RAMASAMY KOTESWARA RAO AND CO LLP
CHARTERED ACCOUNTANTS
APPENDIX P

INDEPENDENT AUDITOR'S REPORT ON COMPONENT'S FINANCIAL INFORMATION

To M S K A & Associates

Pennar Industries Limited group auditor

Opinion

We have audited, for the purposes of your audit of the consolidated financial statements of Pennar Industries Limited ('the Group' or 'the holding company'), the accompanying financial information of Pennar FZCO. ('the Component' or 'the Company') which comprise the Balance Sheet as at March 31st 2025, and the Statement of Profit and Loss, [including Other Comprehensive Income, Statement of Changes in Equity] and Statement of Cash Flows for the year then ended, and notes to the financial information, including material/ significant accounting policy information (hereinafter referred to as the "financial information").

In our opinion, the accompanying special purpose financial statements of the Company for the year ended 31st March 2025 are prepared in all material respects, in accordance with Section 133 of the companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Basis for Opinion

We conducted our audit based on the scope of our work performed in accordance with your instructions using [Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ('the Act') / issued by the Institute of Chartered Accountants of India ('ICAI')/ International Standards on Auditing (ISAs) required by those auditing standards. Our responsibilities under those Standards are further described in the Component Auditor's Responsibilities for the Audit of the Financial Information section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI ("Code of Ethics") together with ethical requirements that are relevant to our audit of the financial information under the provisions of the Companies Act, 2013 and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

Responsibilities of Component's Management and Those charged with Governance for the Financial Information

The Management is responsible for the preparation of these financial information in accordance with financial reporting provisions of accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act and for such internal control as management determines is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

SRI RAMCHANDRA ARCADE, D.No.8-2-293/82/JIII/573/M/ 1st Floor
Road No.82, Jubilee Hills, Hyderabad - 500096. Ph: 23394982/85,
E-mail: rkandco@gmail.com, Website : www.rkandco.in

Ramasamy Koteswara Rao and Co. LLP Chartered Accountants Firm Regn. No. 010396S/ S200084

APPENDIX P

In preparing the financial information, Component's management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Charged with Governance are responsible for overseeing the Company's financial reporting process.

Component Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information 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 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 financial information.

We give in "Annexure A" a detailed description of Component Auditor's responsibilities for Audit of the Financial Information.

For Ramasamy Koteswara Rao and Co LLP

Chartered Accountants

ICAI Firm Registration No: 010396S/S200084

Ramasamy Koteswara Rao and Co. LLP
Chartered Accountants
Firm Re. 010396S/
S200084

Murali Krishna Reddy Telluri

Partner

Membership No: 223022

UDIN: 25223022BMJKDM2042

Place: Hyderabad

Date: 28-05-2025

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON COMPONENT'S FINANCIAL INFORMATION

Auditor's Responsibilities for the Audit of Component's Financial Information

As part of an audit, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by component's management.

- Conclude on the appropriateness of component's 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 financial information 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.

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.

Ramasamy Koteswara Rao and Co. LLP
Chartered Accountants
Firm Re. 010396S/S200084

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.

For Ramasamy Koteswara Rao and Co LLP

Chartered Accountants

ICAI Firm Registration No: 010396S/S200084

Ramasamy Koteswara Rao and Co. LLP
Chartered Accountants
Firm Re. 010396S/S200084

Murali Krishna Reddy Telluri

Partner

Membership No.: 223022

UDIN: 25223022BMJKDM2042

Place: Hyderabad

Date: 28-05-2025

Pennar FZCO

Balance Sheet as at March 31, 2025

(All amounts are in AED except per share data)

Particulars	Notes	As at 31-Mar-25
ASSETS		
Current assets		
Financial assets		
(a) Cash and cash equivalents	1	4,32,192
Other current assets	2	7,69,617
Total current assets		**12,01,809**
Total assets		**12,01,809**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	3	10,000
Other equity	4	(297)
Total equity		**9,703**
Liabilities		
Current Liabilities		
Financial liabilities		
(a) Borrowings	5	8,30,000
Other Current Liabilites	6	3,62,106
Total current liabilities		11,92,106
Total Liabilities		11,92,106
Total equity and liabilities		**12,01,809**

In terms of our report attached

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
FRN.No.010396S/S200084

Ramasamy Koteswara Rao and Co. LLP * Chartered Accountants Firm Re. 010396S/ S200084

Murali Krishna Reddy Telluri
Partner
Membership No: 223022

Place: Hyderabad
Date: 28-05-2025

For and On behalf of Pennar FZCO

PENNAR - FZCO

Manoj Cherukuri
Director

Pennar FZCO
Statement Of Profit and Loss for the year for the period from 15 Novemeber 2024 to Mar 31, 2025
(All amounts are in AED except per share data)

Particulars	Note	For the period from 15th Novemeber 2024 (Date of Incorporation) to Mar 31, 2025
INCOME		
Total income (i)		-
EXPENSES		
Other expenses	7	297
Total expenses (ii)		**297**
Loss before tax [(iii)=(i)-(ii)]		(297)
Tax expense		
Current tax		-
Deferred tax		-
Total tax expense (iv)		-
Loss for the year after tax [(v) = (iii)-(iv)]		**(297)**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
(a) Remeasurement of defined benefit obligation	-	-
(b) Deferred tax relating to the above items	-	-
Items that will be reclassified subsequently to profit or loss	-	-
(a) Exchange differences in translating the financial statements of foreign operations	-	-
(b) Effective portion of gain / (loss) on designated portion of hedging instruments in a cash flow hedge	-	-
(c) Others (specify nature)	-	-
Total other comprehensive income (vi)		-
Total comprehensive Loss for the year (vii)=(v+vi)		**(297)**
Earning per share (Face value Rs. 10 each fully paid)		
Basic & Diluted		(0.03)

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Ramasamy Koteswara Rao and Co. LLP Chartered Accountants Firm Re. 010396S/ S200084

Murali Krishna Reddy Telluri
Partner
Membership No: 223022

Place: Hyderabad
Date: 28-05-2025

For and On behalf of Pennar FZCO

Manoj Cherukuri
Director

Pennar FZCO
Cash Flow Statement for the period from 15 November 2024 to Mar 31, 2025
(All amounts are in AED except per share data)

Particulars	For the period from 15th Novemeber 2024 (Date of Incorporation) to Mar 31, 2025
A. CASH FLOW FROM OPERATING ACTIVITIES	
Profit before tax	**(297)**
Adjustments for :	
Depreciation and amortisation expense	-
Finance costs	-
Operating profit before working capital changes	**(297)**
Changes in operating assets and liabilities:	
Adjustments for (increase) / decrease in operating assets:	
Other current asset	(7,69,617)
Adjustments for increase / (decrease) in operating liabilities:	
Other Current Liabilities	3,62,106
Cash generated from operations	**(4,07,808)**
Net income taxes paid	
Net cash flow (used in) / generated by operating activities (A)	**(4,07,808)**
B. CASH FLOW FROM INVESTING ACTIVITIES	
Net cash flow used in investing activities (B)	-
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from Issue of Share Capital	10,000
Proceeds from browwings	8,30,000
Net cash flow from / (used in) financing activities (C)	**8,40,000**
Net increase in cash and cash equivalents (A+B+C)	**4,32,192**
Cash and cash equivalents at the beginning of the year	
Cash and cash equivalents at the end of the year	**4,32,192**
Cash and cash equivalents comprises of: (refer note 1)	
Balances with Banks	
- in current accounts	4,32,192
	4,32,192

In terms of our report attached

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
FRN.No.010396S/S200084

Ramasamy Koteswara Rao and Co. LLP
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Firm Re. 010396S/ S200084

Murali Krishna Reddy Telluri
Partner
Membership No: 223022

For and On behalf of Pennar FZCO

Manoj Cherukuri
Director

Place: Hyderabad
Date: 28-05-2025

Pennar FZCO

Statement of changes in equity for the period ended from 15th November 2024 to 31st March 2025

(All amounts are in AED except per share data)

A. Equity share capital

Particulars	No of shares	Amount
Balance at April 01, 2024		
Changes in equity share capital during the Year	1,000	10,000
Balance at March 31, 2025	**1,000**	**10,000**

B. Other equity

Particulars	Retained earnings	Total
Balance at April 01, 2024		-
Profit for the period	(297)	(297)
Balance at March 31, 2025	**(297)**	**(297)**

In terms of our report attached

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
FRN.No.010396S/S200084

Ramasamy Koteswara Rao and Co. LLP * Chartered Accountants Firm Re. 010396S/ S200084

Murali Krishna Reddy Telluri
Partner
Membership No: 223022

Place: Hyderabad
Date: 28-05-2025

For and On behalf of Pennar FZCO

Manoj Cherukuri
Director

PENNAR - FZCO

Pennar- FZCO
Notes forming part of the financial statements
(All amounts are in AED except per share data)

1. Cash and cash equivalents

Particulars	As at March 31, 2025
Balances with banks	
in current accounts	4,32,192
Total	**4,32,192**

2. Other current Asset

Particulars	As at March 31, 2025
Advance to vendors	7,69,617
Total	**7,69,617**

3. Equity share capital

Particulars	As at March 31, 2025
Authorised share capital:	
1000 fully paid up equity shares of 10 each	10,000
Issued and subscribed capital:	
1000 fully paid up equity shares of 10 each	10,000
Total	**10,000**

Notes:

a. Reconciliation of the number of shares outstanding:

Particulars	As at March 31, 2025
Opening balance	-
Add: Movement during the year	1,000
Balance	**1,000**

b. Details of shares held by the promoters

The details of promoters and their shareholdings.	As at March 31 2025	
Name of the promoter	No of shares held	% holding of equity shares
Pennar Industries Limited	1000	100%

c. Rights, preferences and restrictions attached to equity shares:
The Company has issued only one class of equity shares having a par value of ₹ 10 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.

4. Other equity

Particulars	Retained earnings	Total
Balance at April 01, 2024	-	-
Profit for the year	(297.00)	(297.00)
Balance as at March 31, 2025	**(297.00)**	**(297.00)**

PENNAR - FZCO

Pennar- FZCO
Notes forming part of the financial statements
(All amounts are in AED except per share data)

5. Current borrowings	As at
Particulars	**March 31, 2025**
Unsecured	
Loans from related parties (Refer Note below)	8,30,000
Total	**8,30,000**

The Loan has been received from Holding Company - Pennar Industries Limited. Loan carries interest rate of 6 months SOFR plus 300 bps points

6. Other current liabilites

Particulars	As at March 31, 2025
Advance from customer	3,62,106
Total	**3,62,106**

7. Other expenses

Particulars	For the period from 15th Novemeber 2024 (Date of Incorporation) to Mar 31, 2025
Bank Charges	297
Total	**297**

PENNAR - FZCO

Pennar- FZCO
Notes forming part of the financial statements
(All amounts are in AED except per share data)

8	EARNING PER SHARE	
	Particulars	**For the period from 15th Novemeber 2024 (Date of Incorporation) to Mar 31, 2025**
	Net profit attributable to equity Share holders	(297)
	No of Equity Shares	10,000
	Basic and diluted Earning per Share	(0.03)

9. 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 and all other reserves. Net debt includes all long and short-term borrowings as reduced by cash and cash equivalents,

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances.

The capital structure of the company consists of net debt (borrowings as detailed in note 13 and offset by cash and bank balances) and total equity of the Company.

The company is not subject to any externally imposed capital requirements.
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	**31-Mar-25**
Equity share capital	10,000
Other equity	-297
Total Equity (A)	**9,703**
Non-current borrowings	
Short term borrowings	8,30,000
Current maturities of long-term borrowings	-
Gross Debt	**8,30,000**
Less: Cash and cash equivalents	(4,32,192)
Net debt (B)	**3,97,808**
Net debt to equity (B/A)	**41.00**
Interest Coverage Ratio	**-**

(I) Equity includes all capital and reserves of the company, that are managed as capital
(II) Debt is defined as long and short term borrowings.

PENNAR - FZCO

b. Financial instruments by category

Particulars	Carrying value as at March 31, 2025
Financial assets	
Measured at amortised cost	
Cash and cash equivalents	4,32,192
Total financial assets measured at amortised cost (A)	**4,32,192**
Total Financial Assets (A)	**4,32,192**
Financial Liabilities	
Measured at amortised cost	
Short-term borrowings	8,30,000
Total financial liabilities carried at amortised cost(A)	**8,30,000**
Total Financial Liabilities	**8,30,000**

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.

c. Financial risk management

The Board oversees the risk management frame work, develops and monitors the company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of the risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and company's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management frame work in relation to the risk faced by the Company.

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

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

Market Risk

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

PENNAR - FZCO

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 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 on a continuous

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

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

Ratios

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Particulars	Numerator	Denominator	March 31, 2025
Current Ratio	Current Assets	Current Liabilities	1.01
Debt-Equity Ratio	Total Debt (1)	Shareholder's Equity	85.54
Debt Service Coverage Ratio	Earnings available for debt service (2)	Debt service (3)	-
Return on Equity (ROE)	Net profit after taxes	Average Shareholder's Equity	-3%
Net Capital Trunover Ratio	Revenue from Operations	Working Capital (4)	-
Net Profit Ratio	Net Proft	Revenue from Operations	-3%
Return on Capital Employed (ROCE)	Earnings Before Interest and Taxes (EBIT)	Capital Employed (5)	-0.00

(1) Long Term borrowings + Short Term borrowings + Inter corporate loans + interest accrued

(2) Net profit after tax + Non-operating cash exp like depreciation + Interest + Other adjustments like loss on sale of fixed assets etc.

(3) Interest + Lease payments + Principal repayments + Intercorporate loan payments

(4) Current assets - current liabilities

(5) Tangible networth + total debt including interest accrued +deferred tax liability-deferred tax assets

PENNAR - FZCO

10	**CONTINGENT LIABILITIES: Nil**

11	**Related Party Disclosures**	
11.1	**Relationship**	**Name**
	Holding Company	Pennar Industries Ltd
	Fellow Subsidiary Company & JV	Pennar Global Inc Pennar GMBH Pennar Global Metal Pennar Americas Hydralics LLC Pennar Americas Engineering LLC ZAP91 Solar India Private Limited Cadnum SARL Enertech Pennar Defense and Engineering Private Limited Ascent Buildings LLC
	Director	Manoj Cherukuri
11.2	Aggregate Related Party Transactions :	
	Particulars	**Holding Company**
		31.03.2025
	Pennar Industries Limited	
a	Inter Corporate deposit received during the year	8,30,000
b	Advance received during the year	3,62,106
c	Investment in share capital	10,000
11.3	**Related Party Balances :**	
a	Inter corporate deposit	8,30,000
b	Advance	3,62,106
12	Figures are rounded off to nearest AED	

In terms of our report attached
For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
FRN.No.010396S/S200084

Ramasamy Koteswara Rao and Co. LLP * Chartered Accountants Firm Re. 010396S/ S200084

Murali Krishna Reddy Telluri
Partner
Membership No: 223022

Place: Hyderabad
Date: 28-05-2025

For and On behalf of Pennar FZCO

PENNAR - FZCO

Manoj Cherukuri
Director