-engineered 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,

>782

Projects completed FY2010-21

₹ 54,521.77  
million

Cumulative Orders executed

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 leak-proof 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 low-cost 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



## MANAGEMENT DISCUSSION AND ANALYSIS

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.

### 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. In FY2020, Pennar Industries acquired One works BIM Technologies to spearhead this division. One works is engaged in supporting clients through the technical processes of Building Information Modelling Management and Data Collection. It deals with 3D digital Building Information modelling.

### Performance Highlights of Design & Engineering Services

- Over 3000 projects completed during FY2021
- Caters to over 6 customers
- Cumulative Orders executed worth ₹ 40 crores
- Order book as on 31<sup>st</sup> March, 2021 was ₹ 5 crores

### Water Treatment Solutions – Business Overview

Pennar Industries with the merger of Pennar Enviro Limited is now a fast-emerging 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 skid-mounted 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". To promote its standard plants and chemicals company already has a network of 12 dealers, which it plans to expand to 32 dealers across India 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 is currently executing 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 04 projects completed during FY2021
- Number of new clients – 19 in FY2021; Total accumulated client count – 102
- Number of dealers added in FY2021 – 04; Total number of dealers – 16



## MANAGEMENT DISCUSSION AND ANALYSIS



*The Company took steps for upgrading the knowledge base of its employees by continuous training.*

## Financial Review

### Standalone Financial Performance

Particulars (₹ in million)	FY2019-20	FY2020-21
Revenue from Operations	20,977	15,165
EBITDA	1,880	1282
PBT	620	11
PAT	525	9

Ratio Analysis	FY2019-20	FY2020-21	Variance
Debt Equity Ratio	0.47	0.75	0.28
Operating Profit Margin (%)	40%	39%	-1%
Net Profit Margin (%)	3%	0.06%	-2.44%
ROCE (%)	16.65%	9.27%	-7.38%
ROE (%)	7.54%	0.13%	-7.41%

## 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, FY2020-21.



# Directors' Report

Dear Members,

Your Directors are pleased to present the 45th Annual Report and the Company's audited financial statement (Standalone and Consolidated) for the financial year ended 31st March, 2021.

## Financial Results:

The Company's financial performance, for the year ended 31st March, 2021 is summarized below:

Amount in ₹ lakhs

Name of the Entity	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Revenue from Operations	1,52,535	2,10,655	1,51,654	2,09,766
Operating profit (PBITD)	13,149	18,939	12,820	18,803
Profit before tax (PBT)	365	6,312	107	6,195
Income Tax and Deferred Tax	81	972	18	944
Profit after tax (PAT)	284	5,340	89	5,251
Other Comprehensive income	-27	28	14	(39)
Total Comprehensive income for the year	257	5,368	103	5,212
Net profit attributable to Owners of the company	268	5,333	103	5,212
Profit brought forward from previous year	48,915	43,650	48,622	43,410
Surplus available for appropriation	49,183	48,915	48,725	48,622
Appropriations				
Dividend	0	0	0	0
Corporate tax on proposed dividend	0	0	0	0
Transfer to General Reserve	0	0	0	0
Transfer to Capital Redemption Reserve	0	0	0	0
Balance of profit carried to Balance Sheet	49,183	48,915	48,725	48,622

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

Your company has generated a net revenue of ₹ 1,525.35 Crores, EBITDA at ₹ 131.49 Crores, PAT at ₹ 2.84 Crores for the financial year 2020-21.

## COVID 19:

Due to outbreak of corona virus Disease 2019 (COVID 19) which has been declared as a pandemic by the World Health Organization and subsequent lock down ordered by the central and state government(s) in India, the manufacturing facilities of the company remained suspended from March 23, 2020 till May 04, 2020.

Further, the recent second wave of Covid-19 has resulted in partial lockdown restriction in various states affecting certain operations during the quarter. The results for the year are, therefore, not comparable with those for the previous year.

However, in our opinion and based on internal and certain external sources of information we do not see any adverse impact on of property, plant and equipment, inventories, receivables and other assets.



## Directors' Report *Contd...*

### Consolidated Financial Statement:

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

### Subsidiaries':

The following are four subsidiaries of the company as on 31st March, 2021.

- a. M/s. Pennar Global INC, USA
- b. M/s. Enertech Pennar Defense and Engineering Systems Private Limited
- c. M/s. Oneworks BIM Technologies Private Limited
- d. 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 net revenue of USD 10.61 Million in the financial year 2020-21.

#### (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 ` 12.04 crores in the financial year 2020-21.

#### (c) M/s. Oneworks BIM Technologies Private Limited

Oneworks BIM Technologies Private Limited is engaged in supporting clients through the technical processes of Building Information Modelling Management and Data Collection. The company has recorded a net revenue of ` 3.41 crores in the financial year 2020-21.

#### (d) M/s. Pennar Gmbh

Pennar Gmbh has recorded a net revenue of 0.28 million Euros for the financial year 2020-21.

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.

### Step down subsidiaries:

The following are two step-down subsidiaries of the company as on 31st March, 2021.

- a. Pennar Global Metals, LLC
- b. Ascent Buildings, LLC

## Directors' Report *Contd...*

### **Material Changes and Commitments if any affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report**

There are no material changes and commitments affecting the financial position of the Company.

### **Dividend, Fixed Deposits and General Reserves:**

The company has been investing in new capital to expand its product profile and increase the markets. This has already shown results by achieving highest sales and EBIDTA. Most of these activities are planned through internal sources. Therefore your Directors are not recommending dividend on equity shares. Your Company has not accepted any fixed deposits and no amount has been carried to General Reserves during the year.

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

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

### **Internal Financial Controls:**

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

### **Contract and Arrangement with Related Parties:**

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

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, 2021.

### **Credit Rating:**

CARE has revised from CARE A Stable to 'CARE A-' Stable (Single A Minus; Outlook: Stable) with rating assigned to long term bank facilities. Further, CARE has also revised from CARE A1 to '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 ₹ 51.82 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.

## Directors' Report *Contd...*

### 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. Eric James Brown and Mr. P V Rao who retire by rotation and being eligible offer themselves for re-appointment. Your Board recommends their appointment.

The Board of Directors at its meeting held on 12th February, 2021 changed the terms of appointment of Mr. Nrupender Rao, Executive Chairman, Mr. Aditya Rao, Vice-Chairman and Managing Director and Mr. K Lavanya Kumar, Executive Director of the Company. Their appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends their re-appointment.

The Board of Directors passed circular resolution on 31.03.2021 for change in designation of Mr. P V Rao as Non-Executive Non-Independent Director with effect from 1st April, 2021. His appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends his appointment.

The Board of Directors appointed Mr. RVS Ramakrishna as Additional Non-Executive Independent Directors of the Company at its Meeting held on 4th June, 2021. His appointment has to be ratified by the Members at the ensuing Annual General Meeting. Your Board recommends his appointment.

### Resignation:

Mr. Vishal Sood, Non-Executive Director of the company resigned from the office of directorship and same was taken note by the Board of Directors at its meeting held 12th February, 2021. Your Board place on record their appreciation and gratitude for the guidance and direction that Mr. Vishal Sood has provided to Pennar during his long tenure as non-executive 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: <http://www.pennarindia.com/policy-familiarization-programme.html>.

### Meetings of the Board:

Four meetings of the Board of Directors were held during the year. For further details, please refer the same in Corporate Governance report in this Annual Report.



## Directors' Report *Contd...*

### Directors Responsibility Statement:

Your Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2021, the applicable accounting standards read with requirements set out under Schedule III to the Act, 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, 2021 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.
- g) the Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

### 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):

In terms of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 amended vide Ministry of Corporate affairs Notification dated January 22, 2021, the Company has amended the Corporate Social Responsibility Policy. The same is hosted on the website of the Company viz., <https://www.pennarindia.com/csr-policy.html>. 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.

## Directors' Report *Contd...*

### 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:

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Registration No. 117366W/W-100018) were appointed as the Statutory Auditors of the Company to hold office for a term of 5 years from the conclusion of the 41st Annual General Meeting (AGM) held on 28th September, 2017 until the conclusion of the 46th AGM of the Company to be held in the year 2022.

Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018, amending section 139 of the Companies Act, 2013, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted and hence your Company has not proposed ratification of appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, at the forthcoming AGM.

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

### Cost Auditors:

The Cost Audit Report for the year ended 31st March, 2020 was reviewed by the Audit Committee at its meeting held on 12th August, 2020 and has been filed with Registrar of Companies on 17th November, 2020. The Board of Directors at its meeting held on 30th June, 2020 appointed M/s. Shaik & Associates., Cost Accountants, Hyderabad as Cost auditors of the company for the year ending 31st March, 2021. The Cost Audit for the year ended 31st March 2021 is in progress and the Cost Audit Report 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 2020-21. The Secretarial Audit Report for the financial year ended 31st March, 2021 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: <http://www.pennarindia.com/vigil-mechanism.html>

### 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.

## Directors' Report *Contd...*

### 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:

99.49% of the company's paid-up equity share capital is in dematerialized form as on 31st March, 2021 and balance 0.51% 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.



## Directors' Report *Contd...*

### 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**

**Nrupender Rao**

Chairman

DIN No. 00089922

Place : Hyderabad  
Date : 11.08.2021

## Annexure - A

### Form No. AOC - 1

(Pursuant to the first provision to sub-section 3 of Section 129, read with Rule 5 of Companies (Accounts) Rules, 2014); Salient Features of Financial Statements of Subsidiary/associate companies/joint ventures as per Companies Act, 2013

#### Part "A": Subsidiaries

Amount in ₹ Lakhs

1. Name of Subsidiary	Pennar Global Inc	Enertech Pennar Defense and Engineering Systems Private Limited	Oneworks BIM Technologies 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	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: 72.4046	Not Applicable	Not Applicable	EURO: 85.3129
4. Share Capital	894	1	1	21
5. Reserves & Surplus	337	176	21	64
6. Total Assets	7743	1357	560	107
7. Total Liabilities	5787	1180	538	22
8. Investments	NIL	NIL	NIL	NIL
9. Turnover	7692	1204	342	241
10. Profit Before Taxation	126	84	(31)	79
11. Provision for Taxation	25	22	0	16
12. Profit after Taxation	101	62	(31)	63
13. Proposed Dividend	NIL	NIL	NIL	NIL
14. % of Shareholding	100%	51%	100%	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.	Nil
3. Names of subsidiaries which have been dissolved during the year.	Nil

## Annexure - A *Contd...*

### Part "B": Associates/Joint Ventures

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

#### Additional Information:

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

#### for Pennar Industries Limited

**Mirza Mohammed Ali Baig**  
Company Secretary  
ACS 29058

**J S Krishna Prasad**  
Chief Financial Officer

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

**K Lavanya Kumar**  
Executive Director  
DIN 01710629



# Annexure - B

## Form No. AOC - 2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: M/s. Pennar Industries Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2020-21.

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

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

a.	Name(s) of the related party and nature of relationship	The Name(s) of the related party and nature of relationship are mentioned in Note No. 33- Standalone financial statements.
b.	Nature of contracts/arrangements/transactions	The details of transactions are mentioned in Note No. 33- Standalone financial statements.
c.	Duration of the contracts / arrangements/ transactions	April 2020 to March 2021
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. 33 to the Standalone financial statements).
e.	Date(s) of approval by the Board	30.06.2020, 12.08.2020, 12.11.2020 and 12.02.2021
f.	Amount paid as advances, if any	-

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

**Nrupender Rao**  
Chairman  
DIN No. 00089922

## Annexure - C

### REPORT ON CORPORATE GOVERNANCE

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

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

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

The Company continues to adhere to the good corporate practices established by it, in all its business activities. The Company aims at achieving transparency, accountability and equity, in its operations, interactions with stakeholders, including shareholders, lenders and the Government through good governance and best business practices. The Company will continue to focus on maximizing its stakeholders' wealth, adopt best business practices and ensure fairness, transparency and ethical governance in its affairs. The Company adopts a Code of Conduct for its employees including the Board of Directors, Insider Trading Policy and Whistle Blower Policy to ensure compliances and fairness in all its operations and dealings. The Code of Conduct is available on the Company's website at [www.pennarindia.com](http://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, Joint Managing Director and Vice-Chairman & Managing Director provide overall direction and guidance to the Board. Concurrently, the Executive Chairman, Vice-Chairman and Managing Director, Joint 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 31<sup>st</sup> March, 2021, 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.

## Annexure - C *Contd...*

### 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.	Nrupender Rao	<ul style="list-style-type: none"> <li>• Leadership</li> <li>• Business Management</li> <li>• Industry Experience</li> <li>• Finance Management</li> <li>• Corporate Governance, Compliance &amp; Risk Management</li> </ul>
2.	Aditya Rao	<ul style="list-style-type: none"> <li>• Leadership/ Operations</li> <li>• Business Management/ Strategic Planning</li> <li>• Sales &amp; Marketing</li> <li>• Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>• Global Business Development</li> <li>• Finance Management</li> <li>• Law and Governance</li> <li>• Human Resource Management</li> <li>• Corporate Governance, Compliance &amp; Risk Management</li> </ul>
3.	K Lavanya Kumar	<ul style="list-style-type: none"> <li>• Law and Governance</li> <li>• Human Resource Management</li> <li>• Industry Experience</li> </ul>

## Annexure - C *Contd...*

Sl. No.	Name of the Director	Area of Expertise
4.	P V Rao	<ul style="list-style-type: none"> <li>Sales &amp; Marketing</li> <li>Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>Global Business Development</li> <li>Finance Management</li> </ul>
5.	Eric James Brown	<ul style="list-style-type: none"> <li>Leadership/ Operations</li> <li>Business Management/ Strategic Planning</li> <li>Sales &amp; Marketing</li> <li>Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>Global Business Development</li> <li>Finance Management</li> <li>Risk Management</li> </ul>
6.	B Kamalakar Rao	<ul style="list-style-type: none"> <li>Industry Experience</li> <li>Finance Management</li> <li>Law and Governance</li> <li>Human Resource Management</li> <li>Corporate Governance, Compliance &amp; Risk Management</li> </ul>
7.	Mr. Manish Sabharwal	<ul style="list-style-type: none"> <li>Leadership/ Operations</li> <li>Business Management/ Strategic Planning</li> <li>Sales &amp; Marketing</li> <li>Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>Global Business Development</li> <li>Finance Management</li> <li>Law and Governance</li> <li>Human Resource Management</li> <li>Corporate Governance, Compliance &amp; Risk Management</li> </ul>
8.	Mr. Varun Chawla	<ul style="list-style-type: none"> <li>Business Management/ Strategic Planning</li> <li>Sales &amp; Marketing</li> <li>Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>Global Business Development</li> <li>Corporate Governance, Compliance &amp; Risk Management</li> </ul>



Annexure - C *Contd...*

Sl. No.	Name of the Director	Area of Expertise
9.	Mr. Chandrasekhar Sripada	<ul style="list-style-type: none"> <li>Leadership/ Operations</li> <li>Business Management/ Strategic Planning</li> <li>Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>Global Business Development</li> <li>Human Resource Management</li> <li>Corporate Governance, Compliance &amp; Risk Management</li> </ul>
10.	Ms. Bharati Jacob	<ul style="list-style-type: none"> <li>Leadership/ Operations</li> <li>Business Management/ Strategic Planning</li> <li>Industry Experience, Technical, Research &amp; Development and Innovation</li> <li>Global Business Development</li> <li>Risk Management</li> </ul>

(a) Composition and Category of Directors as of 31<sup>st</sup> March, 2021 is as follows:

Category	No. of Directors	%
Executive Directors	4	40.00
Non-Executive Non-Independent Directors	1	10.00
Non-Executive Independent Directors	5	50.00
Total	10	100

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

The Board of Directors duly met 4 times during the financial year from 1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021. The dates on which the meetings were held are as follows: 30<sup>th</sup> June, 2020, 12<sup>th</sup> August, 2020, 12<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021.

## (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 30th September, 2020
1.	Mr. Nrupender Rao	Executive Chairman	4	1	Yes
2.	Mr. Aditya Rao	Vice-Chairman and Managing Director	4	4	Yes
3.	Mr. P V Rao *	Joint Managing Director	4	4	Yes
4.	Mr. K Lavanya Kumar	Executive Director	4	4	Yes
5.	Mr. Eric James Brown	Non-Executive Director	4	4	No
6.	Mr. Vishal Sood **	Non-Executive Director	4	3	No
7.	Mr. B Kamalakar Rao	Independent Non-Executive Director	4	4	Yes

## Annexure - C *Contd...*

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 30th September, 2020
8.	Mr. Manish Sabharwal	Independent Non-Executive Director	4	4	No
9.	Mr. Varun Chawla	Independent Non-Executive Director	4	4	No
10.	Mr. Chandrasekhar Sripada	Independent Non-Executive Director	4	4	No
11.	Ms. Bharati Jacob	Independent Non-Executive Director	4	4	No

\* The Board of Directors changed the designation of Mr. P V Rao as Non-Executive Directors w.e.f 1st April, 2021 at a resolution passed by circulation on 31st March, 2021.

\*\* Mr. Vishal Sood resigned from the Board of Directors w.e.f 12th February, 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	-	1	-	-
2.	Mr. Aditya Rao	-	2	-	1	-	-
3.	Mr. P V Rao	-	1	-	-	-	-
4.	Mr. K Lavanya Kumar	-	1	-	-	-	-
5.	Mr. Eric James Brown	-	1	-	1	-	-
6.	Mr. B Kamalakar Rao	-	1	2	-	-	-
7.	Mr. Manish Sabharwal	1	2	-	1	Teamlease Services Limited	Chairman & Whole-time Director
8.	Mr. Varun Chawla	-	1	-	2	-	-
9.	Mr. Chandrasekhar Sripada	-	1	-	0	-	-
10.	Ms. Bharati Jacob	-	1	-	-	-	-

# 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.

\* Excludes Directorship in private (unless it is subsidiary of public company), foreign and section 8 companies.

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.

## Annexure - C *Contd...*

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 31<sup>st</sup> March, 2021 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 [http://www.pennarindia.com/pdf/Investor\\_presentation/terms-of-appointment-of-independent-directors.pdf](http://www.pennarindia.com/pdf/Investor_presentation/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 <http://www.pennarindia.com/pdf/details-familiarization-programmes-imparted.pdf>

### (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 12<sup>th</sup> February, 2021, 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



## Annexure - C *Contd...*

### (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 25<sup>th</sup> June, 2020, 11<sup>th</sup> August, 2020, 10<sup>th</sup> November, 2020 and 10<sup>th</sup> February, 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	4	4
2.	Mr. Varun Chawla	4	4
3.	Mr. Eric James Brown	4	4

Company Secretary is the Secretary to the Audit Committee. All the members are financially literate and possess the requisite financial / business acumen to specifically look into the internal controls and audit procedures.

M/s. Deloitte Haskins & Sells LLP., Statutory Auditors, M/s. R Krishna & Associates., Internal Auditors and Mr. Krishna Prasad, Chief Financial Officer of the Company are invited to attend the Audit Committee meetings and the Company Secretary acts as the Secretary of the Committee. The Chairman of the Board will attend the meetings as he deems appropriate. The minutes of the meetings of the Audit Committee are circulated to all the members of the Board. The Chairman of the Audit Committee was present at the last Annual General Meeting.

The Committee periodically interacts with the Auditors, reviews the Company's financial and risk management policies and adequacy of internal controls with the management and is responsible for effective supervision of the financial reporting process and compliance with financial policies etc.,

## 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;

## Annexure - C *Contd...*

- 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, 1 Executive Chairman of the Company.

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

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

During the year the Committee had 1 meeting on 12<sup>th</sup> February, 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. Nrupender Rao	1	0
4.	Mr. Chandrasekhar Sripada	1	1

### (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

## Annexure - C *Contd...*

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 12<sup>th</sup> February, 2021. 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.

## Annexure - C *Contd...*

- (f) The Company pays remuneration by way of salary, benefits, perquisites and allowances to its Executive Chairman, Vice-Chairman and Managing Director, Joint 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 recommended by the Nomination and Remuneration Committee and approved by the Board. The actuals of remuneration paid to all the Director's for 2020-21 is given below:

						Amount in ₹
Name of the Director	Designation	Salary	Commission	Provident fund, Superannuation fund and other perquisites	Sitting Fee	Total
Mr. Nrupender Rao	Executive Chairman	85,33,333	-	33,59,497	-	1,18,92,830
Mr. Aditya Rao	Vice-Chairman & Managing Director	51,56,666	-	17,02,552	-	68,59,218
Mr. P V Rao	Joint Managing Director	88,85,166	-	5,85,000	-	94,70,166
Mr. K Lavanya Kumar	Executive Director	51,66,674	-	3,15,243	-	54,81,917
Mr. B Kamalakar Rao	Independent Non-Executive Director	-	-	-	4,50,000	4,50,000
Mr. Manish Sabharwal	Independent Non-Executive Director	-	-	-	4,00,000	4,00,000
Mr. Varun Chawla	Independent Non-Executive Director	-	-	-	4,50,000	4,50,000
Mr. Chandrasekhar Sripada	Independent Non-Executive Director	-	-	-	4,05,000	4,05,000
Ms. Bharati Jacob	Independent Non-Executive Director	-	-	-	4,00,000	4,00,000

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

- (g) Details of number of shares held by the Non-Executive/Independent Directors as on 31<sup>st</sup> March 2021:

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	-
Ms. Bharati Jacob	Independent Non-Executive Director	-
Mr. Eric James Brown	Non-Executive Director	-



## Annexure - C *Contd...*

### 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 30 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 25<sup>th</sup> June, 2020, 11<sup>th</sup> August, 2020, 10<sup>th</sup> November, 2020, and 10<sup>th</sup> February, 2021.

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.

## Annexure - C *Contd...*

### (b) Composition, name of members and chairperson

The CSR Committee of the Company consists of 2 Non-Executive Independent Directors and 3 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. Nrupender Rao	-	Member (Chairman - Executive)
4. Mr. Aditya Rao	-	Member (Vice-Chairman & Managing Director)
5. P V Rao	-	Member (Joint Managing Director)

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

During the year the Committee had 1 meeting i.e., on 25th June, 2020. 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. Nrupender Rao	1	0
4.	Mr. Aditya Rao	1	1
5.	Mr. P V Rao	1	1

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

## 10. General body meetings:

### (a) Details of the location and time of the General meetings

Date	Year	Type	Venue	Time
30 <sup>th</sup> September, 2020	2019-20	Annual General Meeting	Video Conferencing	11:00 A.M.
30 <sup>th</sup> September, 2019	2018-19	Annual General Meeting	Radisson, Hyderabad	10:00 A.M.
14 <sup>th</sup> December, 2018	2017-18	Court Convened Meeting of Equity Shareholders	Radisson, Hyderabad	2:30 P.M.
15 <sup>th</sup> December, 2018	2017-18	Court Convened Meeting of Unsecured Creditors	Radisson, Hyderabad	2:30 P.M.
28 <sup>th</sup> September, 2018	2017-18	Annual General Meeting	Radisson, Hyderabad	11:00 A.M.

## Annexure - C *Contd...*

### (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 <sup>th</sup> September, 2020	Yes	<ol style="list-style-type: none"> <li>1. Re-Appoint Mr. Nrupender Rao as Chairman.</li> <li>2. Re-Appoint Mr. Aditya Rao as Vice-Chairman and Managing Director.</li> <li>3. Appointment of Mr. P V Rao as Joint Managing Director.</li> <li>4. Re-Appoint Mr. K Lavanya Kumar as Executive Director.</li> </ol>
30 <sup>th</sup> September, 2019	Yes	<ol style="list-style-type: none"> <li>1. Re-Appoint Mr Aditya Rao as Vice-Chairman and Managing Director.</li> <li>2. Appointment of Mr. P V Rao as Joint Managing Director</li> <li>3. Re-Appoint Mr. B Kamalaker Rao as Independent Director for a second term of 5 (five) consecutive years</li> <li>4. Re-Appoint Mr. Manish Mahendra Sabharwal as Independent Director for a second term of 5 (five) consecutive years</li> <li>5. Re-Appoint Mr. Varun Chawla as Independent Director for a second term of 5 (five) consecutive years</li> <li>6. Create of Charges under Section 180(1)(a) of the Companies Act, 2013.</li> <li>7. Borrow in excess of paid-up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013.</li> <li>8. Alteration of Articles of Association of the Company</li> </ol>
14 <sup>th</sup> December, 2018	Yes	Approval of Scheme of Amalgamation of Pennar Engineered Building Systems Limited and Pennar Enviro Limited with Pennar Industries Limited
15 <sup>th</sup> December, 2018	Yes	Approval of Scheme of Amalgamation of Pennar Engineered Building Systems Limited and Pennar Enviro Limited with Pennar Industries Limited
28 <sup>th</sup> September, 2018	Yes	<ol style="list-style-type: none"> <li>1. Re-Appoint Mr. Nrupender Rao as Chairman.</li> <li>2. Re-Appoint Mr K Lavanya Kumar as Whole-Time Director.</li> <li>3. Approve material related party transactions.</li> <li>4. Create of Charges under Section 180(1)(a) of the Companies Act, 2013.</li> <li>5. Borrow in excess of paid-up capital and free reserves under Section 180(1)(c) of the Companies Act, 2013.</li> </ol>

## 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. 33 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.

## Annexure - C *Contd...*

**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: <http://www.pennarindia.com/vigil-mechanism.html>

**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: <http://www.pennarindia.com/code-of-conduct.html>

**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, 2021, there were no proceeds from public issues, rights issues, preferential issues, among others.

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

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

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

**[l] Web link where policy on dealing with related party transactions: The Board has approved a policy for related party transactions which has been uploaded on the Company's website at <http://www.pennarindia.com/policy-related-party-transactions.html>.**

**[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.**



## Annexure - C *Contd...*

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

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

- a. The Board: The Company has appointed Mr. Nrupender Rao, Executive Director as the Chairman. We also ensure that the persons who are being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and contribute effectively to the Company.
- b. Shareholder Rights: The Company publishes its results on its website at the link <http://www.pennarindia.com/un-audited-financial-results.html> which is accessible to the public at large. A half-yearly declaration of financial performance including summary of the significant events is presently not being sent to each household of shareholders. The Company's results for each quarter are published in an English newspaper having wide national circulation and also in a Telugu newspaper having wide circulation in Telangana. Hence, half-yearly results are not sent to the shareholders individually.
- c. Modified opinion(s) in audit report: During the period under review, there is no audit qualification in Company's financial statements. The Company continues to adopt best practices to ensure unmodified audit opinion in its audit report.
- d. Separate posts of Chairman and CEO: The Company has appointed Mr. Nrupender Rao, Executive Director as the Chairman and Mr. Aditya Rao as Vice-Chairman and Managing Director.
- e. Reporting of Internal Auditor: The Internal auditors are invited to the meetings of the Audit Committee wherein they report to the Audit Committee.

### **14. Disclosures**

The Company has complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of the Regulation 46(2) of the Listing Regulations. The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the Listing Regulations.

**Website Disclosures:** The information regarding Details of business of the Company, Terms and conditions of appointment of Independent Directors, Composition of various Committees of Board of Directors, Code of Conduct for Board of Directors and Senior Management Personnel, Details of establishment of vigil mechanism/ Whistle Blower policy, Criteria of making payments to Non-Executive Directors, Policy on dealing with Related Party Transactions, Details of familiarization programmes imparted to Independent Directors, Policy for determination of materiality of events, Contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances, Email address for grievance redressal and other relevant details, Financial results, Shareholding pattern has been disseminated on the website of the Company at [www.pennarindia.com](http://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](http://www.pennarindia.com) contains a separate dedicated section "Investors" where latest information for shareholders is available. The quarterly/half yearly/ annual financial results of the Company are simultaneously posted on the website. The Company's website also displays official news releases related to the activities of the Company.
- (d) Scores: The Securities Exchange Board of India has initiated a platform for redressing the investor grievances through SCORES, a web based complaints redressal system. The system processes complaints in a centralized web based mechanism. The company is in compliance with this system. During the financial year 2020-21 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'): National Stock Exchange announced a web based application system NEAPS for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, among others are also filed electronically on NEAPS.

## 17. General Shareholders Information:

Sl. No.	Particulars	Description
1.	Date, time and venue of Annual General Meeting	30 <sup>th</sup> September, 2021 at 11:00 A.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")
2.	Financial calendar	Financial year : 1 <sup>st</sup> April, 2021 to 31 <sup>st</sup> March, 2022 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 <sup>st</sup> March, 2022. Within 60 days of the end of Financial Year. Annual general meeting for the year 2021-22 : In accordance with Companies Act, 2013 and amendment if any.
3.	Date of book Closure	21 <sup>st</sup> September, 2021 to 22 <sup>nd</sup> September, 2021 (both days inclusive)
4.	Dividend payment due	-
5.	Listing on stock Exchanges	1. 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;

Annexure - C *Contd...*

Sl. No.	Particulars	Description
7.	Electronic connectivity	<p>1. The National Securities Depository Ltd Trade World, Kamala Mills Compound, SenapatiBapatMarg, Lower Parel, Mumbai - 400013</p> <p>2. Central Depository Services (India) Ltd 25<sup>th</sup> Floor, Marathon Futurex, NM Joshi Marg, Lower Parel (East), Mumbai – 400013</p>
8.	Registered Office (address for correspondence)	Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad – 500084 Telangana. India, Tel.No: +91 40 41923108 E-mail ID corporatecommunications@pennarindia.com
9.	Registrar and Transfer Agents Communication regarding share transfers and other related correspondence	<p>M/s. KFin Technologies Private Limited (Formerly Karvy Fintech Private Limited.) Selenium Tower B, Plot No. 31 &amp; 32 Gachibowli Financial District Nanakramguda, Serilogampalli Hyderabad - 500032, Toll Free No. 1800 309 4001 E-mail: einward.ris@kfintech.com/rajeev.kr@kfintech.com</p> <p>Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.</p>
10.	Share transfer System	Shares lodged for physical transfer at the Registrar's address are normally processed within a period of 15 days from the date of lodging, if the documents are clear in all respects. The shares duly transferred would be dispatched to the concerned shareholders within a week from the date of approval of transfers by the Registrar.
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 &amp; 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 2020-21, 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.	<p>The company's long term bank facilities credit rating by 'CARE' CARE A; Positive and short term bank facilities CARE A1.</p> <p>The 'Positive' outlook reflects PIL's continuous endeavour to diversify its product portfolio with investments in high margin segments and expected introduction of new range of products resulting in expansion of scale of operation. This along with optimization of the capital expenditure and operational expenditure associated with requirements of expanding business would drive improvement in credit profile.</p>

The Company has paid Listing fees for the year 2021-22 to all the aforesaid Stock Exchanges.

### 18. Distribution of shareholding as on 31<sup>st</sup> March, 2021 was as under:

Sr. No	Category	No. of Cases	% of Cases	Amount	% of Amount
1	20001- 30000	777	1.77	1,94,81,095.00	2.74
2	5001- 10000	3,045	6.95	2,38,75,315.00	3.36
3	40001- 50000	267	0.61	1,26,35,570.00	1.78
4	50001- 100000	400	0.91	2,90,30,135.00	4.08
5	100001& Above	365	0.83	54,22,92,870.00	76.29
6	10001- 20000	1,652	3.77	2,44,77,210.00	3.44
7	30001- 40000	290	0.66	1,02,35,305.00	1.44
8	1-5000	37,025	84.49	4,87,83,655.00	6.86
	<b>Total:</b>	<b>43,821</b>	<b>100.00</b>	<b>71,08,11,155.00</b>	<b>100.00</b>

### Shareholding Pattern as on 31<sup>st</sup> March, 2021 was as under:

Sr. No	Description	Cases	Shares	% Equity
1.	ALTERNATIVE INVESTMENT FUND	1	3,38,000	0.24
2.	BANKS	6	1,648	0.00
3.	BODIES CORPORATES	262	76,53,529	5.38
4.	CLEARING MEMBERS	72	3,22,027	0.23
5.	FOREIGN NATIONALS	2	2,772	0.00
6.	FOREIGN PORTFOLIO – CORP	5	1,25,42,291	8.82
7.	H U F	1,233	34,18,429	2.40
8.	I E P F	1	8,98,282	0.63
9.	MUTUAL FUNDS	4	79,90,304	5.62
10.	NATIONALISED BANKS	2	160	0.00
11.	NON RESIDENT INDIAN NON REPATRIABLE	226	9,12,074	0.64
12.	NON RESIDENT INDIANS	460	23,13,878	1.63
13.	PROMOTER COMPANIES	1	2,10,05,455	14.78
14.	PROMOTERS	12	3,11,69,352	21.93
15.	PROMOTERS & DIRECTORS RELATIVE	7	14,11,471	0.99
16.	RESIDENT INDIVIDUALS	41,525	5,21,79,919	36.70
17.	TRUSTS	2	2,640	0.00
	<b>Total:</b>	<b>43,821</b>	<b>14,21,62,231</b>	<b>100.00</b>

### 19. Dematerialisation of shares and liquidity:

- (a) Equity shares: The Company's equity shares are in compulsory demat list. The International Securities Identification Number (ISIN) allotted to the Company's scrip is INE932A01024. 99.49% of equity shares are held in dematerialised form as on 31<sup>st</sup> March, 2021.
- (b) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.: During the financial year 2020-21, the Company has not issued any GDRs/ADRs and there are no outstanding warrants or any convertible instruments.



## Annexure - C *Contd...*

### 20. Plant locations:

- Patancheru unit: IDA, Patancheru, Medak (Dist.), T.S.
- Isnapur unit : Isnapur Village, Medak (Dist.), T.S.
- Velchal unit : Survey 24, 27 to 38 Venchal (v), Mominpet Vikarabad District, Telangana – 501202
- Sadashivpet unit : Chandapur Village, Sadasivpet Mandal, Medak (Dist)
- Mallapur unit : 186/A & 188/A, IDA Mallapur, RR (Dist) - 500 076
- Chennai unit : Kannigaipair Village, ThiruvelloreDist, T.N.
- Tarapur unit : MIDC, Tarapur, Maharashtra

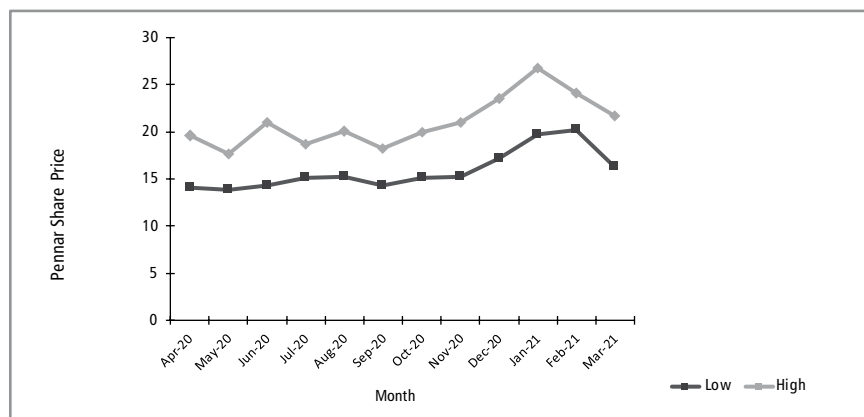
### 21. Market price data:

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 2020-21 were as follows:

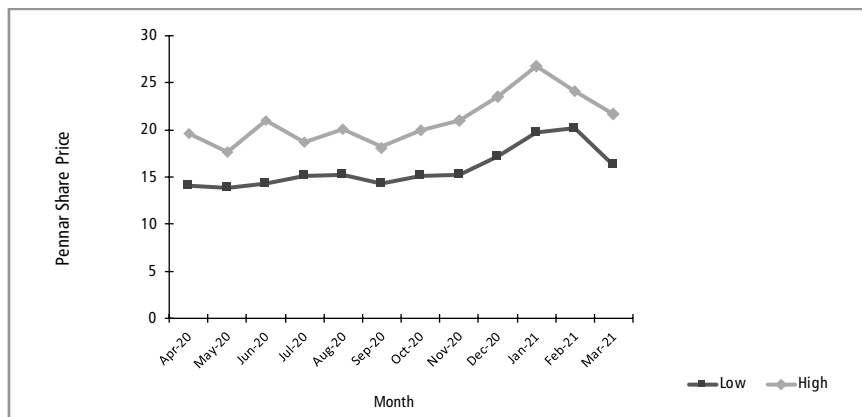
Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April, 2020	19.63	14.10	84,82,524	19.60	14.15	29,44,100
May, 2020	17.60	13.90	56,25,640	17.85	13.75	30,46,432
June, 2020	21.00	14.30	1,49,56,987	20.90	15.05	1,19,42,342
July, 2020	18.70	15.15	89,79,618	19.20	15.10	42,44,407
August, 2020	20.10	15.20	1,76,88,966	20.15	15.25	93,25,217
September, 2020	18.20	14.30	62,70,348	18.80	14.80	40,14,304
October, 2020	20.00	15.15	53,23,990	17.85	15.00	35,51,695
November, 2020	21.00	15.20	84,29,172	20.00	15.25	34,94,208
December, 2020	23.50	17.20	2,20,63,335	23.50	17.20	90,64,483
January, 2021	26.75	19.70	3,35,24,742	27.00	19.70	95,84,389
February, 2021	24.10	20.20	1,07,10,508	23.25	17.05	49,16,051
March, 2021	21.70	16.25	2,83,42,869	21.40	16.20	66,46,214

(Source: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com) )

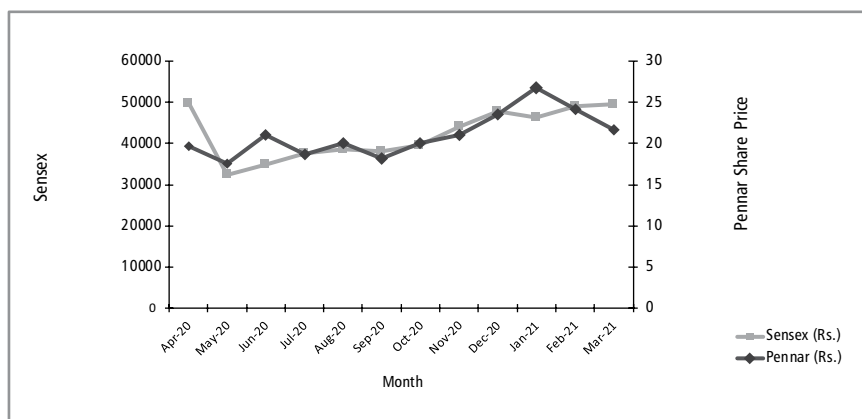
Share prices at BSE



## Share prices at NSE

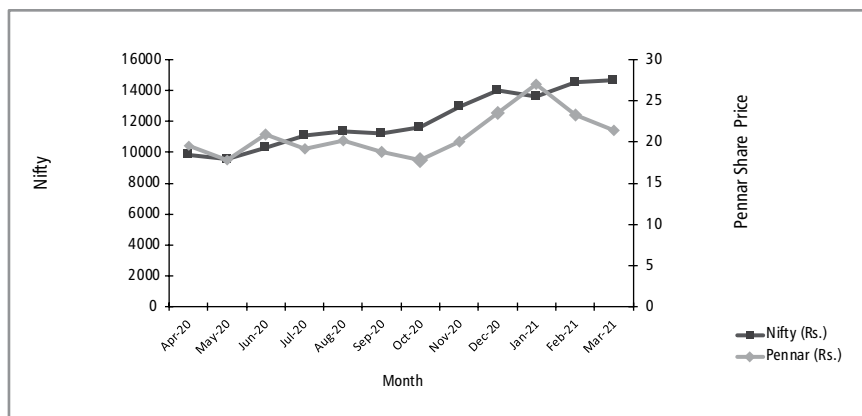


## Performance in comparison to broad based indices such as BSE Sensex:



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.

## Annexure - C *Contd...*

### 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 Private 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 31.03.2021	To be paid within 30 days	Transferred to unpaid dividend account in 7 days	Due for transfer to IEPF
2013-14	31.03.2014	24,29,699.54	30.04.2014	07.05.2014	06.05.2021
2014-15	31.03.2015	24,75,617.83	30.04.2015	07.05.2015	06.05.2022
2015-16	31.03.2016	24,51,457.14	30.04.2016	07.05.2016	06.05.2023

### 23. Share Transfer System

The transactions of shares held in Demat and Physical form are handled by the Company's Depository registrar, M/s. KFin Technologies Private Limited.

Particulars	2020-2021	2019-2020
Shares Transferred	0	3059
Total No. of shares as on 31 <sup>st</sup> March, 2021	14,21,62,231	14,57,42,231
% on Share Capital	0.000	0.002

### 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 11<sup>th</sup> 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 31<sup>st</sup> March, 2021.

**for Pennar Industries Limited**

**Aditya Rao**

Vice-Chairman and Managing Director

DIN 01307343

Date: 11.08.2021

Place: Hyderabad



## Annexure - D

### To The Members of Pennar Industries Limited

#### INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter dated October 01, 2020.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Pennar Industries Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2021, 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

3. 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

4. Our responsibility is 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.
5. 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.
6. 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.
7. 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.

## Annexure - D *Contd...*

### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance 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 Listing Regulations during the year ended 31 March, 2021.
9. We 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 DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

Place: Hyderabad  
Date: August 11, 2021

Ganesh Balakrishnan  
Partner  
(Membership No. 201193)  
UDIN: 21201193AAAAFZ6112

## Annexure - E

### Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2020-21

#### 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: <http://www.pennarindia.com/csr-policy.html>. 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. Nrupender Rao	Member (Executive Chairman)	1	0
4.	Mr. Aditya Rao	Member (Vice-Chairman and Managing Director)	1	1
5.	Mr. P V Rao	Member (Joint Managing Director)	1	1

- 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/pdf/composition-of-committees-in-pil.pdf>
- 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
- 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.	2019-20	Nil	Nil
2.	2018-19	Nil	Nil
3.	2017-18	Nil	Nil
	TOTAL	Nil	Nil

## Annexure - E *Contd...*

6. Average net profit of the company as per section 135(5).- ₹ 8312.67 lakhs
7. (a) Two percent of average net profit of the company as per section 135(5) - ₹166.25 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)-₹166.25 Lakhs

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

Total Amount Spent for the Financial Year (in ₹ lakhs)	Amount Unspent (in ₹ lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)*		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)*		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
144.00	22.30				

\* ₹ 22.30 lakhs is due to be transferred and the same shall be transferred before the statutory limit as per Section 135 of the Companies Act, 2013 and rules made there under.

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
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.	Construction of Animal Hostel	Rural Development Project	Yes	Telangana	Hyderabad	3 years	165.00	142.70	22.30	Yes	Direct/Pennar Foundation	CSR00006706
Total							165.00	142.70	22.30			

\* Not applicable for FY 20-21



Annexure - E *Contd...*

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

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/ No)	(5) Location of the project		(6) Amount spent for the project (in ₹ lakhs)	(7) Mode of implementation on Direct (Yes/No)	(8) Mode of implementation Through implementing agency	
				State	District			Name	CSR Registration number
1.	Donations to Orphanages	Eradicating Poverty	Yes	Telangana	Hyderabad	0.30	Yes	NA	NA
2.	Welfare activities	Eradicating Poverty	Yes	Telangana	Hyderabad	1.00	No	Pennar Foundation	CSR00006706
Total						1.30			

\* Not applicable for FY 20-21

## 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): ₹144 lakhs

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

Sl. No.	Particular	Amount (in ₹ lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	₹166.25
(ii)	Total amount spent for the Financial Year	₹144.00
(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)]	-

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account 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.	2019-20	Nil	Nil	Nil	Nil	Nil	Nil
2.	2018-19	Nil	Nil	Nil	Nil	Nil	Nil
3.	2017-18	Nil	Nil	Nil	Nil	Nil	Nil
	TOTAL	Nil	Nil	Nil	Nil	Nil	Nil

## Annexure - E *Contd...*

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹ lakhs)	Amount spent on the project in the reporting Financial Year (in ₹ lakhs)	Cumulative amount spent at the end of reporting Financial Year. (in ₹ lakhs)	Status of the project - Completed / Ongoing
1.	001/PIL	Shelter for People/ Tree Guards Plantation	2019-20	3 Year	200.00	-	-	Ongoing
2.	002/PIL	Construction of Community hall	2019-20	3 Years	200.00	-	-	Ongoing
3.	003/PIL	Midday Meals and other rural development activities	2018-19	2 Years	10.00	-	4.17	Ongoing
5.	005/PIL	Welfare Activities through Pennar foundation	2019-20	2 Years	20.00	-	5.50	Ongoing
Total					430.00	-	9.67	

\*Unspent amount for ongoing project for the previous financial year has not been transferred to unspent CSR account. With reference to Ministry of Corporate Affairs (MCA) notification on Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 dated January 22, 2021 and frequently asked questions (FAQ's) issued in this regard, the board has decided to continue the unspent amount as per previous accounting practices adopted by the company.

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).- The Company could not spend the balance amount as it could not identify the right project.

**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

## Annexure - F

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2021

[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)  
CIN: L27109AP1975PLC001919  
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, 2020 and ended 31<sup>st</sup> March, 2021, 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, 2021 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 2020-2021.
  - (v) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; there has been non compliance in composition of the Board during the year, but the same has been ratified by the Company till the end of the financial year 31/03/2021.

## Annexure - F *Contd...*

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.

## Annexure - F *Contd...*

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 2020-2021
- (iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

As on 31/03/2021, the Company Buy Back and extinguish 1,01,95,000 shares from its shareholders through Open Market Purchase.

- (iv) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 requiring compliance thereof by the Company during the audit period. Not Applicable for the financial year 2020-2021

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. there has been non compliance in composition of the Board during the year, but the same has been ratified by the Company till the end of the financial year 31/03/2021.
- (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 31/03/2021, the Company Buy Back and extinguish 1,01,95,000 shares from its shareholders through Open Market Purchase.

Place: Hyderabad,  
Date: 22/07/2021

**CS. Subhash Kishan Kandrapu**  
ACS: 32743, CP: 17545  
UDIN: A032743C000673394

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 - F *Contd...*

### “Annexure – A”

To  
The Members  
M/s. PENNAR INDUSTRIES LIMITED  
CIN: L27109AP1975PLC001919  
Floor No. 3, DHFLVC Silicon Towers,  
Kondapur, Hyderabad-500084  
Telangana India

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of M/s. PENNAR INDUSTRIES LIMITED (“the Company”). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad,  
Date: 22/07/2021

**CS. Subhash Kishan Kandrapu**  
ACS: 32743, CP: 17545  
UDIN: A032743C000673394

## Annexure - G

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

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

<b>(A) Conservation of Energy:</b>	
I. The steps taken or impact on conservation of energy	<ul style="list-style-type: none"> <li>Replaced 47no's of 150W led fittings in place of 400W metal halide fittings.</li> <li>1no of DC drive and 6no's of AC drives provided for existing system in place of DOL starters</li> <li>Replaced 382no's of 20w Led tube light fittings in place of 40W tube light fittings</li> <li>Creating awareness among employees about energy saving</li> </ul>
II. The steps taken by the company for utilizing alternate sources of energy	1.Installed 1MW Roof top solar power at patancheru Plant 2. Installed 500KW Roof top solar power at isnapur plant 3. Installed 500KW Roof top solar power at velchel plant 4. Installed 500KW Roof top solar power at sadasivapet plant 5. Installed 500KW Roof top solar power at chennai plant
III. The capital investment on energy conservation equipment;	Nil
<b>(B) Technology absorption:</b>	
I. The efforts made towards technology absorption	Permanent magnets provided in place of electromagnets
II. The benefits derived like product improvement, cost reduction, product development or import substitution.	Conservation of Energy, Power quality, and Reduced Power cost. Improved quality and Productivity. The company also has been able to successfully indigenize the heavy fuel additives and water treatment Chemicals manufacturing to a large extent.
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	Nil
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	
IV. The expenditure incurred on research and development	-
<b>(C) Foreign exchange earnings and outgo</b>	
	Total Foreign Exchange earnings: 4432 Lakhs
	Total Foreign Exchange Outgo: 546 lakhs

## Annexure - H

### Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31st March, 2021

[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
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 Private Limited (Formerly Karvy Fintech 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	57%
2.	Custom designed building solutions & auxiliaries	28112	43%

#### III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name & Registered Address of the Company	CIN/GLN	Holding Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Pennar Global Inc. Registered office: 1013 Centre Road, Suite 403S Street , Willington City, Delaware State , Zip Code – 19805, USA.	-	Subsidiary	100%	2(87)
2.	Enertech Pennar Defense and Engineering Systems Private Limited Registered Office: 3rd Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500084	U74999TG2018PTC123704	Subsidiary	51%	2(87)
3.	Oneworks BIM Technologies Private Limited Registered Office: Prime plaza, No.54/1, first street, sripuram colony, St. Thomas mount. Chennai - 600016	U74999TN2018PTC121609	Subsidiary	100%	2(87)
4.	Pennar GmbH Registered Office: Am Borsigturm 40, 13507, Berlin, Germany	-	Subsidiary	100%	2(87)

Annexure - H *Contd...***IV. Shareholding pattern (Equity Share Capital Breakup as Percentage of total Equity)**

The Shareholding pattern is attached hereunder as Attachment - A.

**V. Indebtedness**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	₹ Lakhs
				Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal amount	44078	1,671	NIL	45,749
ii. Interest due but not paid	-	-	NA	-
iii. Interest accrued but not due	-	-	NA	-
Total (i+ii+iii)	44,078	1,671	-	45,749
Change in Indebtedness during the financial year	-	-	-	-
* Additions	23,579	-	NIL	23,579
* Reductions	10,370	226	NIL	10,596
Net Change	13,209	1,445	0	14,654
Indebtedness at the end of the financial year				
i. Principal amount	57,287	1,445	NIL	58,732
ii. Interest due but not paid			NA	
iii. Interest accrued but not due	194		NA	194
Total (i+ii+iii)	57,481	1,445	0	58,926

**VI. Remuneration of Directors and Key Managerial Personnel**

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

Sl No.	Particulars of Remuneration	Amount in ₹				Total Amount
		Nrupender Rao Chairman	Aditya Rao Managing Director	P V Rao Joint Managing Director	K Lavanya Kumar Executive Director	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,18,92,830	68,59,218	94,70,166	54,81,917	3,37,04,131
	(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	1,18,92,830	68,59,218	94,70,166	54,81,917	3,37,04,131

## Annexure - H *Contd...*

### B) Remuneration to other directors

Sl No.	Particulars of Remuneration	Name of the Directors					Amount in ₹
		B Kamalaker Rao	Varun Chawla	Chandrasekhar Sripada	Manish Sabharwal	Bharati Jacob	Total Amount
1.	Independent Directors						
	* Fee for attending board committee meetings						
	* Commission						
	* Others, please specify	4,50,000	4,50,000	4,05,000	4,00,000	4,00,000	21,05,000
	Total (1)	4,50,000	4,50,000	4,05,000	4,00,000	4,00,000	21,05,000
2.	Others Non-Executive Directors						
	* Fee for attending board committee meetings	-	-	-	-	-	-
	* Commission	-	-	-	-	-	-
	* Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (1 + 2)	4,50,000	4,50,000	4,05,000	4,00,000	4,00,000	21,05,000

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

Sl No.	Particulars of Remuneration	₹ in Lakhs		Total Amount
		J S Krishna Prasad Chief Financial Officer	Mirza Mohammed Ali Baig Company Secretary	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	23.90	10.20	34.10
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit			
	- others, specify			
5.	Others, please specify	-	-	-
	Total	23.90	10.20	34.10



Annexure - H *Contd...*

## 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)
<b>A. Company</b>					
Penalty, Punishment Compounding			Nil		
<b>B. Directors</b>					
Penalty, Punishment Compounding			Nil		
<b>C. Other Officers in Default</b>					
Penalty, Punishment Compounding			Nil		

## Annexure-A to Annexure-H

## (i) Shareholding Pattern (Equity Share Capital Breakup as % to Equity)

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2020				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2021				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(II)	(III)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	INDIAN									
(a)	Individual /HUF	32,580,823	0	32,580,823	22.36	32,580,823	0	32,580,823	22.92	0.56
(b)	Central Government/State Government(s)	-	0	-	0.00	-	0	-	0.00	0.00
(c)	Bodies Corporate	21,105,455	0	21,105,455	14.48	21,005,455	0	21,005,455	14.78	0.29
(d)	Financial Institutions / Banks	-	0	-	0.00	-	0	-	0.00	0.00
(e)	Others	-	0	-	0.00	-	0	-	0.00	0.00
	Sub-Total A(1) :	53,686,278	0	53,686,278	36.84	53,586,278	0	53,586,278	37.69	0.86
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	-	0	-	0.00	-	0	-	0.00	0.00
(b)	Bodies Corporate	-	0	-	0.00	-	0	-	0.00	0.00
(c)	Institutions	-	0	-	0.00	-	0	-	0.00	0.00
(d)	Qualified Foreign Investor	-	0	-	0.00	-	0	-	0.00	0.00
(e)	Others	-	0	-	0.00	-	0	-	0.00	0.00
	Sub-Total A(2) :	-	0	-	0.00	-	0	-	0.00	0.00
	Total A=A(1)+A(2)	53,686,278	0	53,686,278	36.84	53,586,278	0	53,586,278	37.69	0.86

## Annexure - H *Contd...*

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR 31/03/2020				NO. OF SHARES HELD AT THE END OF THE YEAR 31/03/2021				% 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)
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	13,060,956	0	13,060,956	8.96	8,328,304	0	8,328,304	5.86	-3.10
(b)	Financial Institutions / Banks	246,692	1450	248,142	0.17	458	1350	1,808	0.00	-0.17
(c)	Central Government / State Government(s)	-	0	-	0.00	-	0	-	0.00	0.00
(d)	Venture Capital Funds	-	0	-	0.00	-	0	-	0.00	0.00
(e)	Insurance Companies	-	0	-	0.00	-	0	-	0.00	0.00
(f)	Foreign Institutional Investors	14,647,095	0	14,647,095	10.05	12,542,291	0	12,542,291	8.82	-1.23
(g)	Foreign Venture Capital Investors	-	0	-	0.00	-	0	-	0.00	0.00
(h)	Qualified Foreign Investor	-	0	-	0.00	-	0	-	0.00	0.00
(i)	Others	-	0	-	0.00	-	0	-	0.00	0.00
	Sub-Total B(1) :	27,954,743	1450	27,956,193	19.18	20,871,053	1350	20,872,403	14.68	-4.50
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	8,224,226	6313	8,230,539	5.65	7,649,974	3555	7,653,529	5.38	-0.26
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	29,604,819	792756	30,397,575	20.86	30,927,617	657193	31,584,810	22.22	1.36
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	20,936,015	44000	20,980,015	14.40	23,972,310	44000	24,016,310	16.89	2.50
(c)	Others									
	CLEARING MEMBERS	256,069	0	256,069	0.18	322,027	0	322,027	0.23	0.05
	I E P F	728,176	0	728,176	0.50	898,282	0	898,282	0.63	0.13
	NON RESIDENT INDIANS	2,316,971	35572	2,352,543	1.61	2,298,299	15579	2,313,878	1.63	0.01
	NRI NON-REPATRIATION	1,148,389	0	1,148,389	0.79	912,074	0	912,074	0.64	-0.15
	TRUSTS	2,640	3814	6,454	0.00	2,640	0	2,640	0.00	0.00
(d)	Qualified Foreign Investor	-	0	-	0.00	-	0	-	0.00	0.00
	Sub-Total B(2) :	63,217,305	882455	64,099,760	43.98	66,983,223	720327	67,703,550	47.62	3.64
	Total B=B(1)+B(2) :	91,172,048	883905	92,055,953	63.16	87,854,276	721677	88,575,953	62.31	-0.86
	Total (A+B) :	144,858,326	883905	145,742,231	100.00	141,440,554	721677	142,162,231	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	-	0	-	0.00	-	0	-	0.00	0.00
	GRAND TOTAL (A+B+C) :	144,858,326	883905	145,742,231	100.00	141,440,554	721677	142,162,231	100.00	

Annexure - H *Contd...*

## (ii) Shareholding of Promoters

Sl. No.	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	Opening Balance	PENNAR HOLDINGS PRIVATE LIMITED	21,005,455	14.41	31/03/2020			21,005,455	14.41
	Closing Balance				31/03/2021			21,005,455	14.78
2	Opening Balance	ADITYA NARSING RAO	8,427,203	5.78	31/03/2020			8,427,203	5.78
	Closing Balance				31/03/2021			8,427,203	5.93
3	Opening Balance	J. RAJYALAKSHMI	6,933,038	4.76	31/03/2020			6,933,038	4.76
	Closing Balance				31/03/2021			6,933,038	4.88
4	Opening Balance	J. N. RUPENDER RAO	6,010,786	4.12	31/03/2020			6,010,786	4.12
	Closing Balance				31/03/2021			6,010,786	4.23
5	Opening Balance	J. AVANTI RAO	2,397,951	1.65	31/03/2020			2,397,951	1.65
	Closing Balance				31/03/2021			2,397,951	1.69
6	Opening Balance	JAYANTHI PULJAL	2,095,202	1.44	31/03/2020			2,095,202	1.44
	Closing Balance				31/03/2021			2,095,202	1.47
7	Opening Balance	DANAPUNENI SUDEEPTA RAO	1,861,054	1.28	31/03/2020			1,861,054	1.28
	Closing Balance				31/03/2021			1,861,054	1.31
8	Opening Balance	KALPANA PULJAL	1,750,091	1.20	31/03/2020			1,750,091	1.20
	Closing Balance				31/03/2021			1,750,091	1.23
9	Opening Balance	BHAVANA PULJAL	1,694,027	1.16	31/03/2020			1,694,027	1.16
	Closing Balance				31/03/2021			1,694,027	1.19
10	Opening Balance	JOGINAPALLY NRUPENDER RAO HUF	660,114	0.45	31/03/2020			660,114	0.45
	Closing Balance				31/03/2021			660,114	0.46
11	Opening Balance	LAVANYAKUMAR RAO KONDAPALLY	234,900	0.16	31/03/2020			234,900	0.16
	Closing Balance				31/03/2021			234,900	0.17

## Annexure - H *Contd...*

Sl. No.	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
12	Opening Balance	Y REKHA RAO	159,057	0.11	31/03/2020			159,057	0.11
	Closing Balance				31/03/2021			159,057	0.11
13	Opening Balance	Y MURALIDHAR RAO	110,400	0.08	31/03/2020			110,400	0.08
	Closing Balance				31/03/2021			110,400	0.08
14	Opening Balance	FORT KOCHI HOLDINGS LTD	100,000	0.07	31/03/2020			100,000	0.07
	Closing Balance				31/03/2021			-	0.00
15	Opening Balance	KONDAPALLY LAKSHMAN RAO HUF	95,200	0.07	31/03/2020			95,200	0.07
	Closing Balance				31/03/2021			95,200	0.07
16	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO HUF	82,200	0.06	31/03/2020			82,200	0.06
	Closing Balance				31/03/2021			82,200	0.06
17	Opening Balance	KONDAPALLY SANDHYA	69,600	0.05	31/03/2020			69,600	0.05
	Closing Balance				31/03/2021			69,600	0.05

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

Sl. No.	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	Opening Balance	FORT KOCHI HOLDINGS LTD	100,000	0.07	31/03/2020			100,000	0.07
	Sale				11/09/2020	-100	Transfer	99,900	0.07
	Sale				18/09/2020	-44,600	Transfer	55,300	0.04
	Sale				25/09/2020	-55,300	Transfer	-	0.00
	Closing Balance				31/03/2021			-	0.00

Annexure - H *Contd...*

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

Sl. No.	Category	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	FPC	Opening Balance	SAIF INDIA IV FII HOLDINGS LIMITED	12,138,080	8.33	31/03/2020			12,138,080	8.33
		Sale				26/02/2021	-96,651	Transfer	12,041,429	8.47
		Sale				05/03/2021	-283,227	Transfer	11,758,202	8.27
		Sale				12/03/2021	-188,989	Transfer	11,569,213	8.14
		Sale				19/03/2021	-254,753	Transfer	11,314,460	7.96
		Closing Balance				31/03/2021			11,314,460	7.96
2	MUT	Opening Balance	FRANKLIN INDIA SMALLER COMPANIES FUND	8,689,354	5.96	31/03/2020			8,689,354	5.96
		Sale				25/12/2020	-47,000	Transfer	8,642,354	6.08
		Sale				31/12/2020	-153,000	Transfer	8,489,354	5.97
		Sale				08/01/2021	-500,000	Transfer	7,989,354	5.62
		Closing Balance				31/03/2021			7,989,354	5.62
3	MUT	Opening Balance	DSP MIDCAP FUND	3,755,652	2.58	31/03/2020			3,755,652	2.58
		Sale				17/04/2020	-400,402	Transfer	3,355,250	2.32
		Sale				24/04/2020	-565,533	Transfer	2,789,717	1.93
		Sale				01/05/2020	-287,029	Transfer	2,502,688	1.74
		Sale				08/05/2020	-265,006	Transfer	2,237,682	1.56
		Sale				15/05/2020	-294,788	Transfer	1,942,894	1.36
		Sale				22/05/2020	-154,625	Transfer	1,788,269	1.26
		Sale				05/06/2020	-385,242	Transfer	1,403,027	0.99
		Sale				12/06/2020	-1,403,027	Transfer	-	0.00
		Closing Balance				31/03/2021			-	0.00
4	PUB	Opening Balance	VINOD HASHMATRAI PUNWANI	3,044,500	2.09	31/03/2020			3,044,500	2.09
		Purchase				17/07/2020	10,500	Transfer	3,055,000	2.15
		Purchase				31/07/2020	5,000	Transfer	3,060,000	2.15
		Purchase				28/08/2020	50,000	Transfer	3,110,000	2.19
		Purchase				04/09/2020	12,600	Transfer	3,122,600	2.20
		Purchase				11/09/2020	23,400	Transfer	3,146,000	2.21
		Purchase				18/09/2020	11,000	Transfer	3,157,000	2.22
		Purchase				25/09/2020	32,661	Transfer	3,189,661	2.24
		Purchase				30/09/2020	60,339	Transfer	3,250,000	2.29
		Closing Balance				31/03/2021			3,250,000	2.29
5	LTD	Opening Balance	SOUTHEND SECURITIES PRIVATE LIMITED	1,674,230	1.15	31/03/2020			1,674,230	1.15
		Purchase				11/09/2020	400,000	Transfer	2,074,230	1.46
		Closing Balance				31/03/2021			2,074,230	1.46
6	LTD	Opening Balance	ARUNA FINECAP PVT LTD	1,578,846	1.08	31/03/2020			1,578,846	1.08



## Annexure - H *Contd...*

Sl. No.	Category	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
		Sale				11/09/2020	-400,000	Transfer	1,178,846	0.83
		Closing Balance				31/03/2021			1,178,846	0.83
7	PUB	Opening Balance	K.SWAPNA	172,200	0.12	31/03/2020			172,200	0.12
		Purchase				09/10/2020	89,908	Transfer	262,108	0.18
		Purchase				16/10/2020	466,091	Transfer	728,199	0.51
		Purchase				23/10/2020	142,703	Transfer	870,902	0.61
		Purchase				06/11/2020	52,524	Transfer	923,426	0.65
		Purchase				13/11/2020	9,734	Transfer	933,160	0.66
		Purchase				20/11/2020	28,752	Transfer	961,912	0.68
		Purchase				19/02/2021	38,088	Transfer	1,000,000	0.70
		Purchase				19/03/2021	200,000	Transfer	1,200,000	0.84
		Purchase				26/03/2021	50,000	Transfer	1,250,000	0.88
		Closing Balance				31/03/2021			1,250,000	0.88
8	FPC	Opening Balance	MASSACHUSETTS INSTITUTE OF TECHNOLOGY	1,060,000	0.73	31/03/2020			1,060,000	0.73
		Sale				26/03/2021	-268,000	Transfer	792,000	0.56
		Sale				31/03/2021	-5,262	Transfer	786,738	0.55
		Closing Balance				31/03/2021			786,738	0.55
9	PUB	Opening Balance	PELLURU ANASUYA	1,013,827	0.70	31/03/2020			1,013,827	0.70
		Purchase				11/09/2020	200,000	Transfer	1,213,827	0.85
		Sale				11/09/2020	-200,000	Transfer	1,013,827	0.71
		Sale				23/10/2020	-10,000	Transfer	1,003,827	0.71
		Sale				20/11/2020	-50,000	Transfer	953,827	0.67
		Sale				04/12/2020	-40,000	Transfer	913,827	0.64
		Sale				11/12/2020	-20,000	Transfer	893,827	0.63
		Sale				31/12/2020	-783	Transfer	893,044	0.63
		Sale				01/01/2021	-29,217	Transfer	863,827	0.61
		Sale				15/01/2021	-20,000	Transfer	843,827	0.59
		Purchase				29/01/2021	273,077	Transfer	1,116,904	0.79
		Sale				29/01/2021	-300,000	Transfer	816,904	0.57
		Sale				05/02/2021	-33,077	Transfer	783,827	0.55
		Sale				12/02/2021	-10,000	Transfer	773,827	0.54
		Closing Balance				31/03/2021			773,827	0.54
10	LTD	Opening Balance	ZEN SECURITIES LTD	959,284	0.66	31/03/2020			959,284	0.66
		Sale				03/04/2020	-677	Transfer	958,607	0.66
		Sale				10/04/2020	-923	Transfer	957,684	0.66
		Purchase				17/04/2020	10,000	Transfer	967,684	0.67
		Sale				17/04/2020	-2,000	Transfer	965,684	0.67
		Purchase				24/04/2020	1,000	Transfer	966,684	0.67
		Sale				24/04/2020	-10,000	Transfer	956,684	0.66
		Sale				01/05/2020	-1,000	Transfer	955,684	0.66
		Purchase				08/05/2020	1,668	Transfer	957,352	0.67

Annexure - H *Contd...*

Sl. No.	Category	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
		Purchase				15/05/2020	400	Transfer	957,752	0.67
		Sale				15/05/2020	-1,065	Transfer	956,687	0.67
		Sale				22/05/2020	-1,003	Transfer	955,684	0.67
		Purchase				29/05/2020	2,426	Transfer	958,110	0.67
		Sale				05/06/2020	-332	Transfer	957,778	0.67
		Purchase				12/06/2020	6	Transfer	957,784	0.67
		Purchase				19/06/2020	11,425	Transfer	969,209	0.68
		Purchase				26/06/2020	20,473	Transfer	989,682	0.70
		Purchase				30/06/2020	3,650	Transfer	993,332	0.70
		Sale				30/06/2020	-11,998	Transfer	981,334	0.69
		Purchase				03/07/2020	10,700	Transfer	992,034	0.70
		Sale				03/07/2020	-8,350	Transfer	983,684	0.69
		Purchase				10/07/2020	3,500	Transfer	987,184	0.69
		Sale				10/07/2020	-26,000	Transfer	961,184	0.68
		Purchase				17/07/2020	2,680	Transfer	963,864	0.68
		Sale				24/07/2020	-4,394	Transfer	959,470	0.67
		Purchase				31/07/2020	3,198	Transfer	962,668	0.68
		Sale				07/08/2020	-6,984	Transfer	955,684	0.67
		Purchase				14/08/2020	25,757	Transfer	981,441	0.69
		Sale				21/08/2020	-17,873	Transfer	963,568	0.68
		Sale				28/08/2020	-1,804	Transfer	961,764	0.68
		Purchase				04/09/2020	64	Transfer	961,828	0.68
		Sale				04/09/2020	-5,075	Transfer	956,753	0.67
		Purchase				11/09/2020	3,105	Transfer	959,858	0.68
		Sale				11/09/2020	-64	Transfer	959,794	0.68
		Sale				18/09/2020	-4,010	Transfer	955,784	0.67
		Purchase				25/09/2020	25,150	Transfer	980,934	0.69
		Sale				30/09/2020	-23,750	Transfer	957,184	0.67
		Sale				02/10/2020	-1,420	Transfer	955,764	0.67
		Purchase				09/10/2020	11,170	Transfer	966,934	0.68
		Sale				16/10/2020	-9,836	Transfer	957,098	0.67
		Purchase				23/10/2020	3,999	Transfer	961,097	0.68
		Sale				30/10/2020	-3,998	Transfer	957,099	0.67
		Sale				06/11/2020	-1,415	Transfer	955,684	0.67
		Purchase				13/11/2020	8,300	Transfer	963,984	0.68
		Purchase				20/11/2020	5,219	Transfer	969,203	0.68
		Sale				27/11/2020	-11,019	Transfer	958,184	0.67
		Purchase				04/12/2020	1,250	Transfer	959,434	0.67
		Purchase				11/12/2020	2,000	Transfer	961,434	0.68
		Sale				11/12/2020	-1,800	Transfer	959,634	0.68
		Purchase				18/12/2020	5,014	Transfer	964,648	0.68
		Sale				18/12/2020	-2,000	Transfer	962,648	0.68
		Sale				25/12/2020	-6,158	Transfer	956,490	0.67
		Purchase				31/12/2020	1,438	Transfer	957,928	0.67
		Purchase				01/01/2021	3,175	Transfer	961,103	0.68
		Purchase				08/01/2021	781	Transfer	961,884	0.68
		Sale				15/01/2021	-3,722	Transfer	958,162	0.67

## Annexure - H *Contd...*

Sl. No.	Category	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
		Purchase				22/01/2021	1,522	Transfer	959,684	0.68
		Sale				29/01/2021	-3,500	Transfer	956,184	0.67
		Purchase				05/02/2021	1,041	Transfer	957,225	0.67
		Purchase				12/02/2021	2,634	Transfer	959,859	0.68
		Purchase				19/02/2021	59,793	Transfer	1,019,652	0.72
		Purchase				26/02/2021	849	Transfer	1,020,501	0.72
		Sale				26/02/2021	-8,205	Transfer	1,012,296	0.71
		Sale				05/03/2021	-3,240	Transfer	1,009,056	0.71
		Purchase				12/03/2021	8,700	Transfer	1,017,756	0.72
		Purchase				19/03/2021	367,823	Transfer	1,385,579	0.97
		Sale				19/03/2021	-6,032	Transfer	1,379,547	0.97
		Sale				26/03/2021	-10,857	Transfer	1,368,690	0.96
		Purchase				31/03/2021	16,396	Transfer	1,385,086	0.97
		Closing Balance				31/03/2021			1,385,086	0.97
11	IEP	Opening Balance	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY M	728,176	0.50	31/03/2020			728,176	0.50
		Sale				30/09/2020	-60	Transfer	728,116	0.51
		Purchase				09/10/2020	162,638	Transfer	890,754	0.63
		Purchase				16/10/2020	7,828	Transfer	898,582	0.63
		Sale				05/03/2021	-300	Transfer	898,282	0.63
		Closing Balance				31/03/2021			898,282	0.63
12	PUB	Opening Balance	LEKHYA KANTHETI	215,669	0.15	31/03/2020			215,669	0.15
		Purchase				25/12/2020	30,000	Transfer	245,669	0.17
		Purchase				19/02/2021	154,331	Transfer	400,000	0.28
		Purchase				26/02/2021	306,372	Transfer	706,372	0.50
		Purchase				05/03/2021	143,628	Transfer	850,000	0.60
		Closing Balance				31/03/2021			850,000	0.60
13	FPC	Opening Balance	1729 CAPITAL	816,619	0.56	31/03/2020			816,619	0.56
		Sale				31/07/2020	-650	Transfer	815,969	0.57
		Sale				07/08/2020	-41,635	Transfer	774,334	0.54
		Sale				14/08/2020	-5,000	Transfer	769,334	0.54
		Sale				21/08/2020	-285,000	Transfer	484,334	0.34
		Sale				28/08/2020	-215,000	Transfer	269,334	0.19
		Sale				26/03/2021	-269,334	Transfer	-	0.00
		Closing Balance				31/03/2021			-	0.00

Annexure - H *Contd...*

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

Sl. No.	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	Opening Balance	J. N. RUPENDER RAO	6,010,786	4.12	31/03/2020			6,010,786	4.12
	Closing Balance				31/03/2021			6,010,786	4.23
2	Opening Balance	ADITYA NARSING RAO	8,427,203	5.78	31/03/2020			8,427,203	5.78
	Closing Balance				31/03/2021			8,427,203	5.93
3	Opening Balance	POTLURI VENKATESWARA RAO	538,589	0.37	31/03/2020			538,589	0.37
	Sale				19/03/2021	-100,016	Transfer	438,573	0.31
	Closing Balance				31/03/2021			438,573	0.31
4	Opening Balance	LAVANYAKUMAR RAO KONDAPALLY	234,900	0.16	31/03/2020			234,900	0.16
	Closing Balance				31/03/2021			234,900	0.17
5	Opening Balance	J S KRISHNA PRASAD	789	0.00	31/03/2020			789	0.00
	Closing Balance				31/03/2021			789	0.00
6	Opening Balance	MIRZA MOHAMMED ALI BAIG	-	0.00	31/03/2020			-	0.00
	Closing Balance				31/03/2021			-	0.00
	Opening Balance	KONDAPALLY LAVANYA KUMAR RAO HUF	82,200	0.06	31/03/2020			82,200	0.06
	Closing Balance				31/03/2021			82,200	0.06
	Opening Balance	JOGINAPALLY NRUPENDER RAO HUF	660,114	0.45	31/03/2020			660,114	0.45
	Closing Balance				31/03/2021			660,114	0.46

## Annexure - I

### 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 lacs
Sl No.	Name of the Director	Designation	Remuneration paid in 2020-21	Remuneration paid in 2019-20	Increase in remuneration from previous year	Ratio/median of employee remuneration (2020-21)
1.	Mr. Nrupender Rao	Chairman	118	167	-49	35.51
2.	Mr. Aditya Rao	Vice-Chairman & Managing Director	68	117	-49	20.47
3.	Mr. P V Rao	Joint Managing Director	94	133	-39	28.29
4.	Mr K Lavanya Kumar	Executive Director	54	80	-26	16.25
5.	Mr. J S Krishna Prasad	Chief Financial Officer	24	26	-2	7.19
6.	Mr. Mirza Mohammed Ali Baig	Company Secretary & Compliance Officer	10	13	-3	3.07
Non-Executive Directors						
1.	B Kamalaker Rao	Non-Executive Independent Director	4.50	5.70	-1	1.35
2.	Varun Chawla	Non-Executive Independent Director	5.50	3.25	2	1.66
3.	Chandrasekhar Sripada	Non-Executive Independent Director	4.05	5.20	-1	1.22
4.	Bharati Jacob	Non-Executive Independent Director	4.00	3.00	1	1.20
5.	Manish Sabharwal	Non-Executive Independent Director	4.00	4.00	0	1.20

- (iii) The percentage increase in the median remuneration of employees in the financial year: Nil.
- (iv) The number of permanent employees on the rolls of company: 2718
- (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 2020-21 in salaries of employees was -9.43%
- (b) The increase in managerial remuneration for the Financial Year 2020-21 was -21.73%
- (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 during business hours on all working days of the Company up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.



## Annexure - J

### Managing Director Declaration

I, Aditya Rao, Vice-Chairman and Managing Director do hereby declare that pursuant to the provisions of Schedule V of the SEBI LODR Regulations, 2015 all the members of the Board and Senior Management Personnel of the Company have furnished their affirmation of compliance with the Code of Conduct of the Company, for the financial year ended 31st March, 2021.

for Pennar Industries Limited

Date: 11.08.2021  
Place: Hyderabad

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

## Annexure - K

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

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

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

1. We have reviewed financial statements and the cash flow statement of M/s. Pennar Industries Limited for the year ended 31<sup>st</sup> March, 2021 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: 11.08.2021  
Place: Hyderabad

**J S Krishna Prasad**  
Chief Financial Officer

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

## Annexure - L

To  
The Members  
M/s. PENNAR INDUSTRIES LIMITED  
CIN: L27109AP1975PLC001919  
Floor No. 3, DHFLVC Silicon Towers,  
Kondapur, Hyderabad-500084  
Telangana India

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

I, Subhash Kishan Kandrapu, Practicing Company Secretaries, have examined the Company and Registrar of Companies records, books and papers of PENNAR INDUSTRIES LIMITED (CIN: L27109TG1975PLC001919) having its Registered Office at Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad-500084 Telangana India (the Company) as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable rules and regulations made thereunder for the Financial Year ended on March 31, 2021.

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, 2021:

Sl. 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	Joint Managing Director
4	Mr. Lavanya Kumar Rao Kondapally	Executive Director
5	Mr. Eric James Brown	Non-Executive Director
6	Mr. Bandari Kamalaker Rao	Non-Executive Independent Director
7	Mr. Manish Mahendra Sabharwal	Non-Executive Independent Director
8	Mr. Varun Chawla	Non-Executive Independent Director
9	Mr. Chandrasekhar Sripada	Non-Executive Independent Director
10	Ms. Bharati Pinnamaneni Jacob	Non-Executive Independent Director

Thanking you  
YOURS TRULY

**CS. Subhash Kishan Kandrapu**  
COMPANY SECRETARY  
ACS: 32743, CP: 17545  
UDIN: A032743C000673394

Place: Hyderabad,  
Date: 05-May-2021

# Business Responsibility Report of Pennar Industries Limited

## 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	1st April, 2020 to 31st March, 2021
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
3.	Total number of locations where business activity is undertaken by the Company	
	a) Number of International Locations	2 USA and Germany
	b) Number of National Location	7 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 (₹ in lakhs)	7,108
2.	Total Turnover (₹ in lakhs)	1,51,654
3.	Total Profit after taxes (₹ in lakhs)	89
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	87.72%
5.	List of activities in which expenditure in 4 above has been incurred:-	1. Construction of Animal Hostel & Shelter for people 2. Donations to Orphanages & Welfare Activities

## 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

# Business Responsibility Report of Pennar Industries Limited *Contd...*

## 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	aditya@pennarindia.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	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	ISO 14001:2015: Environmental Management Systems - Requirements with Guidance for use	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	OHSAS 18001:2007: Occupational Health and Safety Management Systems - Requirements with Guidance for use	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	IATF 16949:2016: Quality Management System Requirements for Automotive Production and relevant Service part Organisations	Y	Y	Y	Y	Y	Y	Y	Y	Y



## Business Responsibility Report of Pennar Industries Limited *Contd...*

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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
6.	EN 15085-2:2007: Railway Applications - Welding of Railway vehicles and components - Part2 Quality requirements and certification of welding manufacturer	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	AS 9100:2016: Quality Management Systems - Requirements for Aviation, Space and Defense Organisations	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	FM Approval: Double-Lok Standing Seam Roof Systems as Class 1 Panel Roofs (Approval Identification: 3036416)	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	ISO 9001:2015: Design, Manufacture, Supply and Erection of Pre-Engineered Building Systems	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	RDSO Approval (Ministry of Railways): Fabrication and supply of Steel Bridge Girders	Y	Y	Y	Y	Y	Y	Y	Y	Y
11.	Bureau of Indian Standards (BIS) License (Registration/CRS 2020-0703/R-63001775): Crystalline Silicon Terrestrial Photovoltaic (PV) Solar modules	Y	Y	Y	Y	Y	Y	Y	Y	Y
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

## Business Responsibility Report of Pennar Industries Limited *Contd...*

(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 stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task						Not Applicable			
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)

The CSR committee of the board meets every three to six months to assess all aspects of the BR performance.

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

Sustainability and BRR performance is detailed out in the Pennar Industries Limited Annual Report.

Our sustainability reports can be found at: <http://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, 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, 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.

### 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.

## Business Responsibility Report of Pennar Industries Limited *Contd...*

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

- a) Effluent Treatment and Recycling Plants & Zero Liquid Discharge Plants: Our effluent treatment plants help industries to treat their process effluents to meet the environmental standards before they are discharged. Recycling & ZLD plants help the industries to optimize their fresh water requirements and reduce the burden on depleting ground water resources both in quantity and quality.
- b) Sewage Treatment Plants: Our Sewage treatment plants help in treating the raw sewage to meet the environmental standards before they are discharged thus contributing to protect the water bodies and marine life.
- c) Desalination Plants: Our water desalination plants help industries to meet their process water requirements by using sea water as source reduce the burden on depleting ground water resources both in quantity and quality.
- d) Hand Sanitizer & Disinfectant Chemicals: Our new range of Hand Sanitizer & Disinfectant Chemicals are of global standard for personal and community hygiene.
- e) Pre-fabricated Bio Toilets: This product is an apt solution for distributed/ local sewage treatment at the source of generation and also cater to the field heating requirements.

Enviro 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.

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 effluent which varies from industry to industry like textile, pharma, chemicals, oil and gas Etc... thus cannot be commented.

- (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?

Enviro BU has commissioned wastewater and desalination plants helping the customer to treat the waste water and sea water.

The capacity of plants commissioned during the year is below:

ETP	1.8 Million litres per annum
STP	1.3 Million litres per annum
WTP	19.1 Million litres per annum

3. Does the company have procedures in place for sustainable sourcing (including transportation)?
  - (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 Enviro BU.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?: Yes

## Business Responsibility Report of Pennar Industries Limited *Contd...*

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

Enviro BU's procurement currently stands as below

(1) Domestic procurement 95%

(2) Imported procurement 5%

(3) Out of domestic procurement 13% 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.

Since we are in EPC and product assembly BU and not a process industry this is not applicable to Enviro BU.

### Principle 3: Employee Well-being

1. Please indicate the Total number of employees : 2718 nos.

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis : 3738 nos.

3. Please indicate the Number of permanent women employees : 77 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 Workers 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?: 33%

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.

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: 53%

(b) Permanent Women Employees: 61%

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

(d) Employees with Disabilities: 100%

## Business Responsibility Report of Pennar Industries Limited *Contd...*

### 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.
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page 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)  
Website: [www.pebspennar.com](http://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.



# Business Responsibility Report of Pennar Industries Limited *Contd...*

## 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 Sewerage 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.
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.

We are sending the ETP sludge for reuse in cement plants rather land filling at Ramky.

We made water harvesting pits as required at PTCR and ISNAPUR with injection borewell.

## Business Responsibility Report of Pennar Industries Limited *Contd...*

### 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.

### Links to Policies:

Sl. No.	Name of the Policy	Link to Policies
1	Pennar Code of Conduct	<a href="https://www.pennarindia.com/code-of-conduct.html">https://www.pennarindia.com/code-of-conduct.html</a>
2	Corporate Social Responsibility Policy	<a href="https://www.pennarindia.com/csr-policy.html">https://www.pennarindia.com/csr-policy.html</a>
3	Vigil Mechanism	<a href="https://www.pennarindia.com/vigil-mechanism.html">https://www.pennarindia.com/vigil-mechanism.html</a>
4	Whistle-Blower Policy	<a href="https://www.pennarindia.com/whistle-blower-policy.html">https://www.pennarindia.com/whistle-blower-policy.html</a>
5	Prevention of Sexual Harassment Policy	<a href="https://www.pennarindia.com/policy-prevention-sexual-harassment.html">https://www.pennarindia.com/policy-prevention-sexual-harassment.html</a>
6	Code of Conduct for Prevention of Insider Trading	<a href="https://www.pennarindia.com/code-conduct-insider-trading.html">https://www.pennarindia.com/code-conduct-insider-trading.html</a>







# 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, 2021, and 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 (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with 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, 2021, 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.

## Emphasis of Matter

We draw your attention to Note 34 of the standalone financial statement, which describes that certain estimates and judgements were made related to Covid-19 pandemic, wherein, the eventual outcome of the impact of this global health pandemic may be different from those estimated by the management.

Our opinion is not modified in respect of this matter.

## Key Audit Matter

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
Revenue recognition - Refer note 2.12 of the standalone financial statements.	Principal audit procedures:
The Company recognises revenue from sale of goods based on the terms and conditions of transactions which varies with different customers.	We obtained an understanding of the revenue recognition process and tested the Company's controls around the timely and accurate recording of sales transactions.
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.	We have obtained an understanding of a sample of customer contracts.
	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.

# INDEPENDENT AUDITOR'S REPORT

To The Members of Pennar Industries Limited Report on the Audit of the Standalone Financial Statements **Contd...**

## 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 do 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 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/ Accounting Standards 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 SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- » Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## INDEPENDENT AUDITOR'S REPORT

To The Members of Pennar Industries Limited Report on the Audit of the Standalone Financial Statements *Contd...*

- » 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,:
  - 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 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



# INDEPENDENT AUDITOR'S REPORT

To The Members of Pennar Industries Limited Report on the Audit of the Standalone Financial Statements *Contd...*

- 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 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("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 No. 117366W/W-100018)

**Ganesh Balakrishnan**

(Partner)

(Membership No. 201193)

UDIN: 21201193AAAADZ3717

Place: Hyderabad

Date: June 4, 2021

## 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, 2021 in conjunction with our audit of the standalone Ind AS 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.

## 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) [Contd...](#)

### 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, 2021, 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 No. 117366W/W-100018)

**Ganesh Balakrishnan**

(Partner)  
(Membership No. 201193)  
UDIN: 21201193AAAADZ3717

Place: Hyderabad  
Date: June 4, 2021

## 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]

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed on property provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land whose title deeds have been pledged as security for loans are held in the name of the company based on the confirmations received by us from the lenders. In respect of immovable properties of land and buildings that have been taken on lease, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement as at the balance sheet date.
- ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii. According to the information and explanations given to us, the Company has granted loans, unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the year-end.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit falling within the purview of the provisions of Section 73 to 76 of the Companies Act, 2013 and does not have any outstanding unclaimed deposits as at March 31, 2021 and therefore, 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 cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Excise Duty, Service Tax, Entry Tax and Value Added Tax which have not been deposited

## 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) **Contd...**

as on March 31, 2021 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (₹ in lakhs)
The Central Excise Act, 1994	Excise Duty	CESTAT, Hyderabad	2010 - 2017	157.13
The Finance Act, 1994	Service Tax	CESTAT, Hyderabad	2004-2005 to 2007-08	4.39
		Deputy Commissioner	2015-16	2.19
AP Tax on Entry of Goods into Local Areas Act, 2001	Entry Tax	High Court for the State of Telangana	2005-06 to 2007-2008	158.22
			2012-2013	3.22
			2013-2014	12.19
Telangana State Value Added Tax Act, 2005	VAT	High Court for the State of Telangana	2013-15	576.07
Central Sales Tax Act, 1956	CST	High Court for the State of Telangana	2015-16	634.64
Telangana Good and Services Tax Act, 2017	GST	Audit Commissionerate	2017-18	69.12

There are no dues of Income-tax and Customs Duty, as on March 31, 2021 on account of disputes.

- |  |   |
|--|---|
| <p>viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.</p> <p>ix. In our opinion and according to the information and explanations given to us, the moneys raised by way of initial public offer have been applied by the Company during the year for the purposes for which they were obtained other than temporary deployment pending application of such proceeds. The Company has not raised any money by way of further public offering (including debt instruments).</p> <p>x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.</p> <p>xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.</p> <p>xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.</p> <p>xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the</p> | <p>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 as required by the applicable accounting standards.</p> <p>xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.</p> <p>xv. In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.</p> <p>xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.</p> |
|--|---|

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Ganesh Balakrishnan**  
(Partner)  
(Membership No. 201193)  
UDIN: 21201193AAAADZ3717

Place: Hyderabad  
Date: June 4, 2021



# Balance Sheet

as at March 31, 2021

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

	Particulars	Note	As at 31 March, 2021	As at 31 March, 2020
<b>I</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	Property, plant and equipment	3	55,434	57,137
	Right-of-use Assets	4	3,151	3,534
	Capital work-in-progress		5,335	3,341
	Other intangible assets	5	1,305	1,398
	Financial assets			
	(a) Investments	6	1,234	1,234
	(b) Trade receivables	11	1,754	4,109
	(c) Loans	7	735	-
	(d) Other financial assets	8	1,037	1,001
	Income tax assets (net)	18(f)	315	2,806
	Other non-current assets	9	1,082	1,363
	<b>Total Non-current assets</b>		<b>71,382</b>	<b>75,923</b>
<b>2</b>	<b>Current assets</b>			
	Inventories	10	46,826	43,780
	Financial assets			
	(a) Investments	6	1,757	4,509
	(b) Trade receivables	11	44,718	39,237
	(c) Cash and cash equivalents	12	1,998	3,565
	(d) Bank balances other than cash and cash equivalents	13	2,183	2,020
	(e) Loans	7	792	2,394
	(f) Other financial assets	8	5,594	4,727
	Other current assets	9	13,366	8,205
	<b>Total Current assets</b>		<b>117,234</b>	<b>108,437</b>
	<b>Total assets (1 + 2)</b>		<b>188,616</b>	<b>184,360</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>EQUITY</b>			
	Equity share capital	14	7,108	7,262
	Other equity	15	61,981	62,401
	<b>Total Equity</b>		<b>69,089</b>	<b>69,663</b>
<b>2</b>	<b>LIABILITIES</b>			
	<b>Non-current liabilities</b>			
	Financial liabilities			
	(a) Borrowings	16	11,252	10,198
	(b) Lease liabilities	4	2,669	3,290
	(c) Other financial liabilities	21	991	919
	Provisions	17	1,166	1,064
	Deferred tax liabilities (net)	18(d)	1,525	1,871
	Other non-current liabilities	19	162	282
	<b>Total Non-current liabilities</b>		<b>17,765</b>	<b>17,624</b>
<b>3</b>	<b>Current liabilities</b>			
	Financial liabilities			
	(a) Borrowings	16	41,811	29,596
	(b) Trade payables	20		
	Total outstanding dues to micro enterprises and small enterprises		590	258
	Total outstanding dues of other than micro enterprises and small enterprises		44,045	47,484
	(c) Lease liabilities	4	631	387
	(d) Other financial liabilities	21	8,172	7,350
	Current tax liabilities (net)	18(f)	938	3,278
	Provisions	17	643	590
	Other current liabilities	19	4,932	8,130
	<b>Total Current liabilities</b>		<b>101,762</b>	<b>97,073</b>
	<b>Total Liabilities (2 + 3)</b>		<b>119,527</b>	<b>114,697</b>
	<b>Total Equity and Liabilities (1 + 2 + 3)</b>		<b>188,616</b>	<b>184,360</b>
	Corporate information and significant accounting policies	1 & 2		
	See accompanying notes forming part of the 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: June 04, 2021

**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)

# Statement of Profit and Loss

for the year ended March 31, 2021

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>I. INCOME</b>			
Revenue from operations	22	151,654	209,766
Other income	23	1,781	2,029
<b>Total income</b>		<b>153,435</b>	<b>211,795</b>
<b>II. EXPENSES</b>			
Cost of materials consumed		90,928	118,255
Purchase of traded goods		3,669	8,463
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(2,775)	(1,161)
Employee benefits expense	25	13,050	15,687
Finance costs	26	7,946	8,340
Depreciation and amortisation expense	27	4,767	4,268
Other expenses	28	37,739	51,748
<b>Total expenses</b>		<b>155,324</b>	<b>205,600</b>
<b>III. Profit before exceptional item and tax (I - II)</b>		<b>(1,889)</b>	<b>6,195</b>
<b>IV. Exceptional item</b>	35	<b>1,996</b>	<b>-</b>
<b>V. Profit before tax (III + IV)</b>		<b>107</b>	<b>6,195</b>
<b>VI. Tax expense:</b>	18(a)		
Current tax		360	1,740
Deferred tax		(342)	(796)
		<b>18</b>	<b>944</b>
<b>VII. Profit for the year (V - VI)</b>		<b>89</b>	<b>5,251</b>
<b>VIII. Other comprehensive income</b>			
Items that will not be reclassified subsequently to profit or loss:			
- Remeasurement of the defined benefit plan	17(c)	18	(52)
- Income tax relating to above items	18(b)	(4)	13
<b>Total other comprehensive income</b>		<b>14</b>	<b>(39)</b>
<b>IX. Total comprehensive income for the year (VII + VIII)</b>		<b>103</b>	<b>5,212</b>
<b>X. Earning per equity share (face value of ₹ 5 each)</b>			
Basic and Diluted (₹)	29	0.06	3.47
Corporate information and significant accounting policies See accompanying notes forming part of the financial statements	1 & 2		

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: June 04, 2021

**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)

# Cash Flow Statement

for the year ended March 31, 2021

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	107	6,195
Adjustments for :		
Depreciation and amortisation expense	4,767	4,268
(Profit)/Loss on sale/scrap of property, plant and equipments (net)	5	-
(Profit)/Loss on sale of investment	(52)	(24)
Exchange differences (net)	441	(17)
Provision for receivables and other liabilities no longer required, written back	(253)	(517)
Trade and other receivables written off	141	2,782
Provision for doubtful trade and other receivables, loans and advances (net)	989	2,536
Finance costs	7,946	8,340
Interest income	(635)	(1,063)
Dividend income	-	(111)
<b>Operating profit before working capital changes</b>	<b>13,456</b>	<b>22,389</b>
Changes in Working Capital:		
Trade payables	(2,854)	3,475
Other liabilities	(2,323)	(1,223)
Provisions	141	(6)
Trade receivables	(4,697)	(1,647)
Inventories	(3,046)	(133)
Other assets	(6,015)	(1,304)
<b>Cash generated from operations</b>	<b>(5,338)</b>	<b>21,551</b>
Net income taxes paid	(209)	(1,784)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(5,547)</b>	<b>19,767</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, plant and equipments, including Capital work-in-progress and Capital advances	(4,606)	(9,034)
Proceeds from sale of Property, plant and equipment	75	2
Payment towards acquisition of Business	-	(61)
Purchase of non-current investments	-	(621)
Proceeds from sale of current investments (net)	2,804	726
Inter-corporate deposits/ loans (net)	868	(440)
Movement in other bank balances	(163)	301
Interest received	581	1,094
Dividend income from investments	-	111
<b>Net cash flow used in investing activities (B)</b>	<b>(441)</b>	<b>(7,922)</b>

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	7,542	5,418
Repayment of long term borrowings	(6,490)	(3,139)
Proceeds/ (repayment) of short-term borrowings (net)	12,150	(1,662)
Payment towards buyback of shares including transaction costs	(678)	(2,048)
Interest and other borrowing costs paid	(7,505)	(7,834)
Repayment of lease liability	(598)	(335)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>4,421</b>	<b>(9,600)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(1,567)</b>	<b>2,245</b>
Cash and cash equivalents at the beginning of the year	3,565	1,320
<b>Cash and cash equivalents at the end of the year*</b>	<b>1,998</b>	<b>3,565</b>
<b>*Cash and cash equivalents comprises of: (Refer note 12)</b>		
Cash on hand	-	3
Balances with Banks		
- in current accounts	953	2,942
- in deposit accounts	1,045	620
	<b>1,998</b>	<b>3,565</b>

**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.

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: June 04, 2021

**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)

## Statement of changes in equity

for the year ended March 31, 2021

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

### A. Equity share capital

Particulars	No of shares	Amount
<b>Balance as at April 01, 2019</b>	152,357,231	7,618
Changes in equity share capital during the year		
Less: Shares bought back and extinguished during the year	6,615,000	331
Less: Shares bought back and pending extinguishment	504,617	25
<b>Balance as at March 31, 2020</b>	<b>145,237,614</b>	<b>7,262</b>
Changes in equity share capital during the year		
Less: Shares bought back and extinguished during the year	3,075,383	154
<b>Balance as at March 31, 2021</b>	<b>142,162,231</b>	<b>7,108</b>

### B. Other equity

Particulars	Reserves and surplus						Total other equity
	Capital Reserve	Securities premium	General reserve	Profit on forfeiture of shares	Capital redemption reserve	Retained earnings	
<b>Balance as at April 01, 2019</b>	<b>386</b>	<b>12,622</b>	<b>1,272</b>	<b>6</b>	<b>1,185</b>	<b>43,410</b>	<b>58,881</b>
Profit for the year	-	-	-	-	-	5,251	5,251
Remeasurement of net defined benefit liability net of income tax	-	-	-	-	-	(39)	(39)
Buyback of equity shares	-	(1,337)	-	-	-	-	(1,337)
Amount transferred to capital redemption reserve upon Buyback	-	-	(356)	-	356	-	-
Transaction costs towards Buyback of equity shares	-	(355)	-	-	-	-	(355)
<b>Balance as at March 31, 2020</b>	<b>386</b>	<b>10,930</b>	<b>916</b>	<b>6</b>	<b>1,541</b>	<b>48,622</b>	<b>62,401</b>
Profit for the year	-	-	-	-	-	89	89
Remeasurement of net defined benefit liability net of income 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)
<b>Balance as at March 31, 2021</b>	<b>386</b>	<b>10,407</b>	<b>762</b>	<b>6</b>	<b>1,695</b>	<b>48,725</b>	<b>61,981</b>

See accompanying notes forming part of the 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: June 04, 2021

**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 to Financial Statements

for the year ended March 31, 2021

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 1. Corporate information:

Pennar Industries Limited ('the Company') is a public listed company in India having its registered and corporate office in Hyderabad in State of Telangana and is engaged in manufacturing of cold rolled steel strips, precision tubes, cold rolled formed sections, electrostatic precipitators, profiles, Railway wagons and coach components, press steel components, hydraulics, road safety systems and galvanized products. Pennar Industries Limited has manufacturing facilities at Patancheru, Isnapur and Velchal in the state of Telangana, Chennai and Hosur in Tamil Nadu, Tarapur in Maharashtra. Its erstwhile subsidiary Pennar Engineered Building Systems Limited (PEBS) is engaged in 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, amongst others. It has manufacturing facility located at Sadashivpet. Its other erstwhile subsidiary – Pennar Enviro Limited (PEL) is engaged in the business of design, manufacture, supply, erection and maintenance of Water and Waste Water Treatment Plants, and manufacture and supply of Water Treatment chemicals and fuel additives for both solid and liquid fuels. The company's shares are listed on the Bombay Stock Exchange and National Stock Exchange of India.

## 2. 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. Except for the changes below, the Company has consistently applied accounting policies to all periods.

### 2.2 Basis of preparation and presentation:

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability of market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- » Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- » Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- » Level 3 inputs are unobservable inputs for the asset or liability.

### 2.3 Inventories:

Inventories are valued at lower of cost or net realizable value. Cost of inventories is ascertained on 'weighted average' basis. Materials and other supplies held for use in the production of inventories are not written down below cost if the related finished products are expected to be sold at or above cost.

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

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 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 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 Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

### 2.7 Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts as on the transition date, Company has decided to apply "Modified retrospective method" by measuring 'Right-of-use' assets at an amount equal to Lease Liability, adjusted by amount of any prepaid or accrued lease payments.

### As a Lessee:

The Company's significant leasing arrangement are in respect of Land and Office premises. 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

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. Further, refer note no. 36, for effect of transition to Ind AS 116, classification of leases and other disclosures relating to leases.

### As a Lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 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 financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognized but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

### 2.11 Cash and cash equivalents:

Cash comprises cash on hand, in bank and demand deposits with banks. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method, whereby profit / (loss) after tax is adjusted for the effects of transaction of non- cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from Operating, investing and financing activities of the Company are segregated based on the available information.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 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.

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.

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in other income in the statement of profit or loss.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

### 2.14 Depreciation and Amortization

Depreciation on Property, Plant and Equipment except as stated below, is provided as per Schedule II of the Companies Act, 2013 on straight line method. Depreciation on upgradation of Property, Plant and Equipment is provided over the remaining useful life of the assets.

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 ₹ 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.



# Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 2.17 Impairment of Tangible and Intangible Assets

Tangible and intangible assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognized in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets' fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

## 2.18 Employee benefit plans:

Employee benefits include provided fund, superannuation fund, employee's state insurance scheme, gratuity and compensated absences.

### Post Employment Obligations:

#### Defined Contribution Plans:

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as an expense based on the amount of contribution required to be made and when service are rendered by the employees.

Contributions under the superannuation plan which is a defined contribution scheme, are made to a fund administered and managed by the Life Insurance Corporation of India and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### Defined benefit plans Gratuity:

The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date using projected unit credit method. The liability recognized in the balance sheet in respect of the gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Changes 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.

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### **Compensated absences:**

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement or termination of employment for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method.

### **Other short-term employee benefits:**

Other Short-term employee benefits, including performance incentives expected to be paid in exchange for the services rendered by employees are recognized during the period when the employee renders service.

## **2.19 Financial instruments**

### **a. Derivative Financial Instruments:**

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

### **b. De-recognition of financial assets and liabilities**

#### **Financial assets:**

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

#### **Financial liabilities:**

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realize the asset and settle the liability simultaneously.

### **c. Foreign exchange gains and losses:**

- » For foreign currency denominated financial 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.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

- » For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.
- » For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the statement of profit and loss.
- » The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

## 2.20 Determination of fair values:

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

## 2.21 Impairment of assets

### a. Financial assets:

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. 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.

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### c. **Non-current Investments:**

At each balance sheet date, the Company assesses whether there is any indication that an investment may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the investment exceeds its estimated recoverable amount, an impairment loss is recognized in the Statement of Profit and Loss to the extent the carrying amount exceeds recoverable amount. The recoverable amount is the higher of an investment's fair value less costs of disposal and value in use.

### 2.22 Government Grants:

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

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

### 2.23 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgements in applying accounting policies**

The following are the critical judgements, apart from those involving estimations, that the directors have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

#### **Revenue recognition**

In making their judgement, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and, in particular, whether the Company had transferred control over the goods to the buyer.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## Key sources of estimation uncertainty

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts 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 to Financial Statements

for the year ended March 31, 2021 **Contd...**

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 3. Property, plant and equipment

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
Freehold land	1,330	1,292
Leasehold improvements	17	22
Buildings	27,992	27,853
Plant and equipment	20,694	22,364
Electrical equipment	4,692	4,756
Computers	146	150
Office equipment	152	203
Furniture and fixtures	203	240
Vehicles	208	257
<b>Total</b>	<b>55,434</b>	<b>57,137</b>
Capital works-in-progress( Refer note (a) below)	5,335	3,341

#### Notes:

- Capital work in progress includes borrowing cost of ₹172 Lakhs (March 31, 2020 ₹ Nil Lakhs) capitalised during the year.
- Refer Note 16(a) for details of charge created on assets.

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

Particulars	Freehold Land	Leasehold improvements	Buildings	Plant and equipment	Electrical Equipments	Computers	Office equipment	Furniture and fixtures	Vehicles	Total
<b>I. Cost</b>										
Balance as at April 01, 2019	911	45	22,275	35,134	6,199	431	143	356	372	65,866
Additions	381	-	10,101	4,842	912	120	171	104	59	16,690
Disposals	-	-	-	(9)	-	-	-	-	-	(9)
Balance as at March 31, 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	(4)	-	-	(306)	(7)	-	-	-	(30)	(347)
<b>Balance as at March 31, 2021</b>	<b>1,330</b>	<b>45</b>	<b>33,590</b>	<b>40,388</b>	<b>7,356</b>	<b>623</b>	<b>320</b>	<b>462</b>	<b>402</b>	<b>84,516</b>
<b>II. Accumulated depreciation</b>										
Balance as at April 01, 2019	-	18	3,584	15,561	2,050	311	51	173	127	21,875
Depreciation for the year	-	5	939	2,049	305	90	60	47	47	3,542
Disposals	-	-	-	(7)	-	-	-	-	-	(7)
Balance as at March 31, 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)
<b>Balance as at March 31, 2021</b>	<b>-</b>	<b>28</b>	<b>5,598</b>	<b>19,694</b>	<b>2,664</b>	<b>477</b>	<b>168</b>	<b>259</b>	<b>194</b>	<b>29,082</b>



## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 4. Right-of-Use Assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Carrying amount of:</b>		
Land	102	103
Buildings	1,973	3,431
Plant and equipment	1,076	-
	<b>3,151</b>	<b>3,534</b>

#### Details of Right-of-Use Assets

Particulars	Land (Refer note below)	Buildings	Plant and equipment	Total
<b>I. Gross Carrying Value</b>				
<b>As at April 01, 2019</b>	90	3,620	-	3,710
Additions	15	635	-	650
Disposals	-	(295)	-	(295)
<b>Balance as at March 31, 2020</b>	<b>105</b>	<b>3,960</b>	<b>-</b>	<b>4,065</b>
Additions	-	311	1,094	1,405
Disposals/adjustments/write offs	-	(1,713)	-	(1,713)
<b>Balance as at Mar 31, 2021</b>	<b>105</b>	<b>2,558</b>	<b>1,094</b>	<b>3,757</b>
<b>II. Accumulated amortisation</b>				
Amortisation	2	566	-	568
Disposals	-	(37)	-	(37)
<b>Balance as at March 31, 2020</b>	<b>2</b>	<b>529</b>	<b>-</b>	<b>531</b>
Depreciation for the year	1	585	18	604
Disposals/adjustments/write offs	-	(529)	-	(529)
<b>Balance as at Mar 31, 2021</b>	<b>3</b>	<b>585</b>	<b>18</b>	<b>606</b>

#### Note:

Includes net carrying value of the Land reclassified on adoption of Ind AS 116 "Leases"

#### Lease Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Current	631	387
Non-current	2,669	3,290
	<b>3,300</b>	<b>3,677</b>

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 5. Other intangible assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Carrying amount of:</b>		
Computer software	421	465
Software licence	134	130
Other intangible assets	750	803
<b>Total Other intangible assets</b>	<b>1,305</b>	<b>1,398</b>

Particulars	Computer software	Software licence	Other intangible assets	Total
<b>I. Cost</b>				
<b>Balance as at April 01, 2019</b>	<b>505</b>	<b>227</b>	<b>1,126</b>	<b>1,858</b>
Additions	168	35	-	203
Disposals	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>673</b>	<b>262</b>	<b>1,126</b>	<b>2,061</b>
Additions	42	30	-	72
Disposals	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>715</b>	<b>292</b>	<b>1,126</b>	<b>2,133</b>
<b>II. Accumulated amortisation</b>				
<b>Balance as at April 01, 2019</b>	<b>136</b>	<b>100</b>	<b>269</b>	<b>505</b>
Amortisation for the year	72	32	54	158
Disposals	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>208</b>	<b>132</b>	<b>323</b>	<b>663</b>
Amortisation for the year	86	26	53	165
Disposals	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>294</b>	<b>158</b>	<b>376</b>	<b>828</b>

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 6. Investments

Particulars	Face Value per share	As at March 31, 2021		As at March 31, 2020	
		No. of shares	Amount	No. of shares	Amount
<b>A. Investments - Non-current</b>					
<b>Unquoted:</b>					
<b>Equity instruments of subsidiary companies (carried at cost)</b>					
Pennar Global Inc., USA	USD 0.01 each	123,500,000	862	123,500,000	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 35(A))	₹ 100 each	1,000	349	1,000	349
			<b>1,232</b>		<b>1,232</b>
<b>Investment carried at fair value through OCI (FVTOCI)</b>					
Mana Effluent Treatment Plant Limited	₹ 1000 each	200	2	200	2
<b>Total Non-current investments</b>			<b>1,234</b>		<b>1,234</b>
<b>B. Investments - Current (quoted) (Refer note below)</b>					
Investment carried at fair value through profit and loss (FVTPL)					
Investments in mutual funds			1,757		4,509
<b>Total Current investments</b>			<b>1,757</b>		<b>4,509</b>

### Note:

Details of investments - Current (quoted)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of units	Amount	No. of units	Amount
<b>Investments in Mutual Funds*</b>				
UTI - Treasury Advantage Fund - Regular Growth Plan	-	-	179	4
Aditya Birla Sun Life Savings Fund - Regular Plan - Growth	-	-	6,166	25
ABSL Money Manager Fund Gr-Direct	-	-	148,355	402
UTI Money Market Fund - Regular Growth Plan	-	-	211	5
Nippon India Liquid Fund - Direct Plan - Growth Plan- Growth Option	-	-	9,101	441
Nippon India Overnight Fund - Direct Growth Plan	-	-	466,489	500
Nippon India Money Market Fund- Direct Growth Plan - Growth Option	-	-	15,095	461
ICICI Prudential Money Market Fund-Direct Plan - Growth Option	-	-	125,329	350
ICICI Savings Fund- Direct Plan- Growth Option	-	-	116,183	454
ICICI Overnight Fund- Direct Plan- Growth Option	450,568	500	232,030	250

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of units	Amount	No. of units	Amount
HDFC Liquid Fund - Regular Plan- Growth Option	16,352	500	2,841	110
Tata Overnight Fund-Direct Plan - Growth Option	-	-	23,727	250
Tata Money Market Fund-Direct Plan - Growth Option	-	-	7,213	250
DSP Overnight Fund-DP - Growth Option	-	-	23,395	250
DSP Ultra Short Fund-DP - Growth Option	-	-	9,186	250
Invesco India Money Market Fund-DP - Growth Option	-	-	10,801	250
Sundaram - Money Market Fund- Direct Growth	-	-	2,231,704	250
Nippon India Overnight Fund - Growth Plan	678,939	757	107	7
		<b>1,757</b>		<b>4,509</b>

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current:</b>		
Loans to related parties* (Refer note 33)	735	-
	<b>735</b>	<b>-</b>
<b>Current:</b>		
Loans to related parties* (Refer note 33)	187	230
Inter-corporate deposits	605	2,164
	<b>792</b>	<b>2,394</b>

\*The loans have been given for business purpose.

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current:</b>		
Deposits	950	919
Sales tax claims receivable	87	82
<b>Total other non-current financial assets</b>	<b>1,037</b>	<b>1,001</b>
<b>Current:</b>		
Interest accrued on deposits	134	79
Unbilled revenue	1,159	1,321
Incentive receivable	255	506
Security Deposits	1,682	2,473
Receivable against sale of non-current investments	-	184
Receivable against sale of Land	1,910	-
Others	454	164
<b>Total other current financial assets</b>	<b>5,594</b>	<b>4,727</b>
<b>Total other financial assets</b>	<b>6,631</b>	<b>5,728</b>

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
Capital advances	1,077	1,359
Others	5	4
<b>Total other non-current assets</b>	<b>1,082</b>	<b>1,363</b>
<b>Current:</b>		
Advances recoverable in kind or for value to be received	5,295	3,361
Advances to related parties (Refer note 33)	3,350	-
Prepaid expenses	667	399
Others	8	33
Balances with government authorities	3,971	4,412
Employee advance	75	-
<b>Total other current assets</b>	<b>13,366</b>	<b>8,205</b>
<b>Total other assets</b>	<b>14,448</b>	<b>9,568</b>

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

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	9,068	8,286
Raw materials in-transit		
Work-in-progress	25,093	22,029
Finished goods	7,711	7,837
Stores and spares	4,525	5,036
Scrap	429	592
<b>Total</b>	<b>46,826</b>	<b>43,780</b>

**Note:**

Refer Note 16(a) for details of charge created on assets.

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 11. Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non Current</b>		
Unsecured, considered good	1,754	4,109
Credit impaired	-	2,547
	<b>1,754</b>	<b>6,656</b>
Less: Allowance for doubtful receivables (Refer note (b) below)	-	2,547
	<b>1,754</b>	<b>4,109</b>
<b>Current</b>		
Unsecured, considered good*	44,718	39,237
Credit impaired	5,902	4,913
	<b>50,620</b>	<b>44,150</b>
Less: Allowance for doubtful receivables (Refer note (b) below)	5,902	4,913
	<b>44,718</b>	<b>39,237</b>
<b>Total</b>	<b>46,472</b>	<b>43,346</b>

\* Includes dues from related parties (Refer note 33)

#### Notes:

a. Trade receivables includes retention money aggregating to ₹ 7,442 lakhs (March 31, 2020: ₹ 4,663 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.

In calculating expected credit loss, the Company has also considered credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

Ageing	< 180 days	>180 days	Impairment allowance	Total
As at March 31, 2021	35,691	16,683	(5,902)	46,472
As at March 31, 2020	40,207	10,599	(7,460)	43,346



## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### The movement in the allowance for Credit loss:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	7,460	4,924
Impairment losses recognised on receivables	989	2,536
Amounts written off during the year as uncollectible, provision released	(2,547)	-
<b>Balance at the end of the year</b>	<b>5,902</b>	<b>7,460</b>

- c. Of the trade receivables balance as at March 31, 2021, ₹ 2,801 Lakhs (as at March 31, 2020: ₹ 6,931 Lakhs) is due from the Company's largest customers individually representing more than 5% of total trade receivables balance.

## 12. Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	-	3
Balances with banks		
in current accounts	953	2,942
in deposit accounts	1,045	620
<b>Total</b>	<b>1,998</b>	<b>3,565</b>

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

Particulars	As at March 31, 2021	As at March 31, 2020
a) Earmarked balances with banks		
- in preference shares redemption accounts	74	74
- in unclaimed dividend accounts	-	11
- in Margin money deposits*	1,104	584
- in deposit accounts (maturity greater than 12 months)**	1,005	1,351
<b>Total</b>	<b>2,183</b>	<b>2,020</b>

\*Margin money deposits has been provided as a security to State Bank of India and Axis Bank for the Cash Credit and other short term loan facilities availed by the Company. The balance deposits are towards margin money given for letter of credit and bank guarantees.

\*\*Deposits includes earmarked balance as at March 31, 2021 ₹ Nil (as at March 31, 2020 ₹ 900 lakhs) against bank guarantee given to SEBI for buy back of Shares.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 14. Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorised share capital:</b>		
<b>Equity shares</b>		
25,20,00,000 fully paid up equity shares of ₹ 5 each	12,600	12,600
<b>Preference Shares:</b>		
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
	<b>15,100</b>	<b>15,100</b>
<b>Issued, subscribed and paid-up capital:</b>		
<b>Equity shares</b>		
14,21,62,231 fully paid up equity shares of ₹ 5 each (Refer note (d) below)	7,108	7,262
<b>Total</b>	<b>7,108</b>	<b>7,262</b>

### Notes:

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

Particulars	As at March 31, 2021	As at March 31, 2020
Fully paid up equity shares:		
Opening balance	145,237,614	152,357,231
Less: Shares bought back and extinguished during the year	3,075,383	6,615,000
Less: Shares bought back and pending extinguishment	-	504,617
Closing balance	<b>142,162,231</b>	<b>145,237,614</b>

Particulars	As at March 31, 2021		As at March 31, 2020	
	No of shares held	% holding of equity shares	No of shares held	% holding of equity shares
<b>Fully paid up equity shares:</b>				
Pennar Holdings Private Limited	21,005,455	14.78%	21,005,455	14.41%
Saif India IV FII Holdings Limited	11,314,460	7.96%	12,138,080	8.33%
Franklin India Smaller Companies Fund	7,989,354	5.62%	8,689,354	5.96%
Aditya Narsing Rao	7,829,235	5.51%	8,427,203	5.78%

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

**Equity Shares:** The Company has issued only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

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

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[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 November 12, 2019, 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 ₹ 45 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.

'On May 25, 2020, the scheme of Buyback was closed, the Company bought back 1,01,95,000 equity shares as of that date, resulting in total cash consideration of ₹ 2,725 lakhs (including ₹ 488 lakhs towards transaction cost and tax on Buyback).

In line with the requirement of Companies Act, 2013, an amount of ₹ 2,215 lakhs has been utilized from securities premium account for the buyback. Further, capital redemption reserve of ₹ 510 lakhs 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.

## 15. Other equity

Other equity consist of the following:

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Capital reserve	386	386
(b) Securities premium account		
Opening balance	10,930	12,622
Premium paid upon Buyback of equity shares	(390)	(1,337)
Transaction costs relating to Buyback of equity shares	(133)	(355)
Closing Balance	<b>10,407</b>	<b>10,930</b>
(c) General reserve		
Opening balance	916	1,272
Transfer to capital redemption reserve upon Buyback of equity shares	(154)	(356)
Closing Balance	<b>762</b>	<b>916</b>
(d) Profit on forfeiture of shares	6	6
(e) Capital redemption reserve		
Opening balance	1,541	1,185
Appropriation from general reserve upon Buyback of equity shares	154	356
Closing Balance	<b>1,695</b>	<b>1,541</b>
(f) Retained earnings		
Opening balance	48,622	43,410
Add: Profit for the year	89	5,251
Remeasurement of net defined benefit liability net of income tax	14	(39)
Closing Balance	<b>48,725</b>	<b>48,622</b>
<b>Total</b>	<b>61,981</b>	<b>62,401</b>

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## Nature of reserves:

### (a) Capital Reserve

Capital Reserve represents the gain on amalgamation. It is the excess of share capital issued and the amount of share capital of the transferor companies. It is made out of capital profits earned by the company which can be used only for special purposes and hence it is not freely available to be distributed among shareholders as the dividend.

### (b) Securities premium account

Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act.

### (c) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

### (d) Profit on forfeiture of shares

Profit on forfeiture of shares pertains to profit on redemption of preference shares.

### (e) Capital redemption reserve

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

### (f) Retained earnings

Retained earnings reflects the Company's undistributed earnings after taxes along with current year profit.

## 16. Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
Term Loans- Secured (Refer note (a) below)		
- From banks	8,693	9,263
- From non banking financial companies (NBFC's)	1,993	88
	<b>10,686</b>	<b>9,351</b>
Unsecured		
Sales tax deferment loan (Refer note (b) below)	566	847
	<b>11,252</b>	<b>10,198</b>
Current Maturities of non-current borrowings		
Term Loans- Secured		
-From banks (Refer note (a) below)	4,503	4,796
-From non banking financial companies (NBFC's) (Refer note (a) below)	287	62
-Sales tax deferment loan	430	393
	<b>5,220</b>	<b>5,251</b>
Less : Amount disclosed under "other current financial liabilities" (Refer note 21)	<b>5,220</b>	<b>5,251</b>
	-	-

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Loans repayable on demand from banks (Refer note (c) below)		
(i) Cash credits	6,481	15,932
(ii) Working capital demand loans	23,749	12,880
(iii) Bills of exchange	11,581	784
	<b>41,811</b>	<b>29,596</b>
<b>Total Borrowings</b>	<b>53,063</b>	<b>39,794</b>

## Notes:

### (a) Summary of borrowings arrangements

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2020	March 31, 2020	
From Banks:						
Axis Bank Limited	16 equal quarterly instalments of ₹ 312.50 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	2,813	9.9% to 10.3% p.a
SBM Bank (India) Limited	13 equal quarterly instalments of ₹ 250 each commencing from November 2019		3,250	1,750	2,750	10.40%
ICICI Bank Limited	16 equal quarterly instalments of ₹ 312.5 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	3,750	5,000	9.75% to 10.15% p.a
YES Bank Limited	16 equal quarterly instalments of ₹ 156.25 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	2,031	2,500	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	34	47	8.77%
	48 equal monthly instalments of ₹ 18.07 each commencing from March 2021	"Extetntion of second ranking charge over existing primary collateral securities including mortgageges of created infavour of the bank 100% Credit guarantee by national Credit guarantee Trust Company Limited(NCGTC)"	867	867	-	7.25%
Axis Bank Limited	48 equal monthly instalments commencing from April 2019	First charge by way of hypothecation of the vehicle for which the loan was taken.	49	27	38	9.26%
HDFC Bank	48 equal monthly instalments of ₹ 48.46 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)	2,326	2,326	-	7.25%
Bandhan Bank	24 equal quarterly instalments of ₹ 41.64 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	874	958	10.70%
<b>Total</b>			<b>24,057</b>	<b>13,222</b>	<b>14,106</b>	

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2020	March 31, 2020	
From Non Banking Financial Institutions:						
Kotak Mahindra Prime Limited	48 equal monthly instalments of ₹ 0.30 each commencing from April 2018	“First charge by way of hypothecation of the vehicles for which the loan was taken.”	14	-	5	8.75%
Tata Capital Financial services Limited	24 equal months instalments of ₹ 12.50 each commencing from September 2018	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	300	-	63	10.25% to 10.75% p.a
	60 equal months instalments of ₹ 30.00 each commencing from October 2021		1,800	1,800	-	11.00%
Volkswagen Finance 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	27	35	8.50%
Siemens Financial Services Pvt Ltd	48 equal months instalments of ₹ 8.89 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	427	-	11.75%
<b>Total</b>			<b>2,590</b>	<b>2,254</b>	<b>103</b>	

- (b) The Company availed an interest free sales tax deferment loan for a period of 14 years starting from 1997 - 98 amounting to ₹ 2,486 from the Commercial tax department. Out of this, amount aggregating ₹ 815 was paid during earlier years , an amount of ₹ 393 paid in the financial year 2020-21 and amount of ₹ 430 Payable in the financial year 2021-22 which is classified under the head "Other financial liabilities". Further ₹ 282 (As at March 31, 2020 - ₹ 431) 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
2021-22	430
2022-23	298
2023-24	335
2024-25	215
<b>Total</b>	<b>1,278</b>

- (c) Cash Credit and Working capital facilities sanctioned by consortium of bankers comprising State bank of India, Axis Bank, Yes Bank, ICICI Bank, HDFC Bank 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 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, 2020 9.8% to 10.40%)
- (d) Details of borrowings guaranteed by Directors :

Particulars	As at March 31, 2021	As at March 31, 2020
Aditya Narsing Rao (Vice Chairman and Managing Director)	111,166	111,500



# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 17. Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-Current</b>		
Provision for gratuity (Refer note c (i) below)	231	204
Provision for compensated absences	633	594
Asset retirement obligation	302	266
	<b>1,166</b>	<b>1,064</b>
<b>Current</b>		
Provision for gratuity (Refer note c (i) below)	477	421
Provision for compensated absences	166	159
Provision for loss on onerous contracts (Refer note(a) below)	-	10
	<b>643</b>	<b>590</b>
<b>Total Provisions</b>	<b>1,809</b>	<b>1,654</b>

**Note:**

**(a) Movement in provision for loss on onerous contracts:**

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	10	20
Add: Provision made during the year	-	-
Less: Provision reversed during the year	(10)	(10)
<b>Carrying amount as at year end</b>	<b>-</b>	<b>10</b>

### Post Retirement Employee Benefits

**(b) 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 ₹ 669 lakhs (March 31, 2020: ₹ 693 lakhs) in respect of the defined contribution plans.

**(c) 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.

**(i) Gratuity (funded):**

Particulars	2020-21	2019-20
<b>i) Change in Defined Benefit Obligation (DBO) during the year:</b>		
Present Value of DBO at the beginning of the year	2,229	1,961
Interest cost	130	124
Current service cost	202	212
Past service cost	-	-
Actuarial loss on obligation	14	67

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Particulars	2020-21	2019-20
Benefits paid	(271)	(135)
<b>Present Value of DBO at the end of the year</b>	<b>2,304</b>	<b>2,229</b>
<b>ii) Changes in the Fair Value of Plan Asset during the year</b>		
Fair value of Plan Assets at the beginning of the year	1,604	1,326
Return on Plan Assets	31	15
Interest Income	94	85
Contributions paid	138	307
Benefits paid	(271)	(129)
Fair value of Plan Assets at the end of the year	1,596	1,604
<b>iii) Amount Recognized in Balance Sheet</b>		
Present Value of DBO of the year	2,304	2,229
Fair value of Plan Assets at the end of the year	1,596	1,604
Net Asset/(Liability) recognized in the balance sheet	(708)	(625)
- Non Current	(231)	(204)
- Current	(477)	(421)
<b>iii) Components of employer expense</b>		
Current service cost	202	212
Past service cost	-	-
Interest income on net defined benefit obligation	36	39
Expense recognised in Statement of Profit and Loss	238	251
<b>iv) Remeasurement on the net defined benefit obligation</b>		
Actuarial (gain) / loss due to financial assumptions change in Defined Benefit Obligation	(5)	104
Actuarial loss due to experience on Defined Benefit Obligation	18	(37)
Return on Plan Assets excluding Interest Income	(31)	(15)
Remeasurements recognised in other comprehensive income	(18)	52
<b>Total defined benefit cost recognised</b>	<b>220</b>	<b>303</b>
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>	<b>Valuation as at March 31, 2021</b>	<b>Valuation as at March 31, 2020</b>
Mortality	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	5.80%-6.75%	5.68%-6.70%
Rate of increase in compensation	5%-8%	5%-8%
Expected average remaining service	5.20-12.89	4.83-13.00
Employee Attrition rate	PS: 0 to 40 : 3%-15%	PS: 0 to 40 : 3%-15%

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[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%	2,198
	(-1%)	(2,420)
Salary Escalation rate	1%	2,413
	(-1%)	(2,202)
Salary Escalation rate	1%	2,275
	(-1%)	(2,348)
Mortality rate	1%	2,304
	(-1%)	(2,304)

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

Particulars	Gratuity
Within 1 year	476
1-2 year	414
2-3 year	326
3-4 year	300
4-5 year	230
5-10 year	825
> 10 years	643

## (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, 2021	Valuation as at March 31, 2020
Mortality	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Interest/Discount Rate	5.80%-6.75%	5.68%-6.70%
Rate of increase in compensation	5%-8%	5%-8%
Expected average remaining service	5.20-12.89	4.83-13.00
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.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 18. Income taxes

### a. Income tax expense recognized in the statement of profit and loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax	360	1,740
Deferred tax	(342)	(796)
	<b>18</b>	<b>944</b>

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Tax effect on actuarial losses on defined benefit obligations	(4)	13
	<b>(4)</b>	<b>13</b>
Bifurcation of the income tax recognized in other comprehensive income into:		
Items that will not be reclassified to profit or loss	(4)	13
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, 2021 and March 31, 2020

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting Profit before tax	107	6,195
<b>Tax expense at statutory tax rate of 25.17%</b>	27	1,559
Adjustments:		
Effect of expenses that are not deductible in determining taxable profit	-	49
Effect of change in tax rate*	-	(796)
Adjustments in respect of income-tax for earlier years	-	-
Others	(9)	132
Tax expense reported in Statement of Profit and loss.	<b>18</b>	<b>944</b>
<b>Effective tax rate</b>	<b>16.82%</b>	<b>15.24%</b>

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.

\*The Company elected to execute the option permitted under section 115 BAA of the Income tax Act, 1961 as introduced by the Taxation laws (Amendment) ordinance 2019. Accordingly the Company has recognised provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax liability (net) based on the rate prescribed on the said ordinance.

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[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, 2021	As at March 31, 2020
Deferred tax assets	(3,085)	(2,446)
Deferred tax liabilities	4,610	4,317
	<b>1,525</b>	<b>1,871</b>

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

2020-21	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities/(assets) in relation to:</b>				
<b>Liabilities</b>				
Property, plant and equipment and Intangible assets	4,267	343	-	4,610
<b>Assets</b>				
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 liability	-	(9)	-	(9)
Effect of change in tax rate	61	(61)	-	-
Others	(30)	(246)	-	(276)
<b>Total</b>	<b>1,871</b>	<b>(342)</b>	<b>(4)</b>	<b>1,525</b>

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

2019-20	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax (liabilities)/assets in relation to</b>				
<b>Liabilities</b>				
Property, plant and equipment and Intangible assets	5,167	(900)	-	4,267
<b>Assets</b>				
Provision for employee benefits	(585)	151	(13)	(447)
Provision for doubtful debts	(1,721)	(157)	-	(1,878)
Provision for loss on onerous contracts	(7)	5	-	(2)
Provision for loss on Contract Assets	(79)	46	-	(33)
Provision for dismantling cost	(58)	(9)	-	(67)
Effect of change in tax rate	-	61	-	61
Others	(37)	7	-	(30)
<b>Total</b>	<b>2,680</b>	<b>(795)</b>	<b>(13)</b>	<b>1,871</b>

### 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, 2021	As at March 31, 2020
Income tax assets [net of provisions]	315	2,806
Income tax liabilities [net of advance tax]	(938)	(3,278)
	<b>(623)</b>	<b>(472)</b>

## 19. Other Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
Unearned government grants (Refer note 16(b))	162	282
Current		
Advances from customers	2,643	5,258
Unearned revenue	1,603	1,839
Statutory liabilities	385	640
Unearned government grants (Refer note 16(b))	120	149
Others	181	244
	<b>4,932</b>	<b>8,130</b>
<b>Total Other Liabilities</b>	<b>5,094</b>	<b>8,412</b>



## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 20. Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Acceptances	19,263	22,224
Other than Acceptances	25,372	25,518
<b>Total</b>	<b>44,635</b>	<b>47,742</b>
of the above:		
i) Outstanding dues of micro enterprises and small enterprises*	590	258
ii) Outstanding dues of creditors other than micro enterprises and small enterprises**	44,045	47,484

\*Dues to MSME have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. Refer note 30

\*\*Includes amount payable to related parties. Refer note 33

### 21. Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-Current</b>		
Retention money payable	991	919
	<b>991</b>	<b>919</b>
<b>Current</b>		
Current maturities from long term borrowings (Refer note 16)		
From banks	4,503	4,796
From Banking Financial Companies (NBFC's)	287	62
Sales tax deferment loan	430	393
Unclaimed dividends	-	11
Preference share capital payable	74	74
Interest accrued but not due on borrowings	194	273
Payables on purchase of fixed assets	608	565
Other Payables	2,076	1,176
	<b>8,172</b>	<b>7,350</b>
<b>Total financial liabilities</b>	<b>9,163</b>	<b>8,269</b>

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[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, 2021	For the year ended March 31, 2020
Revenue From operations		
- Sale of products	93,686	124,428
- Revenue from contracts	48,812	72,998
- Sale of services	4,346	6,285
- Other Operating Revenue		
- Scrap Sales	4,810	6,055
<b>Total</b>	<b>151,654</b>	<b>209,766</b>

Reconciliation of revenue recognised with the contracted price is as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contract price	49,199	71,590
<b>Adjustments for:</b>		
Unearned revenue	(623)	880
Unbilled revenue	236	528
<b>Revenue from contracts</b>	<b>48,812</b>	<b>72,998</b>

During the year, there is no single customer contributing 10% or more to the Company's revenue. Revenue from operations for the year ended March 31, 2020 includes ₹ 24,443 Lakhs made to Integral Coach Factory which contributed to 10% or more to the Company's revenue.

### 23. Other Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income earned on financial assets		
- Bank deposits	244	90
- Other interest income	391	973
Dividend income on current investments	-	111
Net gain arising from financial instruments designated as fair value through Profit and Loss	52	24
Reversal of provisions on onerous contracts (Net)	10	10
Foreign Exchange fluctuation (Net)	-	17
Liabilities no longer required written back	253	517
Provisions no longer required written back	41	-
Others	790	287
<b>Total</b>	<b>1,781</b>	<b>2,029</b>

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Opening stock of inventories</b>		
Work-in-progress	22,029	21,185
Finished goods	7,837	7,480
Scrap	592	632
	<b>30,458</b>	<b>29,297</b>
<b>Closing stock of inventories</b>		
Work-in-progress	25,093	22,029
Finished goods	7,711	7,837
Scrap	429	592
	<b>33,233</b>	<b>30,458</b>
<b>Decrease / (increase) in inventories of finished goods and work-in-progress</b>	<b>(2,775)</b>	<b>(1,161)</b>

## 25. Employee benefits expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	11,408	13,868
Contribution to provident and other funds	1,034	936
Staff welfare expenses	744	883
	13,186	15,687
Less: Expenses incurred towards capital projects	136	-
<b>Total</b>	<b>13,050</b>	<b>15,687</b>

## 26. Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest:		
Term loans	1,315	1,529
Working capital demand loans	2,391	2,372
Lease interest cost	363	411
Bill discounting charges	1,750	1,326
Other bank charges	2,299	2,702
	8,118	8,340
Less: Expenses incurred towards capital projects	172	-
<b>Total</b>	<b>7,946</b>	<b>8,340</b>

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[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, 2021	For the year ended March 31, 2020
Depreciation on Property, plant and equipment (Refer note 3)	3,998	3,542
Amortisation on Right-of-use assets (Refer note 4)	604	568
Amortisation of intangible assets (Refer note 5)	165	158
<b>Total</b>	<b>4,767</b>	<b>4,268</b>

### 28. Other Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Job work and processing charges	5,147	7,416
Sub-contract expenses	2,810	3,936
Erection expenses	5,488	7,114
Stores and spares consumed	10,960	12,327
Power and fuel	1,543	2,316
Repairs and maintenance		
- Plant and equipment	220	270
- Buildings	30	43
- Others	345	184
Rent	379	465
Carriage and freight	4,508	5,330
Payment to Auditors (Refer note (a) below)	67	65
Loss on sale of plant and equipment	5	-
Foreign Exchange Fluctuation	443	-
Expenditure for Corporate social responsibility (Refer note (b) below)	144	171
Trade and other receivables written off	141	2,782
Provision for doubtful debtors	989	2,536
Advances written off	-	29
Miscellaneous expenses	4,520	6,764
<b>Total</b>	<b>37,739</b>	<b>51,748</b>

#### Notes:

##### a. Payments to Auditors

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Audit fee	42	40
Limited review	15	15
Certificates	9	8
Out of pocket expenses	1	2
<b>Total</b>	<b>67</b>	<b>65</b>

Note: Amounts given above excludes Goods and Services tax

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### b. Corporate social responsibility

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 ₹ 144 ( year ended March 31, 2020 - ₹ 171) during the year.

a) Gross amount required to be spent by the company during the year is ₹ 166 lakhs.

b) Amount spent during the year on:

Particulars	₹ lakhs
(i) Construction / acquisition of any asset	76
(ii) On purposes other than (i) above	68

c) Details of amount unspent:

Opening balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to spent during the year	Amount spent during the year	Closing balance
157	-	166	144	179

## 29. Earnings per share

Particulars	As at March 31, 2021	As at March 31, 2020
Profit after tax	89	5,251
Weighted average number of equity shares	142,377,284	151,161,566
Nominal value per share	5	5
Basic and Diluted earnings per Equity Share	0.06	3.47

## 30. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Principal and the interest due thereon remaining unpaid to any supplier at the end of the accounting year;		
Principal	590	258
Interest	15	14
(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;	11	21
(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	15	14
(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.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 31. Financial Instruments

### a. Capital Management

The Company's capital management objective is to maximise the total shareholder return by optimising cost of capital through flexible capital structure that supports growth. Further, the Company ensures optimal credit risk profile to maintain/enhance credit rating.

The Company determines the amount of capital required on the basis of annual operating plan and long-term strategic plans. The funding requirements are met through internal accruals and long-term/short-term borrowings. The Company monitors the capital structure on the basis of Net debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

For the purpose of capital management, capital includes issued equity capital, securities premium and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents, 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, 2021	As at March 31, 2020
Equity share capital	7,108	7,262
Other equity	61,981	62,401
<b>Total Equity (A)</b>	<b>69,089</b>	<b>69,663</b>
Non-current borrowings	11,252	10,198
Short term borrowings	41,811	29,596
Current maturities of long-term borrowings	5,220	5,251
<b>Gross Debt</b>	<b>58,283</b>	<b>45,045</b>
Less: Inter-corporate deposits and loans	(1,527)	(2,394)
Less: Current investments	(1,757)	(4,509)
Less: Cash and cash equivalents	(1,998)	(3,565)
Less: Other balances with banks	(2,183)	(2,020)
<b>Net debt (B)</b>	<b>50,818</b>	<b>32,557</b>
<b>Net debt to equity (B/A)</b>	<b>0.74</b>	<b>0.47</b>
<b>Interest Coverage Ratio</b>	<b>1.01</b>	<b>1.74</b>



## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[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, 2021	March 31, 2020
<b>Financial assets</b>		
<b>Measured at amortised cost</b>		
Other financial assets	6,631	5,728
Loans (Inter-corporate deposits)	1,527	2,394
Trade receivables	46,472	43,346
Cash and cash equivalents	1,998	3,565
Other bank balances	2,183	2,020
Non-current investments	1,232	1,232
Total financial assets measured at amortised cost (A)	<b>60,043</b>	<b>58,285</b>
Measured at fair value through profit and loss		
Investments in mutual funds	1,757	4,509
Total financial assets at fair value through profit and Loss (B)	<b>1,757</b>	<b>4,509</b>
Financial assets at Fair value through other comprehensive income (C)	2	2
Total Financial Assets (A+B+C)	<b>61,802</b>	<b>62,796</b>
<b>Financial Liabilities</b>		
Measured at amortised cost		
Long-term borrowings (including current maturities)	15,476	14,209
Short-term borrowings	41,811	29,596
Trade payables	44,635	47,742
Other financial liabilities	3,943	3,018
Total financial liabilities carried at amortised cost(A)	<b>105,865</b>	<b>94,565</b>
Measured at fair value through Profit and Loss		
Sales tax deferment loan	996	1,240
Lease Liabilities	3,300	3,677
Financial liabilities at fair value through Profit and Loss (B)	<b>4,296</b>	<b>4,917</b>
<b>Total Financial Liabilities (A+B)</b>	<b>110,161</b>	<b>99,482</b>

The management assessed that fair value of cash and cash equivalents, trade receivables, other current financial assets, trade payables, borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced or a liquidation sale.

Investments in other equity instruments (quoted and unquoted) are measured at cost through initial designation in accordance with Ind-AS 109 - Financial Instruments.

Investments in mutual funds are mandatorily measured at fair value.

### c. Financial risk management

The Board oversees the risk management frame work, develops and monitors the company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of the risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect

## Notes to Financial Statements

for the year ended March 31, 2021 **Contd...**

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

changes in the market conditions and company's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management frame work in relation to the risk faced by the Company.

The management policies aims to mitigate the following risks arising from the financial instruments

1. Market Risk
2. Credit Risk
3. Liquidity Risk

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of its business to risk related to changes in foreign currency exchange rates, commodity prices and interest rates.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the company's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the management and the internal auditors on a continuous basis. The company does not enter into or trade financial instruments, including derivatives for speculative purposes.

### Credit Risk

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

### 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.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

The carrying amounts of the Company's monetary assets and monetary liabilities at the end of reporting period as follows:

## Currency exposure as at March 31, 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)
<b>Total</b>	<b>3,056</b>	<b>34</b>	<b>54</b>	<b>312</b>	<b>3,456</b>

\*Others include currencies such as Qatari Riyal, Malaysian Ringgit, Emirati Dirham etc

## Currency exposure as at March 31, 2020

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	SGD (in equivalent INR)	Other Currencies* (in equivalent INR)	Total (INR)
Trade receivables	1,544	35	-	236	1,815
Trade payables	(140)	(8)	-	-	(148)
<b>Total</b>	<b>1,404</b>	<b>27</b>	<b>-</b>	<b>236</b>	<b>1,667</b>

\*Others include currencies such as Malaysian Ringgit, etc

## Unhedged foreign currency exposure

### 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)	-

### 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	20.48	0.42	-	19.27
Trade payables	(1.85)	-	(0.16)	-

### 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

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

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-21	31-Mar-20
Strengthening	0.57	0.24
Weakening	(0.57)	(0.24)

### Commodity price risk

The Company's revenue is exposed to the market risk of price fluctuations related to the purchase of steel products used as Raw Material in manufacture of Finished Goods. The company manages the risk by forecasting its production and the manufacturing plan. Raw Material purchases are made based on the evaluation of the steel prices aligned to such production plans.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the company are principally denominated in rupees with mix of fixed and floating rates of interest. The company has exposure to interest rate risk, arising principally on changes in base lending rates. The company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirement for its day to day operations like short term loans. The risk is managed by company by maintaining an appropriate mix between fixed and floating rate borrowings, ensuring the most cost-effective strategies are applied.

### Working Capital position

Particulars	As at March 31, 2021	As at March 31, 2020
Current assets	117,234	108,437
Current liabilities	(101,762)	(97,073)
<b>Working capital</b>	<b>15,472</b>	<b>11,364</b>

### Sensitivity analysis:

Particulars	Impact on profit and loss	
	31-Mar-21	31-Mar-20
1% increase in interest rate	(155)	(114)
1% decrease in interest rate	155	114

### 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.

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

(i) Liquidity exposure as at March 31, 2021

Particulars	< 1 year	1-5 years	> 5 years	Total
<b>Financial liabilities</b>				
Long-term Borrowings	5,220	11,252	-	16,472
Short-term Borrowings	41,811	-	-	41,811
Trade payables	44,635	-	-	44,635
Lease Liabilities	631	2,402	267	3,300
Other financial liabilities	2,951	991	-	3,942
	<b>95,248</b>	<b>14,645</b>	<b>267</b>	<b>110,160</b>

(ii) Liquidity exposure as at March 31, 2020

Particulars	< 1 year	1-5 years	> 5 years	Total
<b>Financial liabilities</b>				
Long-term Borrowings	5,505	11,302	129	16,936
Short-term Borrowings	32,389	-	-	32,389
Lease Liabilities	387	3,158	132	3,677
Trade payables	47,742	-	-	47,742
Other financial liabilities	1,845	919	-	2,764
	<b>87,868</b>	<b>15,379</b>	<b>261</b>	<b>103,508</b>

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

**d. Fair value hierarchy**

Valuation technique and key inputs

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

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

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, 2021.

(i) 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
<b>Financial assets</b>				
Non current- Investments	2	-	-	2
Current- Investments	1,757	1,757	-	-
<b>Financial liabilities</b>				
Lease Liabilities	3,300	-	3,300	-
Sales tax deferment loan	996	-	-	996

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

(ii) Level wise disclosure of Financial instruments as at March 31, 2020 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
Non current- Investments	2	-	-	2
Current- Investments	4,509	4,509	-	-
<b>Financial liabilities</b>				
Lease Liabilities	3,677	-	3,677	-
Sales tax deferment loan	1,240	-	-	1,240

(iii) 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
<b>Financial assets</b>				
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	-
<b>Financial liabilities</b>				
Borrowings	52,497	-	52,497	-
Trade payables	44,635	-	44,635	-
Other financial liabilities	8,733	-	8,733	-

(iv) Level wise disclosure of Financial instruments as at March 31, 2020 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
Non current- Investments	1,232	-	1,232	-
Trade receivables	43,346	-	43,346	-
Cash and cash equivalents	3,565	-	3,565	-
Bank balances other than cash and cash equivalents	2,020	-	2,020	-
Loans	2,394	-	2,394	-
Other financial assets	5,728	-	5,728	-
<b>Financial liabilities</b>				
Borrowings	38,947	-	38,947	-
Trade payables	47,742	-	47,742	-
Other financial liabilities	7,876	-	7,876	-



## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 32. Contingent Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
a) Claims against the company not acknowledged on debt relating to indirect tax matters		
i) Sales Tax	1,449	815
ii) Excise duty and service tax	322	465
iii) Good and Services Tax Act	69	69
iv) Income tax Act	110	-
b) Corporate Guarantee issued to banks by company on behalf of subsidiary	3,671	11,585
c) Financial guarantee given by banks on behalf of the company	12,573	19,255
<b>Total</b>	<b>18,194</b>	<b>32,189</b>

### 33. Related parties

As per the Indian Accounting Standards - "Related Party Disclosures" (Ind AS 24) the following disclosures are made:

#### (i) List of related parties and nature of relationship:

Details of Subsidiaries	Nature of Relationship	Country of incorporation	Percentage of holding as at	
			31-Mar-21	31-Mar-20
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	Subsidiary Company	India	100%	100%
Pennar Global Metals, LLC (w.e.f August 12, 2020)	Step-down Subsidiary	USA	100%	-
Ascent Buildings, LLC (from September 4, 2020)	Step-down Subsidiary	USA	100%	-

#### Details of other related parties

Pennar Holdings Private Limited	Promoter Company
Pennar Foundation	Trust in which KMP's are trustees
Joginapally Venkata Nrupender Rao	Executive Chairman
Aditya Narsing Rao	Vice Chairman and Managing Director
Lavanya Kumar Rao Kondapally	Whole Time Director
Potluri Venkateswara Rao ( w.e.f 27.05.2019)	Joint Managing Director
Kondapalli Siddharth Rao	Relative of KMP
Eric James Brown	Non Executive Director
Vishal Satinder Sood (Resigned w.e.f. 12.02.21)	Non Executive Director
Bhandari Kamalakar Rao	Non Executive & Independent Director
Varun Chawla	Non Executive & Independent Director
Manish Mahender Sabharwal	Non Executive & Independent Director
Chandra Sekhar Sripada	Non Executive & Independent Director
Bharati Jacob	Non Executive & Independent Director

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[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, 2021	For the year ended March 31, 2020
<b>Sale of goods and services</b>		
Pennar Global Inc.	5,862	5,329
Enertech Pennar Defense and Engineering Systems Private Limited	691	345
Pennar GmbH	59	-
Oneworks BIM Technologies Private Limited	77	-
Pennar Global Metals, LLC	1,270	-
	<b>7,959</b>	<b>5,674</b>
<b>Purchase of goods and services</b>		
Pennar Global Inc.	137	320
Enertech Pennar Defense and Engineering Systems Private Limited	494	13
Pennar GmbH	-	56
Oneworks BIM Technologies Private Limited	-	53
Kondapalli Siddharth	10	8
	<b>641</b>	<b>450</b>
<b>Purchase of Property, plant and equipment</b>		
Oneworks BIM Technologies Private Limited	33	-
<b>Intercompany deposits given to:</b>		
Enertech Pennar Defense and Engineering Systems Private Limited	180	-
Oneworks BIM Technologies Private Limited	-	130
<b>Interest income on intercompany deposits given:</b>		
Enertech Pennar Defense and Engineering Systems Private Limited	20	14
Pennar Global Inc.	-	24
Oneworks BIM Technologies Private Limited	9	1
<b>Paid towards corporate social responsibility</b>		
Pennar Foundation	1	21
<b>Investments in Subsidiaries</b>		
Investment in Pennar Pennar Global Inc.	-	601
Investment in Oneworks BIM Technologies Private Limited	-	349
Investment in Pennar GmbH	-	20
	<b>-</b>	<b>970</b>
<b>Director's remuneration</b>		
Joginapally Venkata Nrupender Rao	85	120
Aditya Narsing Rao	52	100
Lavanya Kumar Rao Kondapally	52	68
Potluri Venkateswara Rao	89	107
	<b>278</b>	<b>395</b>
<b>Provident Fund, Superannuation &amp; Other Perquisites</b>		
Joginapally Venkata Nrupender Rao	34	47
Aditya Narsing Rao	17	17
Lavanya Kumar Rao Kondapally	3	12
Potluri Venkateswara Rao	6	26
	<b>60</b>	<b>102</b>

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Sitting fees</b>		
Bhandari Kamalakar Rao	5	6
Varun Chawla	5	3
Manish Mahender Sabharwal	4	4
Chandra Sekhar Sripada	4	5
Bharati Jacob	4	3
C Parthasarathy (Resigned w.e.f. 06.02.20)	-	1
Sita Vanka (Resigned w.e.f. 06.02.20)	-	2
	<b>22</b>	<b>24</b>

### (iii) Balances with related parties:

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Trade payables</b>		
Pennar Global Inc.	64	-
Enertech Pennar Defence and Engineering Systems Private Limited	-	130
Oneworks BIM Technologies Private Limited	-	94
Kondapalli Siddharth	-	4
<b>Total</b>	<b>64</b>	<b>228</b>
<b>Trade receivables</b>		
Enertech Pennar Defence and Engineering Systems Private Limited	708	274
Pennar Global Inc.	1,729	1,141
Oneworks BIM Technologies Private Limited	85	-
Pennar Global Metals, LLC	1,337	-
<b>Total</b>	<b>3,859</b>	<b>1,415</b>
<b>Advances to suppliers and others</b>		
Enertech Pennar Defence and Engineering Systems Private Limited	250	24
Oneworks BIM Technologies Private Limited	44	-
Pennar Global Inc.	3,057	-
	<b>3,351</b>	<b>24</b>
<b>Investment in subsidiary companies</b>		
Enertech Pennar Defence and Engineering Systems Private Limited	1	1
Pennar Global Inc.	862	862
Oneworks BIM Technologies Private Limited	349	349
Pennar GmbH	20	20
<b>Total</b>	<b>1,232</b>	<b>1,232</b>
<b>Loans and Inter corporate deposits receivable</b>		
Pennar Global Inc.	735	-
Enertech Pennar Defence and Engineering Systems Private Limited	180	100
Oneworks BIM Technologies Private Limited	-	130
<b>Total</b>	<b>915</b>	<b>230</b>
<b>Interest on Inter corporate deposits receivable</b>		
Oneworks BIM Technologies Private Limited	-	1
Enertech Pennar Defence and Engineering Private Limited	7	2
<b>Total</b>	<b>7</b>	<b>3</b>

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Managerial Remuneration payable</b>		
Joginapally Venkata Nrupender Rao	21	15
Aditya Narsing Rao	15	2
Lavanya Kumar Rao Kondapally	9	-
Potluri Venkateswara Rao	15	13
	<b>60</b>	<b>30</b>

- 34.** COVID-19 is an infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the World Health Organisation declared COVID-19 a pandemic. The Government of India, declared a lockdown on March 23, 2020 in the light of the outbreak of COVID-19 due to which the Company suspended its operations from March 23, 2020. Operations have resumed from May 4, 2020 and the Company is taking various precautionary measures to protect its employees and their families from COVID-19 pandemic. The Company has considered internal and certain external sources of information up to the date of approval of the financial results in assessing the recoverability of property, plant and equipment, inventories, receivables and other assets. The impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.
- 35.** 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 standalone financial results for the year ended March 31, 2021.
- 36.** The erstwhile subsidiary Company Pennar Engineered Building Systems Limited (PEBS) has funds raised through Initial Public Offer (IPO) during the financial year 2015-2016. Use of the net proceeds of the IPO is intended for 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 expenses. As on March 31, 2021 an amount of ₹435 lakhs (March 31, 2020: ₹ 437 lakhs) are unutilized funds which have been temporarily invested in mutual funds.
- 37.** 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.
- 38.** The Board has given in-principal approval to divest its stake in M/s. Oneworks BIM Technologies Private Limited (subsidiary company).
- 39.** These financial statements were approved by the Company's Board of Directors on June 04, 2021

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

**Aditya N Rao**

Vice Chairman & Managing Director  
(DIN: 01307343)

**JS Krishna Prasad**

Chief Financial Officer

Place : Hyderabad  
Date: June 04, 2021

**Lavanya Kumar Rao K**

Whole Time Director  
(DIN: 01710629)

**Mirza Mohammed Ali Baig**

Company Secretary  
(M No: A29058)











# 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"/ "the Holding Company") and its subsidiaries, (the Parent/ Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and 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, 2021, 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 branch auditors and other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Emphasis of Matter

We draw your attention to Note 34 of the consolidated financial statement, which describes that certain estimates and judgements were made related to the COVID-19 pandemic, wherein, the eventual outcome of the impact of this global health pandemic may be different from those estimated by the management.

Our opinion is not modified in respect of this matter.

## Key Audit Matter

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 of the consolidated financial statements.	Principal audit procedures:
The Company recognises revenue from sale of goods based on the terms and conditions of transactions which varies with different customers.	We obtained an understanding of the revenue recognition process and tested the Company's controls around the timely and accurate recording of sales transactions.
	We have obtained an understanding of a sample of customer contracts.

# INDEPENDENT AUDITOR'S REPORT

To The Members of Pennar Industries Limited Report on the Audit of the Consolidated Financial Statements *Contd...*

Key Audit Matter	Auditor's Response
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 we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available, 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 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.

# INDEPENDENT AUDITOR'S REPORT

To The Members of Pennar Industries Limited Report on the Audit of the Consolidated Financial Statements *Contd...*

## 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/ Holding 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 or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such branches or entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited 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/ Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may

## INDEPENDENT AUDITOR'S REPORT

To The Members of Pennar Industries Limited Report on the Audit of the Consolidated Financial Statements *Contd...*

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 / financial information of four subsidiaries, whose financial statements / financial information reflect total assets of ₹ 9,099 lakhs as at March 31, 2021, total revenues of ₹ 8,896 lakhs and net cash inflows amounting to ₹ 1,016 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information 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 ₹ 644 lakhs as at March 31, 2021, total revenues of ₹ 583 lakhs and net cash inflows amounting to ₹ 10 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 / financial information 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 financial statements / financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of 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:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) 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.
- d) In our opinion, the aforesaid consolidated 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 of the Parent as on March 31, 2021 taken on record by the Board of Directors of the Parent none, of the directors of the Group companies is disqualified as on March 31, 2021 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Company including the transferor companies,

## INDEPENDENT AUDITOR'S REPORT

To The Members of Pennar Industries Limited Report on the Audit of the Consolidated Financial Statements *Contd...*

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.

- 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/ provided by the Parent 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

- 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 Parent.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Ganesh Balakrishnan**

Partner  
(Membership No. 201193)  
UDIN: 21201193AAAAEA1038

Place: Hyderabad  
Date: June 4, 2021

## 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 Ind AS financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Pennar Industries Limited (hereinafter referred to as “the Parent”) and its subsidiary companies 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 companies 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 companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the 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 Parent’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.



## 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) [Contd...](#)

### 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 companies 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, 2021, 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 two subsidiary companies 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 subsidiaries are 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 No. 117366W/W-100018)

**Ganesh Balakrishnan**

Partner

(Membership No. 201193)

UDIN: 21201193AAAAEA1038

Place: Hyderabad

Date: June 4, 2021

# Consolidated Balance Sheet

as at March 31, 2021

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

	Particulars	Note	As at 31 March, 2021	As at 31 March, 2020
<b>I</b>	<b>ASSETS</b>			
<b>1</b>	<b>Non-current assets</b>			
	Property, plant and equipment	3	55,486	57,286
	Right-of-use Assets	4	3,151	3,534
	Capital work-in-progress		6,123	3,341
	Goodwill		322	322
	Other intangible assets	5	1,324	1,430
	Financial assets			
	(a) Investments	6	2	2
	(b) Trade receivables	11	1,754	4,109
	(c) Other financial assets	8	1,048	1,034
	Income tax assets (net)	18(f)	328	2,815
	Other non-current assets	9	1,208	1,482
	Deferred tax assets (net)		1	
	<b>Total Non-current assets</b>		<b>70,747</b>	<b>75,355</b>
<b>2</b>	<b>Current assets</b>			
	Inventories	10	48,655	43,984
	Financial assets			
	(a) Investments	6	1,757	4,509
	(b) Trade receivables	11	42,702	39,610
	(c) Cash and cash equivalents	12	3,353	3,902
	(d) Bank balances other than cash and cash equivalents	13	2,183	2,020
	(e) Loans	7	792	2,164
	(f) Other financial assets	8	5,891	4,837
	Other current assets	9	13,174	8,957
	<b>Total Current assets</b>		<b>118,507</b>	<b>109,983</b>
	<b>Total assets (1+2)</b>		<b>189,254</b>	<b>185,338</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
<b>1</b>	<b>EQUITY</b>			
	Equity share capital	14	7,108	7,262
	Other equity	15	62,475	62,771
	<b>Equity attributable to shareholders of the company</b>		<b>69,583</b>	<b>70,033</b>
	Non-controlling interest		87	57
	<b>Total Equity (1)</b>		<b>69,670</b>	<b>70,090</b>
	<b>LIABILITIES</b>			
<b>2</b>	<b>Non-current liabilities</b>			
	Financial liabilities			
	(a) Borrowings	16	11,278	10,233
	(b) Lease liabilities	4	2,669	3,290
	(c) Other financial liabilities	21	991	919
	Provisions	17	1,166	1,064
	Deferred tax liabilities (net)	18(d)	1,525	1,871
	Other non-current liabilities	19	162	282
	<b>Total Non-current liabilities</b>		<b>17,791</b>	<b>17,659</b>
<b>3</b>	<b>Current liabilities</b>			
	Financial liabilities			
	(a) Borrowings	16	41,946	29,755
	(b) Trade payables	20		
	Total outstanding dues to micro enterprises and small enterprises		590	258
	Total outstanding dues of other than micro enterprises and small enterprises		43,682	47,636
	(c) Lease liabilities	4	631	387
	(d) Other financial liabilities	21	8,274	7,637
	Current tax liabilities (net)	18(f)	973	3,282
	Provisions	17	643	596
	Other current liabilities	19	5,054	8,038
	<b>Total Current liabilities</b>		<b>101,793</b>	<b>97,589</b>
	<b>Total Liabilities (2+3)</b>		<b>119,584</b>	<b>115,248</b>
	<b>Total Equity and Liabilities (1+2+3)</b>		<b>189,254</b>	<b>185,338</b>
	Corporate information and significant accounting policies	1 & 2		
	See accompanying notes forming part of the 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: June 04, 2021

**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 Profit and Loss

for the year ended March 31, 2021

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>I. INCOME</b>			
Revenue from operations	22	152,535	210,655
Other income	23	1,866	2,028
<b>Total income</b>		<b>154,401</b>	<b>212,683</b>
<b>II. EXPENSES</b>			
Cost of materials consumed		92,754	118,460
Purchase of traded goods		3,669	8,463
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(4,432)	(1,143)
Employee benefits expense	25	13,638	16,184
Finance costs	26	7,967	8,345
Depreciation and amortisation expense	27	4,817	4,282
Other expenses	28	37,619	51,780
<b>Total expenses</b>		<b>156,032</b>	<b>206,371</b>
<b>III. Profit before exceptional item and tax (I - II)</b>		<b>(1,631)</b>	<b>6,312</b>
<b>IV. Exceptional item</b>	35	<b>1,996</b>	<b>-</b>
<b>V. Profit before tax (III + IV)</b>		<b>365</b>	<b>6,312</b>
<b>VI. Tax expense:</b>	18(a)		
Current tax		423	1,768
Deferred tax		(342)	(796)
		<b>81</b>	<b>972</b>
<b>VII. Profit for the year (V - VI)</b>		<b>284</b>	<b>5,340</b>
Profit for the year attributable to:			
- Shareholders of the Company		254	5,305
- Non-controlling interests		30	35
<b>VIII. Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
- Remeasurements of the net defined benefit liability	17(c)	18	(52)
- Income tax relating to above items	18(b)	(4)	13
<b>Items that will be reclassified subsequently to profit or loss:</b>			
- Exchange differences in translation of foreign operations		(41)	67
- Income tax relating to above items		-	-
<b>Total other comprehensive income</b>		<b>(27)</b>	<b>28</b>
<b>Other comprehensive income for the year attributable to:</b>			
- Shareholders of the Company		(27)	28
<b>IX. Total comprehensive income for the year (VII + VIII)</b>		<b>257</b>	<b>5,368</b>
<b>Total comprehensive income for the year attributable to:</b>			
- Shareholders of the Company		227	5,333
- Non-controlling interests		30	35
<b>X. Earning per equity share (face value of ₹ 5 each)</b>			
Basic and Diluted (₹)	29	0.18	3.51
Corporate information and significant accounting policies	1 & 2		
See accompanying notes forming part of the financial statements			

In terms of our report attached

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm Registration Number : 117366W/W-100018

**Ganesh Balakrishnan**

Partner

Membership No. 201193

Place: Hyderabad

Date: June 04, 2021

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

**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)

# Cash Flow Statement

for the year ended March 31, 2021

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	365	6,312
Adjustments for :		
Depreciation and amortisation expense	4,817	4,282
(Profit)/Loss on sale/scrap of property, plant and equipments (net)	5	1
(Profit)/Loss on sale of investment	(52)	(24)
Exchange differences (net)	441	(17)
Provision for receivables and other liabilities no longer required, written back	(284)	(517)
Trade and other receivables written off	141	2,782
Provision for doubtful trade and other receivables, loans and advances (net)	989	2,536
Finance costs	7,967	8,345
Interest income	(684)	(1,089)
Dividend income	-	(111)
<b>Operating profit before working capital changes</b>	<b>13,705</b>	<b>22,500</b>
Changes in Working Capital:		
Trade payables	(3,338)	3,639
Other liabilities	(2,263)	(1,059)
Provisions	149	(69)
Trade receivables	(2,308)	(1,717)
Inventories	(4,671)	(129)
Other assets	(5,302)	(2,245)
<b>Cash generated from operations</b>	<b>(4,028)</b>	<b>20,920</b>
Net income taxes paid	(248)	(1,820)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(4,276)</b>	<b>19,100</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, plant and equipments, including Capital work-in-progress and Capital advances	(5,328)	(9,172)
Proceeds from sale of Property, plant and equipment	75	2
Payment towards acquisition of Business	-	(61)
Proceeds from sale of current investments (net)	2,804	726
Inter-corporate deposits/ loans (net)	1,372	(210)
Movement in other bank balances	(163)	301
Interest received	630	1,089
Dividend income from investments	-	111
<b>Net cash flow used in investing activities (B)</b>	<b>(610)</b>	<b>(7,214)</b>

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	7,561	5,488
Repayment of long term borrowings	(6,516)	(3,139)
Proceeds/ (repayment) of short-term borrowings (net)	12,095	(1,536)
Payment towards buyback of shares including transaction costs	(678)	(2,048)
Interest and other borrowing costs paid	(7,527)	(7,934)
Repayment of lease liability	(598)	(335)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>4,337</b>	<b>(9,504)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(549)</b>	<b>2,382</b>
Cash and cash equivalents at the beginning of the year	3,902	1,516
Effect of exchange differences on translation of foreign currency cash and cash equivalents	-	4
<b>Cash and cash equivalents at the end of the year*</b>	<b>3,353</b>	<b>3,902</b>
<b>*Cash and cash equivalents comprises of: (Refer note 12)</b>		
Cash on hand	5	11
Balances with Banks		
- in current accounts	2,275	3,242
- in deposit accounts	1,073	649
	<b>3,353</b>	<b>3,902</b>

**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.

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: June 04, 2021

**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)

# Statement of changes in equity

for the year ended March 31, 2021

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## A. Equity share capital

Particulars	No of shares	Amount
<b>Balance as at April 01, 2019</b>	152,357,231	7,618
Changes in equity share capital during the year		
Less: Shares bought back and extinguished during the year	6,615,000	331
Less: Shares bought back and pending extinguishment	504,617	25
<b>Balance as at March 31, 2020</b>	<b>145,237,614</b>	<b>7,262</b>
Changes in equity share capital during the year		
Less: Shares bought back and extinguished during the year	3,075,383	154
<b>Balance as at March 31, 2021</b>	<b>142,162,231</b>	<b>7,108</b>

## B. Other equity

Particulars	Reserves and surplus					Retained earnings	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				
Balance as at April 01, 2019	386	12,622	1,272	6	1,185	43,650	10	22	59,153
Profit for the year	-	-	-	-	-	5,305	-	35	5,340
Buyback of equity shares	-	(1,337)	-	-	-	-	-	-	(1,337)
Transaction costs towards Buyback of equity shares	-	(355)	-	-	-	-	-	-	(355)
Amount transferred to capital redemption reserve upon Buyback	-	-	(356)	-	356	-	-	-	-
Remeasurement of net defined benefit liability net of income tax	-	-	-	-	-	(40)	-	-	(40)
Exchange differences in translation of foreign operations	-	-	-	-	-	-	67	-	67
<b>Balance as at March 31, 2020</b>	<b>386</b>	<b>10,930</b>	<b>916</b>	<b>6</b>	<b>1,541</b>	<b>48,915</b>	<b>77</b>	<b>57</b>	<b>62,828</b>
Profit for the year	-	-	-	-	-	254	-	30	284
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	-	-	-	-
Remeasurement of net defined benefit liability net of income tax	-	-	-	-	-	14	-	-	14
Exchange differences in translation of foreign operations	-	-	-	-	-	-	(41)	-	(41)
<b>Balance as at March 31, 2021</b>	<b>386</b>	<b>10,407</b>	<b>762</b>	<b>6</b>	<b>1,695</b>	<b>49,183</b>	<b>36</b>	<b>87</b>	<b>62,562</b>

See accompanying notes forming part of the financial statements

In terms of our report attached  
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
Firm Registration Number : 117366W/W-100018

**Ganesh Balakrishnan**  
Partner  
Membership No. 201193

Place: Hyderabad  
Date: June 04, 2021

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

**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 to Financial Statements

for the year ended March 31, 2021

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 1. Corporate information:

Pennar Industries Limited ('the Company') is a public listed company in India having its registered and corporate office in Hyderabad in State of Telangana and is engaged in manufacturing of cold rolled steel strips, precision tubes, cold rolled formed sections, electrostatic precipitators, profiles, Railway wagons and coach components, press steel components, hydraulics, road safety systems and galvanized products. Pennar Industries Limited has manufacturing facilities at Patancheru, Isnapur and Velchal in the state of Telangana, Chennai and Hosur in Tamil Nadu, Tarapur in Maharashtra. Its erstwhile subsidiary Pennar Engineered Building Systems Limited (PEBS) is engaged in 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, amongst others. It has manufacturing facility located at Sadashivpet. Its other erstwhile subsidiary – Pennar Enviro Limited (PEL) is engaged in the business of design, manufacture, supply, erection and maintenance of Water and Waste Water Treatment Plants, and manufacture and supply of Water Treatment chemicals and fuel additives for both solid and liquid fuels. The company's shares are listed on the Bombay Stock Exchange and National Stock Exchange of India.

These consolidated financial statements 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 Basis of preparation and presentation:

These financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability of market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 2.2 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:

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

- 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.

- 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.
- The consolidated financial statements are prepared using uniform accounting policies for similar material transactions and other events in similar circumstances otherwise as stated elsewhere.
- 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.
- 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.
- Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.
- 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.
- 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 to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

The group has following investments in subsidiaries:

Name of the Entity	Principal Place of business and Country of Incorporation	Investee Relationship		Proportion of ownership interest	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Enertech Pennar Defense and Engineering Systems Private Limited (From April 10, 2018)	India	Subsidiary	Subsidiary	51.00%	51.00%
Pennar Global Inc. (From June 05, 2017)	USA	Subsidiary	Subsidiary	100%	100%
Pennar GmbH.,	Germany	Subsidiary	Subsidiary	100%	100%
Oneworks Bim Technologies Private Limited	India	Subsidiary	Subsidiary	100%	100%
Pennar Global Metals LLC	USA	Step down Subsidiary	-	100%	-
Ascent Building LLC	USA	Step down Subsidiary	-	100%	-

In accordance with the accounting treatment as prescribed by the aforementioned order, the Company accounted for the business combination as per Appendix C of Ind AS 103 Business Combination which lays down the principles in respect of accounting for business combination of entities or businesses under common control. This transaction does not have any impact on the consolidated profit before tax.

## 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 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.

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

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 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 Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

### 2.7 Leases:

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Effective April 1, 2019, the Company adopted Ind AS 116 “Leases”, applied to all lease contracts as on the transition date, Company has decided to apply “Modified retrospective method” by measuring ‘Right-of-use’ assets at an amount equal to Lease Liability, adjusted by amount of any prepaid or accrued lease payme’nts.

#### As a Lessee:

The Company’s significant leasing arrangement are in respect of Land and Office premises. 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.

# Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

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.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. Further, refer note no. 36, for effect of transition to Ind AS 116, classification of leases and other disclosures relating to leases.

## As a Lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

## 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'

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 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 financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognized but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

### 2.11 Cash and cash equivalents:

Cash comprises cash on hand, in bank and demand deposits with banks. The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents. Such cash equivalents are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method, whereby profit / (loss) after tax is adjusted for the effects of transaction of non- cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from Operating, investing and financing activities of the Company are segregated based on the available information.

### 2.12 Revenue:

Revenue is recognised to the extent that it is highly probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue 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.



# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

With respect to contracts where revenue is recognised over time, the Company measures the value of services for which control is transferred to the customer over time based on certification of work completed. In cases where the work performed till the reporting date has not reached the milestone specified in the contract, the Company recognises revenue only to the extent that it is highly probable that the customer will acknowledge the same.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the period in which such probability occurs. Due to the uncertainties attached, the revenue on account of extra claims are accounted for at the time of acceptance / settlement by the customers.

## 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, wherever applicable.

# Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 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 ₹ 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.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

## 2.18 Employee benefit plans:

Employee benefits include provided fund, superannuation fund, employee's state insurance scheme, gratuity and compensated absences.

### Post Employment Obligations:

#### Defined Contribution Plans:

Contributions in respect of Employees Provident Fund and Pension Fund which are defined contribution schemes, are made to a fund administered and managed by the Government of India and are charged as an expense based on the amount of contribution required to be made and when service are rendered by the employees.

Contributions under the superannuation plan which is a defined contribution scheme, are made to a fund administered and managed by the Life Insurance Corporation of India and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### Defined benefit plans Gratuity:

The Company accounts for its liability towards Gratuity based on actuarial valuation made by an independent actuary as at the balance sheet date using projected unit credit method. The liability recognized in the balance sheet in respect of the gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined obligation and the fair value of plan assets. This cost is included in the employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. Changes 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 to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 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 changes in foreign currency rates are recognized in other comprehensive income.
- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.
- For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in the statement of profit and loss.
- The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 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.

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 2.22 Government Grants:

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

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

### 2.23 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. Except for the changes below, the Company has consistently applied accounting policies to all periods.

### 2.24 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have been made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

#### Revenue recognition

In making their judgement, the management considered the detailed criteria for the recognition of revenue from the sale of goods set out in Ind AS 115 and, in particular, whether the Company had transferred control over the goods to the buyer.



# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## Key sources of estimation uncertainty

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts 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	10-20  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 to Financial Statements

for the year ended March 31, 2021 **Contd...**

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 3. Property, plant and equipment

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
Freehold land	1,330	1,292
Leasehold Improvements	18	23
Buildings	27,993	27,855
Plant and equipment	20,396	22,363
Electrical equipment	4,697	4,767
Computers	468	194
Office equipment	160	221
Furniture and fixtures	240	314
Vehicles	184	257
<b>Total</b>	<b>55,486</b>	<b>57,286</b>
Capital works-in-progress (Refer note (a) below)	6,123	3,341

#### Notes:

- a) Capital work in progress includes borrowing cost of ₹172 Lakhs (March 31, 2020 ₹ Nil Lakhs) capitalised during the year.
- b) Refer Note 16(a) for details of charge created on assets.

#### 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
<b>I. Cost</b>										
Balance as at April 01, 2019	911	45	22,275	35,134	6,199	431	143	417	372	65,927
Additions	381	-	10,103	4,843	923	166	190	128	59	16,793
Disposals	-	-	-	(10)	-	-	-	-	-	(10)
Balance as at March 31, 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	(4)	-	-	(306)	(7)	(73)	(10)	(29)	(30)	(459)
<b>Balance as at March 31, 2021</b>	<b>1,330</b>	<b>45</b>	<b>33,592</b>	<b>40,382</b>	<b>7,367</b>	<b>946</b>	<b>329</b>	<b>518</b>	<b>402</b>	<b>84,911</b>
<b>II. Accumulated depreciation</b>										
Balance as at April 01, 2019	-	17	3,584	15,561	2,050	311	51	175	127	21,876
Depreciation for the year	-	5	939	2,050	305	92	61	56	47	3,555
Disposals	-	-	-	(7)	-	-	-	-	-	(7)
Balance as at March 31, 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	-	-	-	(7)	-	(23)	(4)	-	-	(34)
<b>Balance as at March 31, 2021</b>	<b>-</b>	<b>27</b>	<b>5,599</b>	<b>19,986</b>	<b>2,670</b>	<b>478</b>	<b>169</b>	<b>278</b>	<b>218</b>	<b>29,425</b>

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 4. Right-of-Use Assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Carrying amount of:</b>		
Land	102	103
Buildings	1,973	3,431
Plant and equipment	1,076	-
	<b>3,151</b>	<b>3,534</b>

### Details of Right-of-Use Assets

Particulars	Land (Refer note below)	Buildings	Plant and equipment	Total
<b>I. Gross Carrying Value</b>				
As at April 01, 2019	90	3,620	-	3,710
Additions	15	635	-	650
Disposals	-	(295)	-	(295)
<b>Balance as at March 31, 2020</b>	<b>105</b>	<b>3,960</b>	<b>-</b>	<b>4,065</b>
Additions	-	311	1,094	1,405
Disposals/adjustments/write offs	-	(1,713)	-	(1,713)
<b>Balance as at Mar 31, 2021</b>	<b>105</b>	<b>2,558</b>	<b>1,094</b>	<b>3,757</b>
<b>II. Accumulated amortisation</b>				
Amortisation	2	566	-	568
Disposals	-	(37)	-	(37)
<b>Balance as at March 31, 2020</b>	<b>2</b>	<b>529</b>	<b>-</b>	<b>531</b>
Depreciation for the year	1	585	18	604
Disposals/adjustments/write offs	-	(529)	-	(529)
<b>Balance as at Mar 31, 2021</b>	<b>3</b>	<b>585</b>	<b>18</b>	<b>606</b>

### Note:

Includes net carrying value of the Land reclassified on adoption of Ind AS 116 "Leases"

### Lease Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Current	631	387
Non-current	2,669	3,290
	<b>3,300</b>	<b>3,677</b>

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 5. Other intangible assets

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Carrying amount of:</b>		
Computer software	408	465
Software licence	167	163
Other intangible assets	749	802
<b>Total Other intangible assets</b>	<b>1,324</b>	<b>1,430</b>

Particulars	Computer software	Software licence	Other intangible assets	Total
<b>I. Cost</b>				
<b>Balance as at April 01, 2019</b>	<b>506</b>	<b>227</b>	<b>1,126</b>	<b>1,859</b>
Additions	168	68	-	236
Disposals	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>674</b>	<b>295</b>	<b>1,126</b>	<b>2,095</b>
Additions	42	30	-	72
Disposals	-	-	-	-
Balance as at March 31, 2021	<b>716</b>	<b>325</b>	<b>1,126</b>	<b>2,167</b>
<b>II. Accumulated amortisation</b>				
<b>Balance as at April 01, 2019</b>	<b>137</b>	<b>100</b>	<b>269</b>	<b>506</b>
Amortisation for the year	72	32	55	159
Disposals	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>209</b>	<b>132</b>	<b>324</b>	<b>665</b>
Amortisation for the year	99	26	53	178
Disposals	-	-	-	-
<b>Balance as at March 31, 2021</b>	<b>308</b>	<b>158</b>	<b>377</b>	<b>843</b>

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 6. Investments

Particulars	Face Value per share	As at March 31, 2021		As at March 31, 2020	
		No. of shares	Amount	No. of shares	Amount
<b>A. Investments - Non-current</b>					
<b>Unquoted:</b>					
<b>Investment carried at fair value through OCI (FVTOCI)</b>					
Mana Effluent Treatment Plant Limited	₹ 1000 each	200	2	200	2
<b>Total Non-current investments</b>			<b>2</b>		<b>2</b>
<b>B. Investments - Current (quoted) (Refer note below)</b>					
Investment carried at fair value through profit and loss (FVTPL)					
Investments in mutual funds			1,757		4,509
<b>Total Current investments</b>			<b>1,757</b>		<b>4,509</b>

### Note:

Details of investments - Current (quoted)

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of units	Amount	No. of units	Amount
<b>Investments in Mutual Funds*</b>				
UTI - Treasury Advantage Fund - Regular Growth Plan	-	-	179	4
Aditya Birla Sun Life Savings Fund - Regular Plan - Growth	-	-	6,166	25
ABSL Money Manager Fund Gr-Direct	-	-	148,355	402
UTI Money Market Fund - Regular Growth Plan	-	-	211	5
Nippon India Liquid Fund - Direct Plan - Growth Plan- Growth Option	-	-	9,101	441
Nippon India Overnight Fund - Direct Growth Plan	-	-	466,489	500
Nippon India Money Market Fund- Direct Growth Plan - Growth Option	-	-	15,095	461
ICICI Prudential Money Market Fund-Direct Plan - Growth Option	-	-	125,329	350
ICICI Savings Fund- Direct Plan- Growth Option	-	-	116,183	454
ICICI Overnight Fund- Direct Plan- Growth Option	450,568	500	232,030	250
HDFC Liquid Fund - Regular Plan- Growth Option	16,352	500	2,841	110
Tata Overnight Fund-Direct Plan - Growth Option	-	-	23,727	250
Tata Money Market Fund-Direct Plan - Growth Option	-	-	7,213	250
DSP Overnight Fund-DP - Growth Option	-	-	23,395	250
DSP Ultra Short Fund-DP - Growth Option	-	-	9,186	250
Invesco India Money Market Fund-DP - Growth Option	-	-	10,801	250
Sundaram - Money Market Fund- Direct Growth	-	-	2,231,704	250
Nippon India Overnight Fund - Growth Plan	678,939	757	107	7
		<b>1,757</b>		<b>4,509</b>

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

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>At amortised cost</b>		
Inter-corporate deposits	792	2,164
	<b>792</b>	<b>2,164</b>

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current:</b>		
Deposits	961	952
Sales tax claims receivable	87	82
<b>Total other non-current financial assets</b>	<b>1,048</b>	<b>1,034</b>
<b>Current:</b>		
Interest accrued on deposits	134	79
Unbilled revenue	1,159	1,321
Incentive receivable	255	506
Security Deposits	1,682	2,496
Receivable against sale of non-current investments	-	184
Receivable against sale of Land	1,910	-
Others	751	251
<b>Total other current financial assets</b>	<b>5,891</b>	<b>4,837</b>
<b>Total other financial assets</b>	<b>6,939</b>	<b>5,871</b>

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
Capital advances	1,077	1,359
Others	131	123
<b>Total other non-current assets</b>	<b>1,208</b>	<b>1,482</b>
<b>Current:</b>		
Advances recoverable in kind or for value to be received	5,295	3,336
Prepaid expenses	682	425
Balances with government authorities	3,971	5,163
Others	3,151	33
Employee Advance	75	-
<b>Total other current assets</b>	<b>13,174</b>	<b>8,957</b>
<b>Total other assets</b>	<b>14,382</b>	<b>10,439</b>



# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

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

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials	9,259	8,286
Work-in-progress	25,661	22,010
Finished goods	8,781	7,837
Stores and spares	4,525	5,259
Scrap	429	592
<b>Total</b>	<b>48,655</b>	<b>43,984</b>

### Note:

Refer Note 16(a) for details of charge created on assets.

## 11. Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non Current</b>		
Unsecured, considered good	1,754	4,109
Credit impaired	-	2,547
	<b>1,754</b>	<b>6,656</b>
Less: Allowance for doubtful receivables (Refer note (b) below)	-	2,547
	<b>1,754</b>	<b>4,109</b>
<b>Current</b>		
Unsecured, considered good	42,702	39,610
Credit impaired	5,902	4,913
	<b>48,604</b>	<b>44,523</b>
Less: Allowance for doubtful receivables (Refer note (b) below)	5,902	4,913
	<b>42,702</b>	<b>39,610</b>
<b>Total</b>	<b>44,456</b>	<b>43,719</b>

### Notes:

a. Trade receivables includes retention money aggregating to ₹ 7,442 lakhs (March 31, 2020: ₹ 4,663 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.

In calculating expected credit loss, the Company has also considered credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID -19.

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Ageing	< 180 days	>180 days	Impairment allowance	Total
As at March 31, 2021	33,523	16,835	(5,902)	44,456
As at March 31, 2020	40,580	10,599	(7,460)	43,719

### The movement in the allowance for Credit loss:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	7,460	4,924
Impairment losses recognised on receivables	989	2,536
Amounts written off during the year as uncollectible, provision released	(2,547)	-
<b>Balance at the end of the year</b>	<b>5,902</b>	<b>7,460</b>

- c. Of the trade receivables balance as at March 31, 2021, ₹ 2,801 Lakhs (as at March 31, 2020: ₹ 6,931 Lakhs) is due from the Company's Largest customers individually representing more than 5% of total trade receivables balance.

## 12. Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	5	11
Balances with banks		
in current accounts	2,273	3,242
in deposit accounts	1,075	649
<b>Total</b>	<b>3,353</b>	<b>3,902</b>

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

Particulars	As at March 31, 2021	As at March 31, 2020
a) Earmarked balances with banks		
- in preference shares redemption accounts	74	74
- in unclaimed dividend accounts	-	11
- in Margin money deposits*	1,104	584
- in deposit accounts (maturity less than 12 months)**	1,005	1,351
<b>Total</b>	<b>2,183</b>	<b>2,020</b>

\*Margin money deposits has been provided as a security to State Bank of India and Axis Bank for the Cash Credit and other short term loan facilities availed by the Company. The balance deposits are towards margin money given for letter of credit and bank guarantees.

\*\*Deposits includes earmarked balance as at March 31, 2021 ₹ Nil (as at March 31, 2020 ₹ 900 lakhs) against bank guarantee given to SEBI for buy back of Shares.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 14. Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorised share capital:</b>		
<b>Equity shares</b>		
25,20,00,000 fully paid up equity shares of ₹ 5 each	12,600	12,600
<b>Preference Shares:</b>		
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
	<b>15,100</b>	<b>15,100</b>
<b>Issued, subscribed and paid-up capital:</b>		
<b>Equity shares</b>		
14,21,62,231 fully paid up equity shares of ₹ 5 each (Refer note (d) below)	7,108	7,262
<b>Total</b>	<b>7,108</b>	<b>7,262</b>

Notes:

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Fully paid up equity shares:</b>		
Opening balance	145,237,614	152,357,231
Less: Shares bought back and extinguished during the year	3,075,383	6,615,000
Less: Shares bought back and pending extinguishment	-	504,617
Closing balance	<b>142,162,231</b>	<b>145,237,614</b>

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No of shares held	% holding of equity shares	No of shares held	% holding of equity shares
<b>Fully paid up equity shares:</b>				
Pennar Holdings Private Limited	21,005,455	14.78%	21,005,455	14.41%
Saif India IV FII Holdings Limited	11,314,460	7.96%	12,138,080	8.33%
Franklin India Smaller Companies Fund	7,989,354	5.62%	8,689,354	5.96%
Aditya Narsing Rao	7,829,235	5.51%	8,427,203	5.78%

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

**Equity Shares:** The Company has issued only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

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

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[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 November 12, 2019, 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 ₹ 45 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.

'On May 25, 2020, the scheme of Buyback was closed, the Company bought back 1,01,95,000 equity shares as of that date, resulting in total cash consideration of ₹ 2,725 lakhs (including ₹ 488 lakhs towards transaction cost and tax on Buyback). In line with the requirement of Companies Act, 2013, an amount of ₹ 2,215 lakhs has been utilized from securities premium account for the buyback. Further, capital redemption reserve of ₹ 510 lakhs 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.

## 15. Other equity

Other equity consist of the following:

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Capital reserve	386	386
(b) Securities premium account		
Opening balance	10,930	12,622
Premium paid upon Buyback of equity shares	(390)	(1,337)
Transaction costs relating to Buyback of equity shares	(133)	(355)
Closing Balance	<b>10,407</b>	<b>10,930</b>
(c) General reserve		
Opening balance	916	1,272
Transfer to capital redemption reserve upon Buyback of equity shares	(154)	(356)
Closing Balance	<b>762</b>	<b>916</b>
(d) Profit on forfeiture of shares	6	6
(e) Capital redemption reserve		
Opening balance	1,541	1,185
Appropriation from general reserve upon Buyback of equity shares	154	356
Closing Balance	<b>1,695</b>	<b>1,541</b>
(f) Retained earnings		
Opening balance	48,992	43,660
Add: Profit for the year	254	5,305
Remeasurement of net defined benefit liability net of income tax	14	(40)
Exchange differences in translation of foreign operations	(41)	67
Closing Balance	<b>49,219</b>	<b>48,992</b>
<b>Total</b>	<b>62,475</b>	<b>62,771</b>

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

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

## Nature of reserves:

### (a) Capital Reserve

Capital Reserve represents the gain on amalgamation. It is the excess of share capital issued and the amount of share capital of the transferor companies. It is made out of capital profits earned by the company which can be used only for special purposes and hence it is not freely available to be distributed among shareholders as the dividend.

### (b) Securities premium account

Securities premium represents the amount received in excess of the face value of the equity shares. The utilisation of the securities premium is governed by the Section 52 of the Act.

### (c) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

### (d) Profit on forfeiture of shares

Profit on forfeiture of shares pertains to profit on redemption of preference shares.

### (e) Capital redemption reserve

Capital redemption reserve has been created pursuant to the requirements of the Act under which the Company is required to transfer certain amounts on redemption of the preference shares. The Company has redeemed the underlying preference shares in the earlier years. The capital redemption reserve can be utilised for issue of bonus shares.

### (f) Retained earnings

Retained earnings reflects the Company's undistributed earnings after taxes along with current year profit.

## 16. Borrowings

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
Term Loans- Secured (Refer note (a) below)		
- From banks	8,719	9,281
- From non banking financial companies (NBFC's)	1,993	97
	<b>10,712</b>	<b>9,378</b>
Unsecured		
Sales tax deferment loan (Refer note (b) below)	566	847
- From non banking financial companies (NBFC's)	-	8
	<b>11,278</b>	<b>10,233</b>
Current Maturities of non-current borrowings		
Term Loans- Secured		
-From banks (Refer note (a) below)	4,503	4,831
-From non banking financial companies (NBFC's) (Refer note (a) below)	287	62
-Sales tax deferment loan	430	393
	<b>5,220</b>	<b>5,286</b>
Less : Amount disclosed under "other current financial liabilities" (Refer note 21)	<b>5,220</b>	<b>5,286</b>
	-	-

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Loans repayable on demand from banks (Refer note (c) below)		
(i) Cash credits	6,481	15,945
(ii) Working capital demand loans	23,827	12,955
(iii) Bills of exchange	11,581	784
(iv) Others	57	71
	<b>41,946</b>	<b>29,755</b>
<b>Total Borrowings</b>	<b>53,224</b>	<b>39,988</b>

## Notes:

### (a) Summary of borrowings arrangements

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2021	March 31, 2020	
From Banks:						
Axis Bank Limited	16 equal quarterly instalments of ₹ 312.50 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	2,813	9.9% to 10.3% p.a
SBM Bank (India) Limited	13 equal quarterly instalments of ₹ 250 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	1,750	2,750	10.40%
ICICI Bank Limited	16 equal quarterly instalments of ₹ 312.5 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	3,750	5,000	9.75% to 10.15% p.a
YES Bank Limited	16 equal quarterly instalments of ₹ 156.25 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	2,031	2,500	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	34	47	8.77%
	48 equal monthly instalments of ₹ 18.07 each commencing from March 2021	"Extetntion of second ranking charge over existing primary collateral securities including mortgages of created infavour of the bank 100% Credit guarantee by national Credit guarantee Trust Company Limited(NCGTC)"	867	867	-	7.25%
Axis Bank Limited	48 equal monthly instalments commencing from April 2019	First charge by way of hypothecation of the vehicle for which the loan was taken.	49	27	38	9.26%
HDFC Bank	48 equal monthly instalments of ₹ 48.46 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)	2,326	2,326	-	7.25%
Bandhan Bank	24 equal quarterly instalments of ₹ 41.64 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	874	958	10.70%
<b>Total</b>			<b>20,057</b>	<b>13,222</b>	<b>14,106</b>	



# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

Particulars	Term of Repayments	Security	Borrowings availed	Outstanding as at		Rate of Interest
				March 31, 2021	March 31, 2020	
From Non Banking Financial Institutions:						
Kotak Mahindra Prime Limited	48 equal monthly instalments of ₹ 0.30 each commencing from April 2018	"First charge by way of hypothecation of the vehicles for which the loan was taken."	14	-	5	8.75%
Tata Capital Financial services Limited	24 equal months instalments of ₹ 12.50 each commencing from September 2018	Irrevocable and Unconditional Personal Guarantee of Mr. Aditya Narsing Rao.	300	-	63	10.25% to 10.75% p.a
	60 equal months instalments of ₹ 30.00 each commencing from October 2021		1,800	1,800	-	11.00%
Volkswagen Finance 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	27	35	8.50%
Siemens Financial Services Pvt Ltd	48 equal months instalments of ₹ 8.89 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	427	-	11.75%
<b>Total</b>			<b>2,590</b>	<b>2,254</b>	<b>103</b>	

- (b) The Company availed an interest free sales tax deferment loan for a period of 14 years starting from 1997 - 98 amounting to ₹ 2,486 from the Commercial tax department. Out of this, amount aggregating ₹ 815 was paid during earlier years , an amount of ₹ 393 paid in the financial year 2020-21 and amount of ₹ 430 Payable in the financial year 2021-22 which is classified under the head "Other financial liabilities". Further ₹ 282 (As at March 31, 2020 - ₹ 431) 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
2021-22	430
2022-23	298
2023-24	335
2024-25	215
<b>Total</b>	<b>1,278</b>

- (c) Cash Credit and Working capital facilities sanctioned by consortium of bankers comprising State bank of India, Axis Bank, Yes Bank, ICICI Bank, HDFC Bank 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 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, 2020 9.8% to 10.40%)

- (d) Details of borrowings guaranteed by Directors :

Particulars	As at March 31, 2021	As at March 31, 2020
Aditya Narsing Rao (Vice Chairman and Managing Director)	111,166	111,500

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 17. Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-Current</b>		
Provision for gratuity (Refer note c (i) below)	231	204
Provision for compensated absences	633	594
Asset retirement obligation	302	266
	<b>1,166</b>	<b>1,064</b>
<b>Current</b>		
Provision for gratuity (Refer note c (i) below)	477	421
Provision for compensated absences	166	159
Provision for loss on onerous contracts (Refer note(a) below)	-	10
Others	-	6
	<b>643</b>	<b>596</b>
<b>Total Provisions</b>	<b>1,809</b>	<b>1,660</b>

Note:

#### (a) Movement in provision for loss on onerous contracts:

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	10	20
Add: Provision made during the year	-	-
Less: Provision reversed during the year	(10)	(10)
<b>Carrying amount as at year end</b>	<b>-</b>	<b>10</b>

### Post Retirement Employee Benefits

#### (b) Post retirement benefit - Defined contribution

The Group 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 ₹ 669 lakhs (March 31, 2020: ₹ 693 lakhs) in respect of the defined contribution plans.

#### (c) 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 to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## (i) Gratuity (funded):

Particulars	2020-21	2019-20
<b>i) Change in Defined Benefit Obligation (DBO) during the year:</b>		
Present Value of DBO at the beginning of the year	2,229	1,961
Interest cost	130	124
Current service cost	202	212
Past service cost	-	-
Actuarial loss on obligation	14	67
Benefits paid	(271)	(135)
Present Value of DBO at the end of the year	2,304	2,229
<b>ii) Changes in the Fair Value of Plan Asset during the year</b>		
Fair value of Plan Assets at the beginning of the year	1,604	1,326
Return on Plan Assets	31	15
Interest Income	94	85
Contributions paid	138	307
Benefits paid	(271)	(129)
Fair value of Plan Assets at the end of the year	1,596	1,604
<b>iii) Amount Recognized in Balance Sheet</b>		
Present Value of DBO of the year	2,304	2,229
Fair value of Plan Assets at the end of the year	1,596	1,604
Net Asset/(Liability) recognized in the balance sheet	(708)	(625)
- Non Current	(231)	(204)
- Current	(477)	(421)
<b>iii) Components of employer expense</b>		
Current service cost	202	212
Past service cost	-	-
Interest income on net defined benefit obligation	36	39
Expense recognised in Statement of Profit and Loss	238	251
<b>iv) Remeasurement on the net defined benefit obligation</b>		
Actuarial (gain) / loss due to financial assumptions change in Defined Benefit Obligation	(5)	104
Actuarial loss due to experience on Defined Benefit Obligation	18	(37)
Return on Plan Assets excluding Interest Income	(31)	(15)
Remeasurements recognised in other comprehensive income	(18)	52
<b>Total defined benefit cost recognised</b>	<b>220</b>	<b>303</b>
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>	<b>Valuation as at March 31, 2021</b>	<b>Valuation as at March 31, 2020</b>
Mortality	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Interest/Discount Rate	5.80%-6.75%	5.68%-6.70%
Rate of increase in compensation	5%-8%	5%-8%
Expected average remaining service	5.20-12.89	4.83-13.00
Employee Attrition rate	PS: 0 to 40 : 3%-15%	PS: 0 to 40 : 3%-15%

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[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%	2,198
	(-1%)	(2,420)
Salary Escalation rate	1%	2,413
	(-1%)	(2,202)
Salary Escalation rate	1%	2,275
	(-1%)	(2,348)
Mortality rate	1%	2,304
	(-1%)	(2,304)

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

Particulars	Gratuity
Within 1 year	476
1-2 year	414
2-3 year	326
3-4 year	300
4-5 year	230
5-10 year	825
> 10 years	643

## (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, 2021	Valuation as at March 31, 2020
Mortality	IALM (2012-14) Ult.	IALM (2012-14) Ult.
Interest/Discount Rate	5.80%-6.75%	5.68%-6.70%
Rate of increase in compensation	5%-8%	5%-8%
Expected average remaining service	5.20-12.89	4.83-13.00
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.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 18. Income taxes

### a. Income tax expense recognized in the statement of profit and loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax	423	1,768
Deferred tax	(342)	(796)
	<b>81</b>	<b>972</b>

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Tax effect on actuarial losses on defined benefit obligations	(4)	13
	<b>(4)</b>	<b>13</b>
Bifurcation of the income tax recognized in other comprehensive income into:		
Items that will not be reclassified to profit or loss	(4)	13
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, 2021 and March 31, 2020

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Accounting Profit before tax	365	6,312
<b>Tax expense at statutory tax rate of 25.17%</b>	92	1,589
Adjustments:		
Effect of expenses that are not deductible in determining taxable profit	-	48
Effect of change in tax rate*	-	(796)
Adjustments in respect of income-tax for earlier years	-	-
Others	(11)	131
Tax expense reported in Statement of Profit and loss.	<b>81</b>	<b>972</b>
<b>Effective tax rate</b>	<b>22.19%</b>	<b>15.40%</b>

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.

\*The Company elected to execute the option permitted under section 115 BAA of the Income tax Act, 1961 as introduced by the Taxation laws (Amendment) ordinance 2019. Accordingly the Company has recognised provision for income tax for the year ended March 31, 2020 and re-measured its deferred tax liability (net) based on the rate prescribed on the said ordinance.

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[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, 2021	As at March 31, 2020
Deferred tax assets	(3,085)	(2,446)
Deferred tax liabilities	4,610	4,317
	<b>1,525</b>	<b>1,871</b>

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

2020-21	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax liabilities/(assets) in relation to:</b>				
<b>Liabilities</b>				
Property, plant and equipment and Intangible assets	4,267	343	-	4,610
<b>Assets</b>				
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 liability	-	(9)	-	(9)
Effect of change in tax rate	61	(61)	-	-
Others	(30)	(246)	-	(276)
<b>Total</b>	<b>1,871</b>	<b>(342)</b>	<b>(4)</b>	<b>1,525</b>



# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

2019-20	Opening Balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
<b>Deferred tax (liabilities)/assets in relation to</b>				
<b>Liabilities</b>				
Property, plant and equipment and Intangible assets	5,165	(900)	-	4,265
<b>Assets</b>				
Provision for employee benefits	(584)	151	(13)	(446)
Provision for doubtful debts	(1,721)	(157)	-	(1,878)
Provision for loss on onerous contracts	(7)	5	-	(2)
Provision for loss on Contract Assets	(79)	46	-	(33)
Provision for dismantling cost	(58)	(9)	-	(67)
Effect of change in tax rate	-	61	-	61
Others	(36)	7	-	(29)
<b>Total</b>	<b>2,680</b>	<b>(796)</b>	<b>(13)</b>	<b>1,871</b>

## 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, 2021	As at March 31, 2020
Income tax assets [net of provisions]	328	2,815
Income tax liabilities [net of advance tax]	(973)	(3,282)
	<b>(645)</b>	<b>(467)</b>

## 19. Other Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Non-Current		
Unearned government grants (Refer note 16(b))	162	282
Current		
Advances from customers	2,643	5,294
Unearned revenue	1,603	1,839
Statutory liabilities	385	644
Unearned government grants (Refer note 16(b))	120	149
Others	303	112
	<b>5,054</b>	<b>8,038</b>
<b>Total Other Liabilities</b>	<b>5,216</b>	<b>8,320</b>

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 20. Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Acceptances	19,266	22,224
Other than Acceptances	25,006	25,670
<b>Total</b>	<b>44,272</b>	<b>47,894</b>
of the above:		
i) Outstanding dues of micro enterprises and small enterprises*	590	258
ii) Outstanding dues of creditors other than micro enterprises and small enterprises	43,682	47,636

\*Dues to MSME have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. Refer note 30

### 21. Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-Current</b>		
Retention money payable	991	919
	<b>991</b>	<b>919</b>
<b>Current</b>		
Current maturities from long term borrowings (Refer note 16)	-	
From banks	4,503	4,831
From Non Banking Financial Companies (NBFC's)	287	62
Sales tax deferment loan	430	393
Unclaimed dividends	-	11
Preference share capital payable	74	74
Interest accrued but not due on borrowings	194	273
Payables on purchase of fixed assets	608	565
Other Payables	2,178	1,428
	<b>8,274</b>	<b>7,637</b>
<b>Total financial liabilities</b>	<b>9,265</b>	<b>8,556</b>

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[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, 2021	For the year ended March 31, 2020
Revenue From operations		
- Sale of products	93,602	125,066
- Revenue from contracts	48,812	72,998
- Sale of services	5,311	6,536
- Other Operating Revenue		
- Scrap Sales	4,810	6,055
<b>Total</b>	<b>152,535</b>	<b>210,655</b>

Reconciliation of revenue recognised with the contracted price is as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contract price	49,199	71,590
<b>Adjustments for:</b>		
Unearned revenue	(623)	880
Unbilled revenue	236	528
<b>Revenue from contracts</b>	<b>48,812</b>	<b>72,998</b>

During the year, there is no single customer contributing 10% or more to the Company's revenue. Revenue from operations for the year ended March 31, 2020 includes ₹ 24,443 Lakhs made to Integral Coach Factory which contributed to 10% or more to the Company's revenue.

## 23. Other Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income earned on financial assets		
- Bank deposits	244	90
- Other interest income	440	999
Dividend income on current investments	-	111
Net gain arising from financial instruments designated as fair value through Profit and Loss	54	24
Reversal of provisions on onerous contracts (Net)	-	10
Foreign Exchange fluctuation Net	1	17
Liabilities no longer required written back	284	517
Others	843	260
<b>Total</b>	<b>1,866</b>	<b>2,028</b>

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Opening stock of inventories</b>		
Work-in-progress	22,010	21,185
Finished goods	7,837	7,480
Scrap	592	632
	<b>30,439</b>	<b>29,297</b>
<b>Closing stock of inventories</b>		
Work-in-progress	25,661	22,010
Finished goods	8,781	7,837
Scrap	429	592
	<b>34,871</b>	<b>30,439</b>
<b>Decrease / (increase) in inventories of finished goods and work-in-progress</b>	<b>(4,432)</b>	<b>(1,143)</b>

### 25. Employee benefits expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	11,985	14,360
Contribution to provident and other funds	1,044	990
Staff welfare expenses	745	834
	13,774	16,184
Less: Expenses incurred towards capital projects	136	-
<b>Total</b>	<b>13,638</b>	<b>16,184</b>

### 26. Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest:		
Term loans	1,336	1,532
Working capital demand loans	2,391	2,372
Others	-	2
Lease interest cost	363	411
Bill discounting charges	1,750	1,326
Other bank charges	2,299	2,702
Less: Expenses incurred towards capital projects	172	-
<b>Total</b>	<b>7,967</b>	<b>8,345</b>

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[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, 2021	For the year ended March 31, 2020
Depreciation on Property, plant and equipment (Refer note 3)	4,035	3,555
Amortisation on Right-of-use assets (Refer note 4)	604	568
Amortisation of intangible assets (Refer note 5)	178	159
<b>Total</b>	<b>4,817</b>	<b>4,282</b>

## 28. Other Expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Job work and processing charges	5,147	10,314
Sub-contract expenses	2,810	3,936
Erection expenses	5,488	7,114
Stores and spares consumed	10,960	12,327
Power and fuel	1,543	2,319
Repairs and maintenance		
- Plant and equipment	220	270
- Buildings	30	43
- Others	345	184
Rent	430	494
Carriage and freight	4,509	5,345
Payment to Auditors (Refer note (a) below)	73	68
Loss on sale of plant and equipment	6	1
Foreign Exchange Fluctuation	443	-
Expenditure for Corporate social responsibility (Refer note (b) below)	144	171
Trade and other receivables written off	141	2,782
Provision for doubtful debtors	989	2,536
Advances written off	-	29
Miscellaneous expenses	4,341	3,847
<b>Total</b>	<b>37,619</b>	<b>51,780</b>

### Notes:

#### A. Payments to Auditors of the Company

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Company</b>		
Audit fee	42	40
Limited review	15	15
Certificates	9	8
Out of pocket expenses	1	2
<b>Total</b>	<b>67</b>	<b>65</b>

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### A.1 Payment to other auditors of components

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Components</b>		
Audit fee	6	3
<b>Total</b>	<b>6</b>	<b>3</b>

Note: Amounts given above excludes Goods and Services tax

### b. Corporate social responsibility

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 ₹ 144 ( year ended March 31, 2020 - ₹ 171) during the year.

- Gross amount required to be spent by the company during the year is ₹ 166 lakhs.
- Amount spent during the year on:

Details of expenditure on corporate social responsibility expenditure

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

- Details of amount unspent: ₹ lakhs

Opening balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to spent during the year	Amount spent during the year	Closing balance
157	-	166	144	179

## 29. Earnings per share

Particulars	As at March 31, 2021	As at March 31, 2020
Profit after tax	254	5,305
Weighted average number of equity shares	142,377,284	151,161,566
Face value per share	5	5
Basic and Diluted earnings per Equity Share	0.18	3.51



## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 30. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Principal and the interest due thereon remaining unpaid to any supplier at the end of the accounting year;		
Principal	590	258
Interest	15	14
(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;	11	21
(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	15	14
(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.

### 31. Financial Instruments

#### a. Capital Management

The Group 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 management reviews the capital structure of the Group on monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

The table below summarises the total equity, net debt and net debt to equity ratio of the Group.

Particulars	As at March 31, 2021	As at March 31, 2020
Equity share capital	7,108	7,262
Other equity	62,475	62,771
<b>Total Equity (A)</b>	<b>69,583</b>	<b>70,033</b>
Non-current borrowings	11,278	10,233
Short term borrowings	41,946	29,755
Current maturities of long-term borrowings	5,220	5,286
<b>Gross Debt</b>	<b>58,444</b>	<b>45,274</b>
Less: Inter-corporate deposits and loans	(792)	(2,164)
Less: Current investments	(1,757)	(4,509)
Less: Cash and cash equivalents	(3,353)	(3,902)
Less: Other balances with banks	(2,183)	(2,020)
<b>Net debt (B)</b>	<b>50,359</b>	<b>32,679</b>
<b>Net debt to equity (B/A)</b>	<b>0.72</b>	<b>0.47</b>
<b>Interest Coverage Ratio</b>	<b>1.05</b>	<b>1.76</b>

### b. Financial instruments by category

Particulars	Carrying value as at	
	March 31, 2021	March 31, 2020
<b>Financial assets</b>		
<b>Measured at amortised cost</b>		
Other financial assets	6,939	5,871
Loans (Inter-corporate deposits)	792	2,164
Trade receivables	44,456	43,719
Cash and cash equivalents	3,353	3,902
Other bank balances	2,183	2,020
Total financial assets measured at amortised cost (A)	<b>57,723</b>	<b>57,676</b>
Measured at fair value through profit and loss		
Investments in mutual funds	1,757	4,509
Total financial assets at fair value through profit and Loss (B)	<b>1,757</b>	<b>4,509</b>
Financial assets at Fair value through other comprehensive income (C)	2	2
Total Financial Assets (A+B+C)	<b>59,482</b>	<b>62,187</b>
<b>Financial Liabilities</b>		
Measured at amortised cost		
Long-term borrowings (including current maturities)	15,502	14,279
Short-term borrowings	41,946	29,755
Trade payables	44,272	47,894
Other financial liabilities	4,045	3,270
Total financial liabilities carried at amortised cost(A)	<b>105,765</b>	<b>95,198</b>
Measured at fair value through Profit and Loss		
Sales tax deferment loan	996	1,240
Lease Liabilities	3,300	3,677
Financial liabilities at fair value through Profit and Loss (B)	<b>4,296</b>	<b>4,917</b>
<b>Total Financial Liabilities (A+B)</b>	<b>110,061</b>	<b>100,115</b>

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

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

### Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Group is exposed in the ordinary course of its business to risk related to changes in foreign currency exchange rates, commodity prices and interest rates.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the management and the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivatives for speculative purposes.

### Credit Risk

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

### Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

# Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

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, 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)
<b>Total</b>	<b>337</b>	<b>34</b>	<b>54</b>	<b>312</b>	<b>737</b>

\*Others include currencies such as Qatari Riyal, Malaysian Ringgit, Emirati Dirham etc

### Currency exposure as at March 31, 2020

Particulars	USD (in equivalent INR)	EURO (in equivalent INR)	SGD (in equivalent INR)	Other Currencies* (in equivalent INR)	Total (INR)
Trade receivables	1,544	35	-	236	1,815
Trade payables	(140)	(8)	-	-	(148)
<b>Total</b>	<b>1,404</b>	<b>27</b>	<b>-</b>	<b>236</b>	<b>1,667</b>

\*Others include currencies such as Malaysian Ringgit, etc

## Unhedged foreign currency exposure

### 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)	-

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

Particulars	As at March 31, 2020			
	USD (In Lakhs)	Euro (In Lakhs)	SGD (In Lakhs)	Others (In Lakhs)
Trade receivables	20.48	0.42	-	19.26
Trade payables	(1.85)	-	(0.16)	-

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 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-21	31-Mar-20
Strengthening	0.06	0.24
Weakening	(0.06)	(0.24)

## Commodity price risk

The Group's revenue is exposed to the market risk of price fluctuations related to the purchase of steel products used as Raw Material in manufacture of Finished Goods. The Group manages the risk by forecasting its production and the manufacturing plan. Raw Material purchases are made based on the evaluation of the steel prices aligned to such production plans.

## Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees with mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in base lending rates. The Group uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirement for its day to day operations like short term loans. The risk is managed by Group by maintaining an appropriate mix between fixed and floating rate borrowings, ensuring the most cost-effective strategies are applied.

## Working Capital position

Particulars	As at March 31, 2021	As at March 31, 2020
Current assets	118,507	109,983
Current liabilities	(101,793)	(97,589)
<b>Working capital</b>	<b>16,714</b>	<b>12,394</b>

## Sensitivity analysis:

Particulars	Impact on profit and loss	
	31-Mar-21	31-Mar-20
1% increase in interest rate	(167)	(124)
1% decrease in interest rate	167	124

## 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.

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

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, 2021

Particulars	< 1 year	1-5 years	> 5 years	Total
<b>Financial liabilities</b>				
Long-term Borrowings	5,220	11,278	-	16,498
Short-term Borrowings	41,946	-	-	41,946
Trade payables	44,272	-	-	44,272
Lease Liabilities	631	2,402	267	3,300
Other financial liabilities	3,054	991	-	4,045
	<b>95,123</b>	<b>14,671</b>	<b>267</b>	<b>110,061</b>

(ii) Liquidity exposure as at March 31, 2020

Particulars	< 1 year	1-5 years	> 5 years	Total
<b>Financial liabilities</b>				
Long-term Borrowings	5,575	11,351	129	17,055
Short-term Borrowings	32,556	-	-	32,556
Lease Liabilities	387	3,158	132	3,677
Trade payables	47,894	-	-	47,894
Other financial liabilities	2,097	919	-	3,016
	<b>88,509</b>	<b>15,428</b>	<b>261</b>	<b>104,198</b>

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

### d. Fair value hierarchy

Valuation technique and key inputs

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

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

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, 2021.

(i) 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
<b>Financial assets</b>				
Non current- Investments	2	-	-	2
Current- Investments	1,757	1,757	-	-
<b>Financial liabilities</b>				
Lease Liabilities	3,300	-	3,300	-
Sales tax deferment loan	996	-	-	996



## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

(ii) Level wise disclosure of Financial instruments as at March 31, 2020 that are measured at fair value

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
Non current- Investments	2	-	-	2
Current- Investments	4,509	4,509	-	-
<b>Financial liabilities</b>				
Lease Liabilities	3,677	-	3,677	-
Sales tax deferment loan	1,240	-	-	1,240

(iii) 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
<b>Financial assets</b>				
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	-
<b>Financial liabilities</b>				
Borrowings	57,161	-	57,161	-
Trade payables	44,272	-	44,272	-
Other financial liabilities	4,332	-	4,332	-

(iv) Level wise disclosure of Financial instruments as at March 31, 2020 that are not measured at fair value (but fair value disclosures are required)

Particulars	Total	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
<b>Financial assets</b>				
Trade receivables	43,719	-	43,719	-
Cash and cash equivalents	3,902	-	3,902	-
Bank balances other than cash and cash equivalents	2,020	-	2,020	-
Loans	2,164	-	2,164	-
Other financial assets	5,871	-	5,871	-
<b>Financial liabilities</b>				
Borrowings	45,274	-	45,274	-
Trade payables	47,894	-	47,894	-
Other financial liabilities	8,556	-	8,556	-

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

### 32. Contingent Liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
a) Claims against the company not acknowledged on debt relating to indirect tax matters		
i) Sales Tax	1,449	815
ii) Excise duty and service tax	322	465
iii) Good and Services Tax Act	69	69
iv) Income tax Act	110	-
b) Corporate Guarantee issued to banks by company on behalf of subsidiary	3,671	11,585
c) Financial guarantee given by banks on behalf of the company	12,573	19,255
<b>Total</b>	<b>18,194</b>	<b>32,189</b>

### 33. Related parties

As per the Indian Accounting Standards - "Related Party Disclosures" (Ind AS 24) the following disclosures are made:

#### (i) List of related parties and nature of relationship:

Details of Subsidiaries	Nature of Relationship	Country of incorporation	Percentage of holding as at	
			31-Mar-21	31-Mar-20
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	Subsidiary Company	India	100%	100%
Pennar Global Metals, LLC (w.e.f August 12, 2020)	Step-down Subsidiary	USA	100%	-
Ascent Buildings, LLC (from September 4, 2020)	Step-down Subsidiary	USA	100%	-

#### Details of other related parties

Pennar Holdings Private Limited	Promoter Company
Pennar Foundation	Trust in which KMP's are trustees
Joginapally Venkata Nrupender Rao	Executive Chairman
Aditya Narsing Rao	Vice Chairman and Managing Director
Lavanya Kumar Rao Kondapally	Whole Time Director
Potluri Venkateswara Rao ( w.e.f 27.05.2019)	Joint Managing Director
Kondapalli Siddharth Rao	Relative of KMP
Eric James Brown	Non Executive Director
Vishal Satinder Sood (Resigned w.e.f. 12.02.21)	Non Executive & Independent Director
Bhandari Kamalakar Rao	Non Executive & Independent Director
Varun Chawla	Non Executive & Independent Director
Manish Mahender Sabharwal	Non Executive & Independent Director
Chandra Sekhar Sripada	Non Executive & Independent Director
Bharati Jacob	Non Executive & Independent Director

## Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[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, 2021	For the year ended March 31, 2020
<b>Director's remuneration</b>		
Joginapally Venkata Nrupender Rao	85	120
Aditya Narsing Rao	52	100
Lavanya Kumar Rao Kondapally	52	68
Potluri Venkateswara Rao	89	107
	<b>278</b>	<b>395</b>
<b>Provident Fund, Superannuation &amp; Other Perquisites</b>		
Joginapally Venkata Nrupender Rao	34	47
Aditya Narsing Rao	17	17
Lavanya Kumar Rao Kondapally	3	12
Potluri Venkateswara Rao	6	26
	<b>60</b>	<b>102</b>
<b>Sitting fees</b>		
Bhandari Kamalakar Rao	5	6
Varun Chawla	5	3
Manish Mahender Sabharwal	4	4
Chandra Sekhar Sripada	4	5
Bharati Jacob	4	3
C Parthasarathy (Resigned w.e.f. 06.02.20)	-	1
Sita Vanka (Resigned w.e.f. 06.02.20)	-	2
	<b>22</b>	<b>24</b>

### (iii) Balances with related parties:

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Managerial Remuneration payable</b>		
Joginapally Venkata Nrupender Rao	21	15
Aditya Narsing Rao	15	2
Lavanya Kumar Rao Kondapally	9	-
Potluri Venkateswara Rao	15	13
	<b>60</b>	<b>30</b>

- 34.** COVID-19 is an infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the World Health Organisation declared COVID-19 a pandemic.

The Government of India, declared a lockdown on March 23, 2020 in the light of the outbreak of COVID-19 due to which the Company suspended its operations from March 23, 2020. Operations have resumed from May 4, 2020 and the Company is taking various precautionary measures to protect its employees and their families from COVID-19 pandemic.

The Group has considered internal and certain external sources of information up to the date of approval of the financial results in assessing the recoverability of property, plant and equipment, inventories, receivables and other assets. The impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

## Notes to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

- 35.** 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 standalone financial results for the year ended March 31, 2021.

### 36. Business Combinations

#### A. Business combinations during the year 2019-20:

##### Acquisition of Oneworks BIM Technologies Private Limited:

On February 14, 2020, the Company acquired 100% of equity interest in Oneworks BIM Technologies Private Limited (Oneworks). Oneworks is engaged in supporting clients through the technical processes of data collection and BIM management. It deals in 3D digital (Building Information Modelling). Its services include developing, modeling, converting and mapping of buildings with seamless integration of building data in a 3D model. Oneworks provides solutions to various engineering and construction sectors. It is also involved in helping construction companies, general & specialty contractors, architects, engineers, and building owners. The fair value of the purchase consideration ₹ 349, comprises cash consideration of ₹ 72, contingent consideration of upto ₹ 277 payable subject to the satisfaction of certain conditions. The contingent consideration recognised on the acquisition date is payable to the previous owners. The fair value of net assets acquired on the acquisition date amounted to ₹ 27. The excess of purchase consideration over the fair value of the net assets acquired has been attributed towards goodwill in consolidated financial statements.

The Purchase price has been allocated based on Management's estimates and independent appraisal of fair values as follows:

Particulars	Acquiree's carrying value	Fair value adjustments	Purchase price allocated
Net Assets	51	(24)	27
Goodwill			322
Purchase price			349

The fair value of each major class of consideration as at the acquisition date is as follows :-

Particulars	Consideration settled
Cash consideration	72
Fair value of contingent consideration	277
Purchase price	349

### 37. 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.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## A. Segment revenue and results

Particulars	Segment Revenue		Segment Profit	
	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Diversified Engineering	92,351	133,274	6,777	13,943
Custom designed building solutions & auxiliaries	69,031	83,932	4,376	4,996
Less : Inter segment revenue	(8,847)	(6,551)	-	-
<b>Total</b>	<b>152,535</b>	<b>210,655</b>	<b>11,153</b>	<b>18,939</b>
Exceptional item			1996	-
Depreciation and amortisation expense			(4,817)	(4,282)
Finance costs			(7,967)	(8,345)
Profit before tax			365	6,312
Tax expense			(81)	(972)
Profit after tax			284	5,340
Share of non-controlling interest			30	35
Profit for the year attributable to the shareholders of the Company			254	5,305

## B. Segment assets and liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Segment assets</b>		
Diversified Engineering	119,042	118,015
Custom designed building solutions & auxiliaries	70,212	67,323
<b>Consolidated total assets</b>	<b>189,254</b>	<b>185,338</b>
<b>Segment liabilities</b>		
Diversified Engineering	84,109	72,190
Custom designed building solutions & auxiliaries	35,475	43,058
<b>Consolidated total liabilities</b>	<b>119,584</b>	<b>115,248</b>

## 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	Year ended March 31, 2021	Year ended March 31, 2020
India	148,163	203,915
Other countries	4,372	6,740
	<b>152,535</b>	<b>210,655</b>

38. The erstwhile subsidiary Company Pennar Engineered Building Systems Limited (PEBS) has funds raised through Initial Public Offer (IPO) during the financial year 2015-2016. Use of the net proceeds of the IPO is intended for 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 expenses. As on March 31, 2021 an amount of ₹435 lakhs (March 31, 2020: ₹ 437 lakhs) are unutilized funds which have been temporarily invested in mutual funds.

# Notes to Financial Statements

for the year ended March 31, 2021 *Contd...*

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

## 39. Summary of Net Assets and Profit and Loss

Name of the Entity	*Net Assets		Share in Profit/(Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated Profit/(Loss)	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
A. Parent	99.17%	69,089	31.31%	89	51.85%	14	40.08%	103
B. Subsidiary incorporated in India								
Enertech Pennar Defense and Engineering Systems Private Limited	0.25%	177	21.81%	62	0%	-	24.12%	62
Pennar GmbH	0.12%	85	22.25%	63	0%	-	24.51%	63
Oneworks BIM Technologies Private Limited	0.00%	(1)	(10.91%)	(31)	0%	-	-12.06%	(31)
C. Subsidiary incorporated outside India								
.Pennar Global Inc	1.77%	1,230	35.54%	101	151.85%	(41)	23.35%	60
<b>Total</b>	<b>101.31%</b>	<b>70,580</b>	<b>100.00%</b>	<b>284</b>	<b>100.00%</b>	<b>(27)</b>	<b>100.00%</b>	<b>257</b>
Consolidated Adjustments	(1.31%)	(910)	0.00%	-	-	-	0.00%	-
<b>Net Amount</b>	<b>100.00%</b>	<b>69,670</b>	<b>100.00%</b>	<b>284</b>	<b>100.00%</b>	<b>(27)</b>	<b>100.00%</b>	<b>5,368</b>

\*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 to Financial Statements

for the year ended March 31, 2021 [Contd...](#)

[All amounts in ₹ lakhs, except share and per share data and where otherwise stated]

- 40.** 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.
- 41.** The Board has given in-principle approval to divest its stake in M/s. Oneworks BIM Technologies Private Limited (subsidiary company).
- 42.** These financial statements were approved by the Company's Board of Directors on June 04, 2021

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

**Aditya N Rao**

*Vice Chairman & Managing Director*  
(DIN: 01307343)

**JS Krishna Prasad**

Chief Financial Officer

Place : Hyderabad  
Date: June 04, 2021

**Lavanya Kumar Rao K**

*Whole Time Director*  
(DIN: 01710629)

**Mirza Mohammed Ali Baig**

Company Secretary  
(M No: A29058)

## NOTICE

NOTICE is hereby given that the 45<sup>th</sup> Annual General Meeting (AGM) of members of M/s. Pennar Industries Limited will be held on Thursday, the 30<sup>th</sup> September, 2021 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 31<sup>st</sup> March, 2021 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 31<sup>st</sup> March, 2021 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 31<sup>st</sup> March, 2021 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."
2. To appoint a Director in the place of Mr. Eric James Brown (DIN: 07670880) who retires by rotation and being eligible offers himself for re-appointment as a Director and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Eric James Brown (DIN: 07670880), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."
3. To appoint a Director in the place of Mr. P V Rao (DIN: 03157581) who retires by rotation and being eligible offers himself for re-appointment as a Director and in this regard, pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. P V Rao (DIN: 03157581), who retires by rotation at this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

### SPECIAL BUSINESS:

4. **To re-appoint Mr. Nrupender Rao (DIN: 00089922) as Chairman and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. Nrupender Rao (DIN: 00089922) as Chairman of the Company for a period of one year with effect from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 12<sup>th</sup> February, 2021, the particulars of which are annexed hereunder:

Particulars of Remuneration:

- i. Salary (including dearness and all other allowances) shall be ₹ 72,00,000/- per annum.
- ii. Special salary shall be ₹ 26,40,000/- per annum.
- iii. Perquisites and Allowances shall be ₹ 69,41,016/- per annum.
- iv. In addition to the above, company maintained vehicle(s) (excluding the expense incurred on fitting additional accessories, which does not come pre-fitted from the manufacturer) with driver and fuel and also communication facilities will be provided to Mr. Nrupender Rao. These will be treated as perquisites but will be taxed as per the perquisite tax rules.

## NOTICE *Contd...*

Perquisites and Allowances include accommodation(furnished or otherwise) or house rent allowance in lieu thereof; House Maintenance allowance, together with the reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax; medical reimbursement, medical/accident insurance, leave travel concession for self and family; club fees; contribution to any statutory fund including provident fund, superannuation fund, gratuity fund etc., and such other perquisites and allowances in accordance with the Rules of the company or as may be agreed to by the Board of Directors and Mr. Nrupender Rao.

"RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as decided by the Board from time to time, shall be paid to Mr. Nrupender Rao as minimum remuneration with the approval of the Central Government, if required."

"RESOLVED FURTHER THAT so long as Mr. Nrupender Rao functions as the Chairman of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 and do all acts deeds and things to give effect to this appointment."

### 5. To re-appoint Mr. Aditya Rao (DIN: 01307343) as Vice-Chairman and Managing Director and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. Aditya Rao (DIN: 01307343) as Vice-Chairman and Managing Director of the Company for a period of one year with effect from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 12<sup>th</sup> February, 2021, the particulars of which are annexed hereunder:

Particulars of Remuneration:

- i. Salary (including dearness and all other allowances) shall be ₹ 72,00,000/- per annum.
- ii. Special salary shall be ₹ 14,70,000/- per annum.
- iii. Perquisites and Allowances shall be ₹ 18,61,000/- per annum.
- iv. In addition to the above, company maintained vehicle(s) (excluding the expense incurred on fitting additional accessories, which does not come pre-fitted from the manufacturer) with driver and fuel and also communication facilities will be provided to Mr. Aditya Rao. These will be treated as perquisites and will be taxed as per the perquisite tax rules.

Perquisites and Allowances include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House Maintenance allowance, together with the reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, servants' salaries, society charges and property tax; medical reimbursement, medical/accident insurance, leave travel concession for self and family; club fees; contribution to any statutory fund including provident fund, superannuation fund, gratuity fund etc. and such other perquisites and allowances in accordance with the Rules of the company or as may be agreed to by the Board of Directors and Mr. Aditya Rao.

All future remuneration growth be determined by the accomplishment of market cap growth and PAT growth. The remuneration of Mr. Aditya Rao will be reviewed annually.

## NOTICE *Contd...*

Mr. Aditya Rao, Vice-Chairman and Managing Director will be covered under the performance Incentive plan as enumerated below:

- » PAT - 10 Lakhs per annum.
- » Market Cap - 10 Lakhs per annum.

PAT - Measured against FY 2019-20

Sl. No.	Performance Incentive Weightage	Average Performance growth over previous financial year	Payout (₹ per annum)
1.	50% of eligibility i.e. ₹10,00,000 per annum	< 15%	Nil
		15.01% to 22.5%	4,00,000
		22.51% to 27%	7,50,000
		> 27%	10,00,000

Market Cap - Measured against FY 2020-21

Sl. No.	Performance Incentive Weightage	Performance growth over previous financial year	Payout (₹ per annum)
1.	50% of eligibility i.e. ₹10,00,000 per annum	< 15%	Nil
		15.01% to 22.5%	4,00,000
		22.51% to 27%	7,50,000
		> 27%	10,00,000

“RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as decided by the Board from time to time, shall be paid to Mr. Aditya Rao as minimum remuneration with the approval of the Central Government, if required.

“RESOLVED FURTHER THAT so long as Mr. Aditya Rao functions as the Vice-Chairman and Managing Director of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof.”

“RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 and do all acts deeds and things to give effect to this appointment.”

### 6. To re-appoint Mr. K Lavanya Kumar (DIN: 01710629) as Executive Director, liable to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to all necessary approvals, the consent of the members of the company be is hereby accorded to appoint Mr. K Lavanya Kumar (DIN: 01710629) as Executive Director of the Company for a period of one year with effect from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022, on such remuneration and terms & conditions as approved by the Remuneration Committee at its meeting held on 12<sup>th</sup> February, 2021, the particulars of which are annexed hereunder:

Particulars of Remuneration:

- i. Salary (including dearness and all other allowances) shall be ₹ 40,00,000/- per annum.
- ii. Special salary shall be ₹ 29,00,000/- per annum.
- iii. Perquisites and Allowances shall be ₹ 21,00,000/- per annum.

## NOTICE *Contd...*

Perquisites and Allowances include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, House Maintenance allowance, together with the reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings, repairs, society charges and property tax, medical reimbursement, contribution to superannuation fund etc and such other perquisites and allowances in accordance with the Rules of the company or as may be agreed to by the Board of Directors and Mr. K Lavanya Kumar.

In addition to the above, company maintained vehicle(s) (excluding the expense incurred on fitting additional accessories, which does not come pre-fitted from the manufacturer) with driver, fuel and maintenance, company's contribution to Provident Fund and Gratuity, communication facilities, medical and accident insurance, club fees, servants' salaries, leave travel concession for self and family will be treated as perquisites but will be taxed as per the perquisite tax rules.

All future remuneration growth be determined by the accomplishment of market cap growth and PAT growth. The remuneration of Mr. K Lavanya Kumar will be reviewed annually.

Mr. K Lavanya Kumar, Executive Director will be covered under the performance Incentive plan as enumerated below:

- » PAT - 10 Lakhs per annum.
- » Market Cap - 10 Lakhs per annum.

PAT - Measured against FY 2019-20

Sl. No.	Performance Incentive Weightage	Average Performance growth over previous financial year	Payout (₹ per annum)
1.	50% of eligibility i.e. ₹10,00,000 per annum	< 15%	Nil
		15.01% to 22.5%	4,00,000
		22.51% to 27%	7,50,000
		> 27%	10,00,000

Market Cap - Measured against FY 2020-21

Sl. No.	Performance Incentive Weightage	Performance growth over previous financial year	Payout (₹ per annum)
1.	50% of eligibility i.e. ₹10,00,000 per annum	< 15%	Nil
		15.01% to 22.5%	4,00,000
		22.51% to 27%	7,50,000
		> 27%	10,00,000

"RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration as decided by the Board from time to time, shall be paid to Mr. K Lavanya Kumar as minimum remuneration with the approval of the Central Government, if required.

"RESOLVED FURTHER THAT so long as Mr. K Lavanya Kumar functions as the Executive Director of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197, read with Schedule V of the Companies Act, 2013 and do all acts deeds and things to give effect to this appointment."

## NOTICE *Contd...*

- 7. To confirm the appointment of Mr. RVS Ramakrishna (DIN: 00009421) who was appointed as Additional Director and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:**

“RESOLVED THAT Pursuant to the provisions of Section 149, 161 of the Companies Act, 2013 and the Rules made thereunder and subject to the Articles of Association of the Company, Mr. RVS Ramakrishna (DIN: 00009421), who was appointed as an Additional Non-Executive Independent Director by the Board of Directors with effect from 4<sup>th</sup> June, 2021 and who holds office until the date of the ensuing Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mr. RVS Ramakrishna (DIN: 00009421) as a candidate for the office of a director of the Company, be and is hereby appointed as a director of the Company not liable to retire by rotation.”

- 8. To appoint Mr. RVS Ramakrishna (DIN: 00009421) as Independent Director, not liable to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution:**

“RESOLVED THAT pursuant to Sections 149, 150 and 152 of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for time being in force, Mr. RVS Ramakrishna (DIN: 00009421), who was appointed as an Additional Director of the Company categorized as Independent, by the Board of Directors with effect from 4<sup>th</sup> June, 2021 and who holds office until the date of the AGM, in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company for a term of five consecutive years commencing from 4th June, 2021 to 3rd June, 2026, not liable to retire by rotation.”

“RESOLVED FURTHER THAT any one of Director or the Company Secretary of the Company is authorized to share the certified copy of the extracts of this resolution to whomsoever concerned.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution.”

- 9. To change in designation of Mr. P V Rao (DIN: 03157581) from Joint Managing Director to Non-Executive Director, liable to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of section 152, of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and rules & regulations made there under, approval of the Members of the Company be and is hereby accorded to the change in designation of Mr. P V Rao from Joint Managing Director to Non-Executive Director of the Company being liable to retire by rotation of Directors with effect from 1st April, 2021.

“RESOLVED FURTHER THAT any one of the Directors of the Company be and are hereby jointly and/or severally authorised to file the necessary e-forms with Registrar of Companies and to do all such acts and deeds as may be required to give effect to the above resolution.”

- 10. To ratify the remuneration payable to M/s. Kandikonda & Associates., Cost Accountants (Registration No. 101361) for the financial year ending 31st March, 2022 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

## NOTICE *Contd...*

& 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, 2022, and also to ratify the remuneration of ₹ 80,000/- p.a. as an audit fee including all taxes and duties and out of pocket expenses."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution."

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

**Mirza Mohammed Ali Baig**

Company Secretary & Compliance Officer  
e-CSIN Number: EA029058A000037330

Place : Hyderabad  
Date : 11.08.2021

### Notes :

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, was appointed as Statutory Auditors of the Company at the 41<sup>st</sup> Annual General Meeting held on 28<sup>th</sup> August, 2017. Pursuant to Notification issued by the Ministry of Corporate Affairs on 7<sup>th</sup> May, 2018 amending section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting ("AGM") has been omitted, and hence the Company is not proposing an item on ratification of appointment of Auditors at this AGM.

1. Pursuant to the General Circular nos. 20/2020, 14/2020, 17/2020, 02/2021 issued by the Ministry of Corporate Affairs ("MCA") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 issued by the SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to subbok@gmail.com with copy to evoting@kfintech.com and mirza.baig@pennarindia.com.
4. The Register of Members and the Share Transfer Books of the company will remain closed from 21<sup>st</sup> September, 2021 to 22<sup>nd</sup> September, 2021 (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



## NOTICE *Contd...*

by them in electronic form and to Registrar and Share Transfer Agent, M/s. KFin Technologies Private Limited (formerly Karvy Fintech 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. 30<sup>th</sup> September, 2021. Members seeking to inspect such documents can send an email to [corporatecommunications@pennarindia.com](mailto:corporatecommunications@pennarindia.com).
9. Members are requested to address all correspondence with regard to change of address, dividend matters to the Registrar and Share Transfer Agents, M/s. KFin Technologies Private Limited (formerly Karvy Fintech Private Limited), Selenium Tower B, Plot No. 31 & 32 Gachibowli Financial District, Nanakramguda, Serilogampalli 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 Private Limited (formerly Karvy Fintech Private Limited) in case the shares are held by them in physical form. The email IDs of the shareholders registered with the DP and made available to the Company shall be the registered email ID unless communication is received to the contrary.
11. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same.
12. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). For details, please refer to corporate governance report which is a part of this Annual Report.
13. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2020-21 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 2020-21 will also be available on the Company's website [www.pennarindia.com](http://www.pennarindia.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively.
14. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
15. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.
17. Members are requested to keep their copy of the Annual Report during meeting.
18. In compliance with the provisions of section 108 of the Act, the Companies (Management and Administration) Rules, 2014 and SEBI (LODR) Regulations, 2015, shareholders are provided with the facility to cast their vote electronically, through the e-voting services provided by M/s. KFin Technologies Private Limited (formerly Karvy Fintech 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.

## NOTICE *Contd...*

### 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 e-Voting 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 26.09.2021 (9:00 a.m.) to 29.09.2021 (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](mailto: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 e-AGM and vote at the AGM.

## NOTICE *Contd...*

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	<ol style="list-style-type: none"> <li>1. User already registered for IDeAS facility: Visit URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> 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.</li> <li>2. User not registered for IDeAS e-Services To register click on link : <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> Select "Register Online for IDeAS" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a> Proceed with completing the required fields. Follow steps given in points 1</li> <li>3. Alternatively by directly accessing the e-Voting website of NSDL Open URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> 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 e-Voting 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.</li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Existing user who have opted for Easi / Easiest Visit URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a> 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.</li> <li>2. User not registered for Easi/Easiest Option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a> Proceed with completing the required fields. Follow the steps given in point 1</li> <li>3. Alternatively, by directly accessing the e-Voting website of CDSL Visit URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a> Provide your demat Account Number and PAN No. System will authenticate user by sending OTP on registered Mobile &amp; 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.</li> </ol>

## NOTICE *Contd...*

Type of shareholders	Login Method
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.</p> <p>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.</p> <p>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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 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:
- Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
  - 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.
  - After entering these details appropriately, click on "LOGIN".
  - 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 (A- Z), 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.

## NOTICE *Contd...*

- 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](mailto:einward.ris@kfintech.com).
  - ii. Alternatively, member may send an e-mail request at the email id [einward.ris@kfintech.com](mailto: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.

## NOTICE *Contd...*

### 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 remote e-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](mailto: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 26.09.2021(9:00 a.m.) to 29.09.2021 (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 26.09.2021(9:00 a.m.) to 29.09.2021 (5:00 p.m.).

## NOTICE *Contd...*

- 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](mailto: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 23rd September, 2021, 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> 1402345612345678
    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](mailto: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.



## NOTICE *Contd...*

### Explanatory Statement

[pursuant to Section 102(1) of the Companies Act, 2013]

#### Item # 4 Appointment of Mr. Nrupender Rao as Chairman

The Board of Directors upon recommendation of the Nomination and remuneration committee at its meeting held on 12.02.2021 has, subject to the approval of members, unanimously approved the terms of appointment of Mr. Nrupender Rao as Chairman of the Company for a period of one year commencing from 01.04.2021 to 31.03.2022 including payment of remuneration.

Mr. Nrupender Rao has been guiding the company in its strategic, decision making policies and financial restructuring.

Names of companies in which Mr. Nrupender Rao holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

Since, Mr. Nrupender Rao has attained the age of 70 years; approval of the members for his re-appointment is sought by a special resolution as required under Section 196(3) of the Companies Act, 2013.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of Mr. Nrupender Rao as an Executive Chairman.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 4 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Nrupender Rao and Mr. Aditya Rao (being a relative), to whom the resolution relates, is interested or concerned in the resolution.

#### Item # 5 Appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director

The Board of Directors upon recommendation of the Nomination and remuneration committee at its meeting held on 12.02.2021 has, subject to the approval of members, unanimously approved that the terms of appointment of Mr. Aditya Rao as Vice-Chairman and Managing of the Company for a period of one year commencing from 01.04.2021 to 31.03.2022 including payment of remuneration.

Mr. Aditya Rao worked on creating and implementing the company's growth strategy, organisation structure, controls and team building. His mandate is to create a perpetual growth company with business units that continually scale revenue and profitability along with rigorous risk management controls.

Names of companies in which Mr. Aditya Rao holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of Mr. Aditya Rao as Vice-Chairman and Managing Director.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 5 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. Aditya Rao and Mr. Nrupender Rao (being a relative), to whom the resolution relates, is interested or concerned in the resolution.

**Item # 6 Appointment of Mr. K Lavanya Kumar as Executive director**

The Board of Directors upon recommendation of the Nomination and remuneration committee at its meeting held on 12.02.2021 has, subject to the approval of members, unanimously approved that the terms of appointment of Mr. K Lavanya Kumar as Executive Director of the Company for a period of one year commencing from 01.04.2021 to 31.03.2022 including payment of remuneration.

The terms and conditions of his appointment are as follows :

1. Remuneration : As provided in the resolution.
2. Period of appointment : from 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022.
3. The appointment may be terminated by either party by giving six months' notice in writing of such termination or as may be mutually agreed between the parties.
4. Mr. K Lavanya Kumar shall perform such duties as shall from time to time be entrusted to him by the Board of Directors, subject to superintendence, guidance and control of the Board of Directors.

Mr. K Lavanya Kumar has been handling the day to day operations with respect to Legal, Human Resource, Personnel, Government Relations and Public Relations.

Names of companies in which Mr. K Lavanya Kumar holds directorship and the membership of the committees of the Board are provided in the additional information on directors seeking appointment/re-appointment at the ensuing Annual General Meeting.

The resolution seeks the approval of the members in terms of Sections 196 and 197 read with Schedule V and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder for the appointment of Mr. K Lavanya Kumar as Executive Director.

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 6 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. K Lavanya Kumar, to whom the resolution relates, is interested or concerned in the resolution.

**Item # 7 & 8 Regularization and appointment of Mr. RVS Ramakrishna (DIN: 00009421) as Independent Director**

The Board of Directors of the Company at its meeting held on 4<sup>th</sup> June, 2021, recommended for the approval of the Members, the appointment of Mr. RVS Ramakrishna (DIN: 00009421) as an Independent Director of the Company, in terms of Section 149 read with Schedule IV of the Companies Act, 2013.

Mr. RVS Ramakrishna is Graduate in Engineering in Chemical Technology from Birla Institute of Technology and Science, Pilani.

He started his career with Coromandel Fertilisers Limited, Visakhapatnam as a Graduate Engineer Trainee. He was awarded the PGDM from Indian Institute of Management, Ahmedabad in 1982 and then joined ITW Signode India Limited as Area Sales Executive based at Jamshedpur. In 1995 he was inducted on the Board as Whole-time Director to head the Steel Business.

Mr. RVS Ramakrishna was appointed as the Managing Director of the Company in June 1999 and as Group President (APAC & MEA) i.e. Signode India, China, MEA, Japan, Korea and ASEAN in 2011.

Mr. RVS Ramakrishna was also the Chairman of Indian Institute of Packaging from 2016 to 2019. He was also an active member of CII (AP & Telangana).

The Nomination and Remuneration Committee recommended the appointment to the Board. The Board recommends the resolution set out at item no. 7&8 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. RVS Ramakrishna, to whom the resolution relates, is interested or concerned in the resolution.

## NOTICE *Contd...*

### **Item # 9 Change in designation of Mr. P V Rao (DIN: 03157581) from Joint Managing Director to Non-Executive Director**

The Board of Directors upon recommendation of the Nomination and Remuneration Committee passed circular resolution on 31.03.2021 for change in designation of Mr. P V Rao from Joint Managing Director to Non-Executive Director of the Company being liable to retire by rotation of Directors with effect from 01.04.2021.

The Board recommends the resolution set out at item no. 9 of the notice for your approval. No director, key managerial personnel or their relatives, except Mr. P V Rao, to whom the resolution relates, is interested or concerned in the resolution.

### **Item # 10 Approval for payment of remuneration to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2022**

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 31<sup>st</sup> March, 2022 at a remuneration of ₹ 80,000/- p.a. as an audit fee including all taxes and duties and out of pocket expenses.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 10 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2022.

The Board recommends the resolution for your approval. None of the Directors, key managerial personnel or their relatives is, in any way, concerned or interested in the said resolution.

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

**Mirza Mohammed Ali Baig**  
Company Secretary & Compliance Officer  
e-CSIN Number: EA029058A000037330

Place : Hyderabad  
Date : 11.08.2021

# Additional information on Directors seeking appointment/reappointment at the forthcoming Annual General Meeting

Particulars	Date of Birth	Date of appointment	Qualification	Expertise	List of Companies in which outside directorship held on 31st March, 2021	Chairman of the Committee of other companies on which he/she is a director as on 31st March, 2021	Member of the Committee of other companies on which he/she is a director as on 31st March, 2021	No. of Meetings attended during the year 2021	No of Shares held by them in the Company as on 31st March, 2021	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 ₹ 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	Nil	Nil	4	84,27,203 Equity Shares of ₹ 5/- each.	Mr. Aditya Rao, MD is son of Mr. Joginapally Venkata Nrupender Rao, Chairman
Potluri Venkateswara Rao	15.08.1959	30.03.2016	B. Tech (Civil Engineering)	Sales & Marketing, Industry Experience, Technical, Research & Development and Innovation, Global Business Development, Finance Management	M/s. Pennar Global INC, USA M/s. Pennar Global INC, USA M/s. Seetakrishna Agriexports Private Limited	Nil	Nil	4	4,38,573 Equity Shares of ₹ 5/- each.	Not related to any other Director / Key Managerial Personnel
Lavanya Kumar Rao Kondapally	19.02.1959	07.05.2014	Graduated in Law from Kakatiya University	Law and Governance, Human Resource Management, Industry Experience	Nil	Nil	Nil	4	2,34,900 Equity Shares of ₹ 5/- each.	Not related to any other Director / Key Managerial Personnel
Eric James Brown	21.11.1957	10.11.2017	Graduate from University of Hawaii, Management Information System Department	Leadership/ Operations, Business Management/ Strategic Planning, Sales & Marketing, Industry Experience, Technical, Research & Development and Innovation, Global Business Development, Finance Management, Risk Management	M/s. Pennar Global INC, USA M/s. Pennar Global Metals, LLC, USA M/s. Ascent Buildings, LLC, USA M/s. Iridium Automobiles Private Limited	Nil	Nil	4	Nil	Not related to any other Director / Key Managerial Personnel
Ravi Venkata Siva Ramakrishna	10.03.1956	04.06.2021	Graduate in Engineering in Chemical Technology from Birla Institute of Technology and Science	Leadership/ Operations, Business Management/ Strategic Planning, Industry Experience, Technical, Research & Development and Innovation, Global Business Development, Human Resource Management, Corporate Governance, Compliance & Risk Management	Nil	Nil	Nil	*	Nil	Not related to any other Director / Key Managerial Personnel

\* Mr. Ravi Venkata Siva Ramakrishna was appointed as Additional Non-Executive Director at the Board Meeting held on 4th June, 2021.

The following additional information as required under Schedule V of the Companies Act, 2013 is given below:

Particulars	Mr. Nrupender Rao	Mr. Aditya Rao	Mr. K Lavanya Kumar																																																																																														
I. General Information																																																																																																	
1. Nature of Industry:	The Company 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 and galvanized products.																																																																																																
2. Date or expected date of commencement of commercial production:	16th December, 1975																																																																																																
3. In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:	Not Applicable																																																																																																
Financial Performance based on given indicators:	<table><tr><th rowspan="3">Particulars</th><th colspan="4">Amount in Rs. Lakhs</th></tr><tr><th colspan="2">Consolidated</th><th colspan="2">Standalone</th></tr><tr><th>2020-21</th><th>2019-20</th><th>2020-21</th><th>2019-20</th></tr><tr><td>Revenue from Operations</td><td>1,52,535</td><td>2,10,655</td><td>1,51,654</td><td>2,09,766</td></tr><tr><td>Operating profit (PBIDT)</td><td>13,149</td><td>18,939</td><td>12,820</td><td>18,803</td></tr><tr><td>Profit before tax (PBT)</td><td>365</td><td>6,312</td><td>107</td><td>6,195</td></tr><tr><td>Income Tax and Deferred Tax</td><td>81</td><td>972</td><td>18</td><td>944</td></tr><tr><td>Profit after tax (PAT)</td><td>284</td><td>5,340</td><td>89</td><td>5,251</td></tr><tr><td>Other Comprehensive income</td><td>-27</td><td>28</td><td>14</td><td>(39)</td></tr><tr><td>Total Comprehensive income for the year</td><td>257</td><td>5,368</td><td>103</td><td>5,212</td></tr><tr><td>Net profit attributable to Owners of the company</td><td>268</td><td>5,333</td><td>103</td><td>5,212</td></tr><tr><td>Profit brought forward from previous year</td><td>48,915</td><td>43,650</td><td>48,622</td><td>43,410</td></tr><tr><td>Surplus available for appropriation</td><td>49,183</td><td>48,915</td><td>48,725</td><td>48,622</td></tr><tr><td>Appropriations</td><td></td><td></td><td></td><td></td></tr><tr><td>Dividend</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Corporate tax on proposed dividend</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Transfer to General Reserve</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Transfer to Capital Redemption Reserve</td><td>0</td><td>0</td><td>0</td><td>0</td></tr><tr><td>Balance of profit carried to Balance Sheet</td><td>49,183</td><td>48,915</td><td>48,725</td><td>48,622</td></tr></table>				Particulars	Amount in Rs. Lakhs				Consolidated		Standalone		2020-21	2019-20	2020-21	2019-20	Revenue from Operations	1,52,535	2,10,655	1,51,654	2,09,766	Operating profit (PBIDT)	13,149	18,939	12,820	18,803	Profit before tax (PBT)	365	6,312	107	6,195	Income Tax and Deferred Tax	81	972	18	944	Profit after tax (PAT)	284	5,340	89	5,251	Other Comprehensive income	-27	28	14	(39)	Total Comprehensive income for the year	257	5,368	103	5,212	Net profit attributable to Owners of the company	268	5,333	103	5,212	Profit brought forward from previous year	48,915	43,650	48,622	43,410	Surplus available for appropriation	49,183	48,915	48,725	48,622	Appropriations					Dividend	0	0	0	0	Corporate tax on proposed dividend	0	0	0	0	Transfer to General Reserve	0	0	0	0	Transfer to Capital Redemption Reserve	0	0	0	0	Balance of profit carried to Balance Sheet	49,183	48,915	48,725	48,622
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Balance of profit carried to Balance Sheet	49,183	48,915	48,725	48,622																																																																																													
5.Foreign Investments and Collaborations:	The Company has made Foreign Investments in subsidiaries viz., Pennar Global INC, USA and Pennar GMBH, Germany.																																																																																																

## Schedule V *Contd...*

Particulars	Mr. Nrupender Rao	Mr. Aditya Rao	Mr. K Lavanya Kumar
<b>II. Information about the Appointees:</b>			
1. Background Details:	<p>Mr. Nrupender Rao, designated as Executive Chairman of the Company. He is an Indian national and has been a Director since 1995.</p> <p>Mr. Nrupender Rao has been guiding the company in its strategic, decision making policies and financial restructuring.</p>	<p>Mr. Aditya Rao, designated as Vice-Chairman and Managing Director of the Company. He is an Indian national and has been a Director since 2008.</p> <p>Mr. Aditya Rao worked on creating and implementing the company's growth strategy, organisation structure, controls and team building. His mandate is to create a perpetual growth company with business units that continually scale revenue and profitability along with rigorous risk management controls.</p>	<p>Mr. K Lavanya Kumar, designated as Executive Director of the Company. He is an Indian national and has been a Director since 2014.</p> <p>Mr. K Lavanya Kumar has been handling the day to day operations with respect to Legal, Human Resource, Personnel, Government Relations and Public Relations.</p>
2. Past remuneration:	During the financial year ended 31st March, 2021 ₹ 1,18,92,830 was paid as remuneration to Mr. Nrupender Rao	During the financial year ended 31st March, 2021 ₹ 68,59,218 was paid as remuneration to Mr. Aditya Rao	During the financial year ended 31st March, 2021 ₹ 54,81,917 was paid as remuneration to Mr. K Lavanya Kumar
3. Recognition and Awards:	<p>Mr. Nrupender Rao has received several prestigious awards and some of them include Dr. Nayudamma Gold Medal for his contribution to the Industrial Development in the state of Andhra Pradesh, "Entrepreneur of the year" award by the Hyderabad Management Association, "Outstanding Entrepreneur Award" by the Council of State Industrial Development and Investment Corporations of India.</p> <p>Mr. Rao was the National President of the Indo American Chamber of Commerce and President of the Hyderabad Management Association. As a part of his services to the society, he is the Managing Trustee of Sri. Ramakrishna Vivekananda Service Foundation and Sri J.V. Narsing Rao Memorial Foundation.</p>		

Schedule V *Contd...*

Particulars	Mr. Nrupender Rao	Mr. Aditya Rao	Mr. K Lavanya Kumar
4. Job profile Suitability:	Mr. Nrupender Rao has a degree in B. Tech IIT Kharagpur, M.S. Operations Research & Industrial Engineering. He has an experience of 46 Years.	Mr. Aditya Rao has a degree in BS and M. Eng. He has an experience of 16 years.	Mr. Lavanya has a degree in Law. He has an experience of 33 years.
5. Remuneration proposed:	As specified in the Notice to AGM.	As specified in the Notice to AGM.	As specified in the Notice to AGM.
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):	Taking into consideration the size of the Company, the profile, knowledge, skills and responsibilities shouldered by Mr. Nrupender Rao, the remuneration proposed to be paid is commensurate with the remuneration packages paid to their similar counterparts in other companies.	Taking into consideration the size of the Company, the profile, knowledge, skills and responsibilities shouldered by Mr. Aditya Rao, the remuneration proposed to be paid is commensurate with the remuneration packages paid to their similar counterparts in other companies.	Taking into consideration the size of the Company, the profile, knowledge, skills and responsibilities shouldered by Mr. K Lavanya Kumar, the remuneration proposed to be paid is commensurate with the remuneration packages paid to their similar counterparts in other companies.
7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:	<p>Besides the remuneration proposed to be paid to Mr. Nrupender Rao, he</p> <p>do not have any other pecuniary relationship with the Company or relationships with any other managerial personnel and Directors</p> <p>except that Mr. Aditya Rao is the son of Mr. Nrupender Rao.</p>	<p>Besides the remuneration proposed to be paid to Mr. Aditya Rao, he</p> <p>do not have any other pecuniary relationship with the Company or relationships with any other managerial personnel and Directors</p> <p>except that Mr. Nrupender Rao is the father of Mr. Aditya Rao.</p>	<p>Besides the remuneration proposed to be paid to Mr. K Lavanya Kumar, he</p> <p>do not have any other pecuniary relationship with the Company or relationships with any other managerial personnel and Directors.</p>
<b>III. Other Information:</b>			
1. Reasons of loss or inadequate profits:	We experienced reduced demand for our products during the Covid-19 pandemic due to slowdown of activities with some of our clients.	We experienced reduced demand for our products during the Covid-19 pandemic due to slowdown of activities with some of our clients.	We experienced reduced demand for our products during the Covid-19 pandemic due to slowdown of activities with some of our clients.
2. Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:	To mitigate the impacts of Covid-19 we have proactively implemented various cost reduction measures, approached new markets to increase the demand of our products. The impact of pandemic has also comparatively reduced which further helped in increasing revenue of our company.	To mitigate the impacts of Covid-19 we have proactively implemented various cost reduction measures, approached new markets to increase the demand of our products. The impact of pandemic has also comparatively reduced which further helped in increasing revenue of our company.	To mitigate the impacts of Covid-19 we have proactively implemented various cost reduction measures, approached new markets to increase the demand of our products. The impact of pandemic has also comparatively reduced which further helped in increasing revenue of our company.
<b>IV. Disclosures:</b>	The information and disclosures of the remuneration package of the managerial personnel have been mentioned in the Annual Report in the Corporate Governance Report for the year ended 31st March, 2021.		



## 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

**Mrs. Bharati Jacob**

Independent Director

**Mr. Eric James Brown**

Non-Executive Director

**Mr. P V Rao**

Non-Executive Director

**Mr. K Lavanya Kumar**

Executive Director

**Mr. Aditya Rao**

Vice Chairman and Managing Director

### Key Managerial Personnel

**Mr. J S Krishna Prasad**

Chief Financial Officer

**Mr. Mirza Mohammed Ali Baig**

Company Secretary & Compliance Officer

### Statutory Auditors

Deloitte Haskins & Sells LLP,

Chartered Accountants

KRB Towers, 1 to 4 & 4A, 1<sup>st</sup>, 2<sup>nd</sup>, & 3<sup>rd</sup> Floor

Jubilee Enclave, Madhapur,

Hyderabad - 500081

### Internal Auditors

M/s. R Krishna & Associates

Chartered Accountants

H. No 6-3-883/3/1 Exide Battery Lane

Beside P C Jewellers Punjagutta, Hyderabad - 500 082

### Cost Auditors

M/s. kandikonda & associates

Cost Accountants

# 2-5-114, Road no.3, Raja Lakshmi Colony,

Nagole, Hyderabad-500068

### Plants

**Patancheru Unit:**

IDA Patancheru, Medak (Dist.), Telangana

**Isnapur Unit:**

Isnapur Village, Medak (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

**PEBS Unit:**

Chandapur Village, Sadasivpet Mandal, Medak (Dist.)

**Enviro Unit:**

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

### 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 Private Limited

Selenium Tower B, Plot No. 31 & 32 Gachibowli,

Financial District, Nanakramguda, Seriligampalli Mandal,

Hyderabad - 500 032

### Bankers

State Bank of India

Axis Bank Limited

Yes Bank Limited

HDFC Bank Limited

ICICI Bank Limited

Bandhan Bank Limited

SBM Bank India Limited

### Secretarial Auditor

Mr. Subhash Kishan Kandrapu

Practicing Company Secretary

Flat No. 203, 2<sup>nd</sup> Floor, Nara Paradise Building,

Dinakar Nagar, Neredmet Secundrabad - 500056



TUBE MILL - 4

STATE  
WELDER  
ELECTRONIC  
MATCH



## **PENNAR INDUSTRIES LIMITED**

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

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

[www.dickensonworld.com](http://www.dickensonworld.com)