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 GmbH. ('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.

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

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

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 have Audited the Following Subsidiaries.

Cadnum Sarl (Foreign Subsidiary)

The Financial information of 1 Subsidiaries included in the Consolidated audited financial information of the entities included in the Group, whose information reflects total revenues of € 5,69,630 (Revenue from Operations Only) and total net profit after tax of € (1,78,403), (Net Profit after Tax Considered) for the year ended March 31st, 2025, as considered in the respective Consolidated audited financial information of the entities included in the Group.

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
F.R. No : 010396S/S200084
Chartered Accountants

Murali Krishna Reddy Telluri

Partner

Membership No: 223022

UDIN: 25223022BMJKDN1542

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.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial information. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the consolidated financial information of which we are the independent auditors.

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.

For Ramasamy Koteswara Rao and Co LLP

Chartered Accountants

ICAI Firm Registration No: 010396S/S200084.

Ramasamy Koteswara Rao and Co LLP * Chartered Accountants * F.R. No: 010396S/S200084

Murali Krishna Reddy Telluri

Partner

Membership No.: 223022

UDIN: 25223022BMJKDN1542

Place: Hyderabad

Date: 28-05-2025

Pennar GmbH
Consolidated Balance Sheet as at 31 March 2025
(All amount are in EURO unless otherwise specified)

Particulars	Note	As at March 31, 2025	As at March 31, 2024
ASSETS			
Non-current assets			
Property, plant and equipment	1	7,46,499	7,81,259
Intangibles	1	86,676	76,786
Capital work in progress	1	2,98,961	-
Income tax Assets (Net)	11	80,148	39,435
Deffered Tax	11	99,256	39,780
Total non-current assets		**13,11,540**	**9,37,260**
Current assets			
Inventory	2	2,33,319	2,33,319
Financial assets			
(a) Trade receivables	3	12,43,532	7,57,754
(b) Cash and cash equivalents	4	35,643	1,04,725
Other current asset	5	4,22,495	2,44,085
Total current assets		**19,34,989**	**13,39,883**
Total assets		**32,46,529**	**22,77,143**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	25,000	25,000
Other equity	7	(68,227)	1,22,769
Total equity		**(43,227)**	**1,47,769**
Non Current Liabilities			
Financial liabilities			
Borrowings	8	52,167	95,528
		52,167	**95,528**
Current liabilities			
Financial liabilities			
Borrowings	8	17,123	17,123
Trade Payables	9	24,44,292	18,05,709
Other financial liabilities	10	2,69,546	2,09,579
Other Current Liabilites	13.2	5,05,193	-
Income tax Liabilites (Net)	11	1,435	1,435
Total current liabilities		**32,37,588**	**20,33,846**
Total Liabilities		**32,89,756**	**21,29,374**
Total equity and liabilities		**32,46,529**	**22,77,143**

In terms of our report attached

For and On behalf of Pennar Gmbh

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

Ramasamy Koteswa Rao and Co LLP F.R. No: 010396S/S200084 Chartered Accountants

Murali Krishna Reddy Telluri
Partner
Membership No: 223022

Dr. Sumanth Veeraganta
Director

Place: Hyderabad
Date: 28-05-2025

Pennar GmbH
Consolidated Statement of profit and loss for year ended 31 March 2025
(All amount are in EURO unless otherwise specified)

Particulars	Note	For the year ended 31 March 2025	For the year ended 31st March 2024
INCOME			
Revenue from operations	12	22,11,165	22,00,581
Other income	13	45	719
Total income (I)		**22,11,210**	**22,01,300**
EXPENSES			
Cost of material consumed	14	1,49,349	1,12,740
Changes in Inventory and finished goods	15	3,140	13,704
Project support charges	16	13,47,603	14,18,859
Employee benefits expense	17	6,86,498	6,08,514
Finance Cost	18	3,802	2,410
Depreciation and amortisation expense	1A	57,249	34,759
Other expenses	19	2,06,643	1,34,173
Total expenses (II)		**24,54,284**	**23,25,159**
Profit/ l(Loss) before tax (III)=(I-II)		**(2,43,074)**	**(1,23,859)**
Tax expense			
Current tax		7,390	17,510
Deferred tax		(59,468)	(39,780)
Total tax expense (IV)		**(52,078)**	**(22,270)**
Profit for the year (V)=(IV-III)		**(1,90,996)**	**(1,01,589)**
Other comprehensive income			
I. Items that will not be recycled to profit or loss		-	-
(a) Remeasurements of the defined benefit liabilities / (asset)		-	-
(b) Income tax relating to items that will not be reclassified to profit or loss		-	-
II. Items that may be reclassified to profit or loss		-	-
(a) Exchange differences in translating the financial statements of foreign operations		-	-
(b) Income tax on items that may be reclassified to profit or loss		-	-
Total Other comprehensive income (VI)		-	-
Total Comprehensive Income for the period VII=(V)+(VI)		**(1,90,996)**	**(1,01,589)**

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
F.R. No: 010396S/S200084
Chartered Accountants

Murali Krishna Reddy Telluri
Partner
Membership No: 223022

For and On behalf of Pennar Gmbh

Dr. Sumanth Veeraganta
Director

Place: Hyderabad
Date: 28-05-2025

Pennar GmbH
Consoldiated Statement of changes in equity as at 31 March 2025
(All amount are in EURO unless otherwise specified)

A. Equity share capital

Particulars	Total
Balance as at April 01, 2023	25,000
Changes in equity share capital during 2023-24	-
Balance as at March 31, 2024	**25,000**
Balance at April 01, 2024	25,000
Changes in equity share capital during 2024-25	-
Balance as at March 31, 2025	**25,000**

B. Other equity

Particulars	Retained earnings	Total
Balance at April 01, 2023	2,24,358	2,24,358
Profit for the year	(1,01,589)	(1,01,589)
Balance at March 31, 2024	**1,22,769**	**1,22,769**
Profit for the year	(1,90,996)	(1,90,996)
Balance as at March 31, 2025	**(68,227)**	**(68,227)**

In terms of our report attached

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

Ramasamy Koteswa Rao and Co LLP
F.R. No : 010396S/S200084
Chartered Accountants

Murali Krishna Reddy Telluri
Partner
Membership No: 223022

For and behalf of Pennar Gmbh

Dr. Sumanth Veeraganta
Director

Place: Hyderabad
Date: 28-05-2025

Pennar GmbH
Consoldiated Cash Flow Statement for the year ended 31 March 2025
(All amount are in EURO unless otherwise specified)

Particulars	For the year ended 31st March 2025	For the year ended 31st March 2024
Cash Flow from operating activities		
Profit Before Tax	(2,43,074)	(1,23,859)
Finance Cost	3,802	2,410
Depreciation & Amortisation	57,249	34,759
Operating Profit Before working capital changes	**(1,82,023)**	**(86,690)**
Adjustments for (increase)/decrease in operating assets		
Inventory	-	15,825
Trade Receivables	(4,85,778)	(1,27,990)
Other current Asset	(1,78,408)	(1,61,194)
Adjustments for (increase)/decrease in operating liabilities		
Trade Payables	6,38,583	3,45,921
Other financial Liabilities	59,967	(18,462)
Other current Liability	5,05,193	
Cash Generated from operating activities	**3,57,533**	**(32,590)**
Less: Taxes paid	(48,112)	(57,016)
Net Cash from operating activities (A)	**3,09,421**	**(89,606)**
Net Cash from Investing Activities		
Purchase of fixed asset	(3,31,341)	(77,602)
Investment	-	-
Net cash from Investing Activities (B)	(3,31,341)	(77,602)
Cash Flow from finacing Activities		
Repayment of long term borrowings	(43,360)	(39,176)
Interest repayment	(3,802)	(2,410)
Share Capital	-	-
Net Cashfrom (used) in financing activities (C)	(47,162)	(41,586)
Net increase/(decrease) in Cash and Cash equivalents(A+B+C)	(69,082)	(2,08,794)
Cash and Cash equivalents at the beginning of the year	1,04,725	3,13,519
Cash and Cash equivalents at the end of the year	**35,643**	**1,04,725**
Cash and cash equivalents comprises of: (refer note 3)		
Balances with Banks		
- in current accounts	35,643	1,04,725
- Deposit	-	-
	35,643	**1,04,725**

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
F.R. No : 010396S/S200084
Chartered Accountants

Murali Krishna Reddy Telluri
Partner
Membership No: 223022

Place: Hyderabad
Date: 28-05-2025

For and behalf of Pennar Gmbh

Dr. Sumanth Veeraganta
Director

Pennar GmbH
Notes forming part of the financial statements
(All amount are in EURO unless otherwise specified)

1. Property, plant and equipment

Particulars	As at March 31, 2025	As at March 31, 2024
Carrying amount of:		
Land	2,25,416	2,25,416
Building	4,55,843	4,82,141
Plant and Machinery	63,903	72,364
Computers	1,337	1,337
Office Furniture	-	-
Total	**7,46,499**	**7,81,259**
Intangibles	86,676	76,786
Capital work in progress	2,98,961	-

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

Description of assets	Land	Building	Plant and Machinery	Computers	Office Furniture	Total	Intangibles	Total
I. Cost								
Balance as at April 01, 2024	2,25,416	5,25,972	3,86,226	26,694	16,920	**11,81,228**	1,67,613	**13,48,841**
Additions	-	-	-	-	-	-	32,380	**32,380**
Disposals	-	-	-	-	-	-	-	-
Balance as at March 31, 2025	**2,25,416**	**5,25,972**	**3,86,226**	**26,694**	**16,920**	**11,81,228**	1,99,993	**13,81,221**
II. Accumulated depreciation								
Balance as at April 01, 2024	-	43,831	3,13,862	25,357	16,920	**3,99,969**	90,827	**4,90,796**
Depreciation for the year	-	26,299	8,461	-	-	34,759	22,490	**57,249**
Balance as at March 31, 2025	-	**70,129**	**3,22,323**	**25,357**	**16,920**	**4,34,729**	1,13,317	**5,48,046**
III. Carrying Amounts (I-II)								
Balance as at March 31, 2024	2,25,416	4,82,141	72,364	1,337	-	**7,81,259**	76,786	**8,58,045**
Balance as at March 31, 2025	**2,25,416**	**4,55,843**	**63,903**	**1,337**	-	**7,46,499**	**86,676**	**8,33,175**

Capital work-in-progress ageing schedule (2024-25)

Particulars	Amount in CWIP for the period of 24-25				
	Less than 1 Year	**1-2 Years**	**2-3 years**	**More than 3 years**	**Total**
Projects in progress	2,98,961	-	-	-	**2,98,961**

2. Inventory

Particulars	As at March 31, 2025	As at March 31, 2024
Raw Material	2,14,990	2,11,850
Work-in-Progress	18,329	21,469
Total	**2,33,319**	**2,33,319**

3. Trade Receivables

Particulars	As at March 31, 2025	As at March 31, 2024
Trade receivables		
Unsecured, considered good	12,43,532	7,57,754
Total	**12,43,532**	**7,57,754**

Trade Receivables Ageing Schedule (FY 2024-25)

Particulars	Outstanding for the following periods					
	Less than 6 Months	**6 Months to I year**	**1-2 Years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed trade receivables considered good	8,71,170	66,721	1,55,371	1,06,961	43,309	**12,43,532**
Total	**8,71,170**	**66,721**	**1,55,371**	**1,06,961**	**43,309**	**12,43,532**

Trade Receivables Ageing Schedule (FY 2023-24)

Particulars	Outstanding for the follwing periods					
	Less than 6 Months	**6 Months to I year**	**1-2 Years**	**2-3 years**	**More than 3 years**	**Total**
Undisputed trade receivables considered good	6,01,569	34,270	70,863	51,052	-	**7,57,754**
Total	**6,01,569**	**34,270**	**70,863**	**51,052**	-	**7,57,754**

4. Cash and cash equivalents

Particulars	As at March 31, 2025	As at March 31, 2024
Balances with banks		
in current accounts	35,643	1,04,725
Total	**35,643**	**1,04,725**

5. Other Current Asset

Particulars	As at March 31, 2025	As at March 31, 2024
Advance Vendors	2,80,447	41,790
Other	1,42,048	2,02,295
Total	**4,22,495**	**2,44,085**

Pennar GmbH
Notes forming part of the financial statements
(All amount are in EURO unless otherwise specified)

6. Equity share capital

Particulars	As at March 31, 2025	As at March 31, 2024
Authorised share capital:		
425000 fully paid up equity shares of Euro 1 each (March 31st 2024 : 425000)	4,25,000	4,25,000
Issued and subscribed capital:		
25000 fully paid up equity shares of Euro 1 each (March 31st 2024 : 425000)	25,000	25,000
Total	**25,000**	**25,000**

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

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	25,000	25,000
Add: Movement during the year	-	-
Balance	**25,000**	**25,000**

b. Details of shares held by each Promoter

The details of Promoter shareholdings	As at March 31 2025	As at March 31 2024
Name of the share holder		
Pennar Industries Limited (100 % holding)	25,000	25,000

c. Rights, preferences and restrictions attached to equity shares:
The Company has issued only one class of equity shares having a par value of Euro 1 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.

7. Other equity

Particulars	As at March 31, 2025	As at March 31, 2024
(a) Retained earnings		
(i) Opening balance	1,22,769	2,24,358
(ii) Profit for the year	(1,90,996)	(1,01,589)
Total	**(68,227)**	**1,22,769**

Pennar GmbH
Notes forming part of the financial statements
(All amount are in EURO unless otherwise specified)

8. Borrowings

Particulars	As at March 31, 2025	As at March 31, 2024
Non Current		
Term Loan from banks	52,167	95,528
	52,167	**95,528**
Current		
Term Loan from banks	17,123	17,123
Total	**17,123**	**17,123**

9. Trade Payables

Particulars	As at March 31, 2025	As at March 31, 2024
Dues to micro enterprises and small enterprises	-	-
Dues to others	24,44,292	18,05,709
Total	**24,44,292**	**18,05,709**

Payable Ageing schedule (FY 24-25)

Particulars	Outstanding for the following Periods from due date of Payment					
	No Due	Less than 1 Year	1-2 Years	2-3 years	More than 3 years	Total
i) Others	4,39,504	16,47,770	3,51,048	5,972	-	**24,44,294**

Payable Ageing schedule (FY 23-24)

Particulars	Outstanding for the following Periods from due date of Payment					
	No Due	Less than 1 Year	1-2 Years	2-3 years	More than 3 years	Total
i) Others	5,05,231	13,00,478	-	-	-	**18,05,709**

10. Other financial liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Others	2,39,865	1,96,909
Employee dues	21,646	8,635
Audit fees	8,035	4,035
Total	**2,69,546**	**2,09,579**

10.1 Current liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Advance from customer	5,05,193	-
Total	**5,05,193**	-

11. Income tax

Particulars	As at March 31, 2025	As at March 31, 2024
Current tax	7,390	17,510
Deffered tax	(59,468)	(39,780)
Total tax expenses	**(52,078)**	**(22,270)**

11.2 Deffered tax

Particulars	As at March 31, 2025	As at March 31, 2024
Deffered tax asset	99,256	39,780
Total tax expenses	**99,256**	**39,780**

11.3 Income tax Assets

Particulars	As at March 31, 2025	As at March 31, 2024
Income tax Assets (Net)	80,148	39,435
Income tax Liabilities (Net)	(1,435)	(1,435)
Total	**78,713**	**38,000**

Pennar GmbH

Notes forming part of the financial statements
(All amount are in EURO unless otherwise specified)

12. Revenue from operations

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Sale of services	16,41,535	17,21,129
Sale of products	5,69,630	4,79,452
Total	**22,11,165**	**22,00,581**

13. Other income

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Other Income	45	719
Total	**45**	**719**

14.Cost of material consumed

Particulars	For the year ended 31 March 2025	For the Year ended 31 March 2024
Cost of material consumed	1,49,349	1,12,740
Total	**1,49,349**	**1,12,740**

15. Changes in inventories

Particulars	For the year ended 31 March 2025	For the Year ended 31 March 2024
Opening stock of inventories		
Work in progress	**21,469**	**35,173**
	21,469	**35,173**
Closing stock of inventories		
Work in progress	**18,329**	**21,469**
	18,329	**21,469**
Decrease/(increase) in inventories	**3,140**	**13,704**

16. Project Support services

Particulars	For the year ended 31 March 2025	For the Year ended 31 March 2024
Project Support Charges	13,47,603	14,18,859
Total	**13,47,603**	**14,18,859**

17. Employee benefits expense

Particulars	For the year ended 31 March 2025	For the Year ended 31 March 2024
Salaries and wages, including bonus	6,86,498	6,08,514
Total	**6,86,498**	**6,08,514**

18.Finance cost

Particulars	For the year ended 31 March 2025	For the Year ended 31 March 2024
Interest cost	3,802	2,410
Total	**3,802**	**2,410**

1A. Depreciation and amortisation expense

Particulars	For the year ended 31 March 2025	For the Year ended 31 March 2024
Depreciation of property, plant and equipment	34,759	34,759
Amortisation	22,490	
Total	**57,249**	**34,759**

19. Other expenses

Particulars	For the year ended 31 March 2025	For the Year ended 31 March 2024
Rent	-	245
Bank Charges	7,052	7,881
Professional and Legal expenses	4,000	4,854
Travelling	12,334	21,066
Rates & taxes	23,552	10,917
Miscellaneous expenses	1,59,705	89,210
Total	**2,06,643**	**1,34,173**

Pennar GmbH
Notes forming part of the financial statements
(All amount are in EURO unless otherwise specified)

18	**EARNING PER SHARE**		
	Particulars	**For the year ended March 31, 2025**	**For the year ended March 31, 2024**
	Net profit attributable to equity Share holders	-1,90,996	-1,01,589
	No of Equity Shares	25,000	25,000
	Basic and diluted Earning per Share	-7.64	-4.06

20. 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**	**31-Mar-24**
Equity share capital	25,000	25,000
Other equity	-68,227	1,22,769
Total Equity (A)	**-43,227**	**1,47,769**
Non-current borrowings		
Short term borrowings	69,290	1,12,650
Current maturities of long-term borrowings		
Gross Debt	**69,290**	**1,12,650**
Less: Cash and cash equivalents	(35,643)	(1,04,725)
Net debt (B)	**33,647**	**7,925**
Net debt to equity (B/A)	**(0.78)**	**0.05**
Interest Coverage Ratio	**(62.93)**	**(50.39)**

(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.

b. Financial instruments by category		
Particulars	**Carrying value as at**	
	March 31, 2025	**March 31, 2024**
Financial assets		
Measured at amortised cost		
Trade receivables	12,43,532	7,57,754
Other financial assets		
Cash and cash equivalents	35,643	1,04,725
Total financial assets measured at amortised cost (A)	**12,79,175**	**8,62,479**
Total Financial Assets (A)	**12,79,175**	**8,62,479**
Financial Liabilities		
Measured at amortised cost		
Borrowings	69,290	1,12,650
Trade payables	24,44,292	18,05,709
Other financial liabilities	2,69,546	2,09,579
Total financial liabilities carried at amortised cost(A)	**27,83,128**	**21,27,938**
Total Financial Liabilities	**27,83,128**	**21,27,938**

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 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.

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 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.

21	**CONTINGENT LIABILITIES: Nil**	
22	**Related Party Disclosures**	
22.1	**Relationship**	**Name**
	Holding Company	Pennar Industries Ltd
	Fellow Subsidiary Company & JV	Pennar Global Inc Enertech Pennar Defense and Engineering System Private Limited Pennar Metals Private Limited ZAP91 Solar India Private Limited Pennar Global Metal LLC Pennar Global Investments LLC Ascent Buildings LLC
	Key Management Personnel	Sumanth veeraganta
22.2	Aggregate Related Party Transactions :	
	Particulars	**31-03-2025**
	Pennar Industries Limited **Services Received during the year**	
a	Pennar Industries Limited	13,47,603
b	Purchases of Material	9,795
23.3	**Related Party Balances :**	
	Pennar industustries Limited	
a	Balances payable	20,33,414
b	Advances	5,48,898

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
F.R. No : 010396S/S200084
Chartered Accountants

Murali Krishna Reddy Telluri
Partner
Membership No: 223022

Place: Hyderabad
Date: 28-05-2025

For and behalf of Pennar Gmbh

Dr. Sumanth Veeraganta
Director