

FROM STRENGTH TO STRENGTH



**Taking our engineering
excellence to new heights**

02-29

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Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.



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To know more about us visit our website:
<https://www.pennarindia.com/>

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

FROM STRENGTH TO STRENGTH

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

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

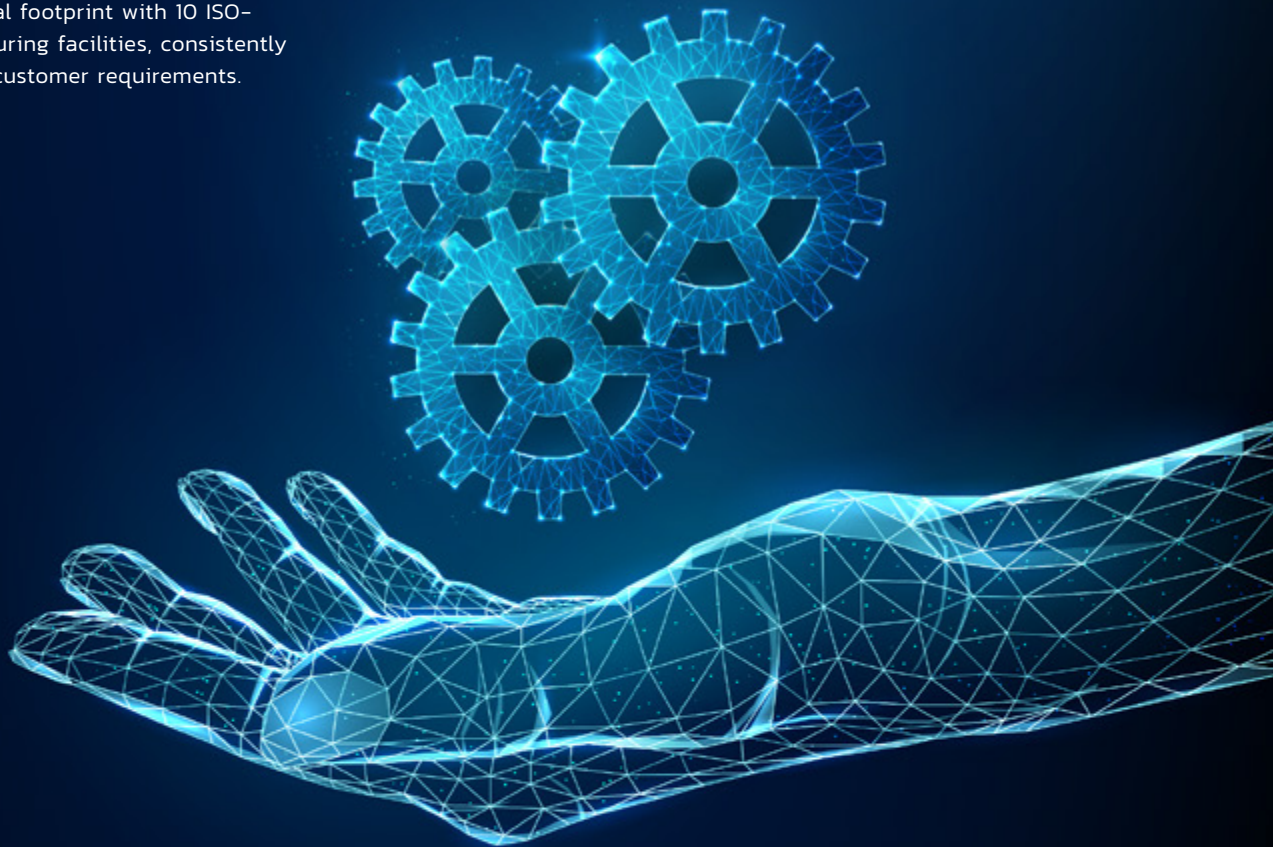
**different verticals, operating
under a unified identity. Our
pioneering role in this segment
has been largely backed by a
talented team of experts. The
relentless efforts of our people
have improved our proficiency
and has driven favourable
business outcomes.**

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

Keeping engineering excellence at the core

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

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





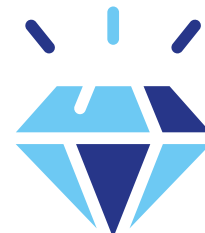
Mission

To provide precision engineering and technical products and solutions that are responsive to our clients' needs in an innovative, cost-effective and professional manner with the highest quality.



Vision

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



Values

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

Key highlights

45+

Years of experience

1,000+

Engineered products

500+

Clients across industries

13

Manufacturing plants

4500+

Employees

Chairman-Emeritus' Message



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

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Dear Shareholders,

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

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

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

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

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



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

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

- 2. Hydraulics Systems:** Hydraulics play a pivotal role in various industrial applications. Recognising this, we are investing in research, development and capacity expansion to capture a larger market share.

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

- 4. Engineering Services:** Engineering is at the core of what we do. By continuously upgrading our skills and adopting the latest technologies, we are set to offer superior engineering services that set industry benchmarks.

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

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

Our strategic direction involves an ambitious expansion of our

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

Looking ahead

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

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

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

Warm regards,

Nrupender Rao

Chairman – Emeritus, Pennar Industries

Vice Chairman and Managing Director's Message



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

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Dear Shareholders,

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

What we aim to achieve

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

Diverse presence across sectors

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

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

A global enterprise

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



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

Financial performance

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

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

Prudent deployment of resources

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

FY2023 at a glance

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

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

Staying relevant over time

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

Future growth trajectories

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

Looking ahead

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

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

Warm Regards,

Aditya Rao

Vice Chairman and
Managing Director,
Pennar Industries

Whole-time Director's Message



Dear Shareholders,

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

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

Poised for growth

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

Strengthening our people power

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

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

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

Building a sustainable organisation

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

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

Future focus

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

Warm Regards,

KL Kumar

Whole-time Director, Pennar Industries