

Dated : 11.03.2022
Place: Hyderabad

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

Sub: Public Announcement.

Further to our letter dated 9th March, 2022, we enclose copies of the Public Announcement published in all editions of Financial Express, Janasatta and Hyderabad edition of Nava Telangana newspapers on 11th March, 2022.

This is for your information and record.

Thanking You,

for Pennar Industries Limited



Mirza Mohammed Ali Baig
Company Secretary & Compliance Officer
ACS: 29058



PENNAR INDUSTRIES LIMITED

Corporate Office & Works : IDA, Patancheru - 502319, Sangareddy District, Telangana State, INDIA

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Regd. Office: 3rd Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500084, Telangana, INDIA

Tel : +91 40 41923108

CIN No: L27109TG1975PLC001919

PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE EQUITY SHAREHOLDERS / BENEFICIAL OWNERS OF THE EQUITY SHARES OF



PENNAR INDUSTRIES LIMITED

Corporate Identification Number (CIN): L27109TG1975PLC001919

Registered Office: 3rd Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad - 500 084, Telangana.
Investor Service Telephone: +91 40 41923108 **Website:** www.pennarindia.com **Email:** corporatecommunications@pennarindia.com
Company Secretary and Compliance Officer: Mirza Mohammed Ali Baig

PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS / BENEFICIAL OWNERS OF EQUITY SHARES OF PENNAR INDUSTRIES LIMITED FOR THE BUY-BACK OF EQUITY SHARES FROM THE OPEN MARKET THROUGH STOCK EXCHANGES UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (BUY-BACK OF SECURITIES) REGULATIONS, 2018, AS AMENDED

This public announcement (the "Public Announcement") is made in relation to the buy-back of equity shares (as defined below) by Pennar Industries Limited (the "Company") from BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") (together, the "Stock Exchanges"), pursuant to the provisions of Regulation 16(iv)(a) read with Regulation 16(iv)(b) of the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended (the "SEBI Buy-Back Regulations"), and contains the disclosures as specified in the applicable provisions of Schedule IV to the SEBI Buy-Back Regulations.

OFFER FOR BUY-BACK OF EQUITY SHARES FROM OPEN MARKET THROUGH STOCK EXCHANGES

Part A - Disclosures in accordance with Schedule I of the SEBI Buy-Back Regulations

1. DETAILS OF BUY-BACK OFFER AND OFFER PRICE

1.1 The board of directors of the Company (hereinafter referred to as the "Board" or "Board of Directors"), at their meeting held on March 9, 2022 (the "Board Meeting"), has approved the proposal for buy-back of its own fully paid-up equity shares of face value of ₹5/- each ("Equity Shares") in accordance with Article 24 of the Articles of Association of the Company, the provisions of Sections 68, 69 and 70 of the Companies Act, 2013, as amended ("Companies Act") and the applicable rules there-under, in compliance with the SEBI Buy-Back Regulations and subject to such other approvals, permissions, sanctions and filings as may be necessary under the SEBI Buy-Back Regulations, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI LODR"), Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), Registrar of Companies, Hyderabad (the "ROC"), Stock Exchanges where the Equity Shares of the Company are listed etc., as may be required and further subject to such conditions as may be prescribed while granting such Board approval which may be agreed by the Board of Directors of the Company.

1.2 The Board in the aforementioned meeting, have approved the Buy-back by the Company of its fully paid-up Equity Shares for an aggregate amount not exceeding ₹4,000 Lakhs (Rupees Four Thousand Lakhs Only) ("Maximum Buy-back Size"), being 5.97% and 5.93% of the total paid-up share capital and free reserves of the Company based on the audited standalone and consolidated financial statements of the Company respectively, as at March 31, 2021 (being the date of the last audited financial statements of the Company), for a price not exceeding ₹50/- (Rupees Fifty only) per Equity Share ("Maximum Buy-back Price") from all shareholders of the Company excluding promoters, promoter group and persons who are in control of the Company, as the terms are respectively defined in the SEBI Buy-back Regulations ("Promoters") ("Buy-back"). The Maximum Buy-back Size does not include any other expenses incurred or to be incurred for the Buy-back like filing fees payable to SEBI, Stock Exchanges fees, advisors' fees, public announcement, publication expenses, transaction cost viz., brokerage, applicable taxes such as securities transaction tax, stamp duty, GST, income tax etc., and any other incidental and related expenses ("Transaction Costs"). The Buy-back period extends from March 9, 2022, i.e., the date of the Board approval to the date on which the final payment of consideration for the Equity Shares bought back by the Company is made ("Buy-back Period").

1.3 The aggregate maximum amount of the Buy-back is less than 10% of the total paid-up capital and free reserves of the Company. The Company will comply with the requirement of maintaining a minimum public shareholding of at least 25% of the total paid-up equity share capital of the Company as provided under Regulation 38 of the SEBI LODR during the Buy-back Period and upon completion thereof.

1.4 The Buy-back will be implemented by the Company from its free reserves in accordance with Regulation 4(ix) of the SEBI Buy-back Regulations and in accordance with Regulation 4(iv)(b)(ii) of the SEBI Buy-back Regulations, through open market purchases from the Stock Exchanges, using the order matching mechanism except "all or none" order matching system, as provided under the SEBI Buy-back Regulations. Further, as required under the Companies Act and SEBI Buy-back Regulations, the Company shall not purchase Equity Shares which are locked-in or non-transferable, in the Buy-back, until the pendency of the lock-in or until the Equity Shares become transferable, as applicable. There are no partly paid-up Equity Shares with calls in arrears of the Company on standalone and consolidated basis.

1.5 A copy of this Public Announcement is available on Company's website (www.pennarindia.com) and is expected to be available on the website of SEBI (www.sebi.gov.in) during the Buy-back Period.

2. NECESSITY FOR THE BUY-BACK

2.1 In continuation of the Company's efforts to effectively utilize its resources, it is proposed to Buy-back its own Equity Shares for an aggregate amount not exceeding the Maximum Buy-back Size being 5.97% and 5.93% of the paid-up share capital and free reserves based on the audited financial statements of the Company as at March 31, 2021 on standalone and consolidated basis respectively, from the open market through Stock Exchanges. Having regard to the healthy cash flows that the Company has been able to consistently generate, the future projected cash flows of the Company and the anticipated funds required for capital expenditure and working capital to meet the expected future growth of the Company, the Buy-back is expected to achieve the following objectives:

- (a) Reduce the outstanding number of Equity Shares and consequently increase earnings per share ("EPS") over a period of time;
- (b) Effectively utilize available cash; and
- (c) Improve key return ratios like return on net worth, return on assets etc. over a period of time

The Company believes that the Buy-back will create long term value for shareholders. The Buy-back is not likely to cause any material impact on the profitability/ earnings of the Company except a reduction in the investment income, which the Company could have otherwise earned on the amount distributed towards the Buy-back. The Buy-back will not in any manner impair the ability of the Company to pursue growth opportunities or meet its cash requirements for business operations and for continued capital investment, as and when required.

2.2 At the Maximum Buy-back Price and for Maximum Buy-back Size, the indicative maximum number of Equity Shares bought back would be 80,00,000 (Eighty Lakhs) Equity Shares ("Maximum Buy-back Shares").

2.3 Further, in accordance with Regulation 15 of the SEBI Buy-back Regulations, the Company shall utilize at least 50% of the amount earmarked as the Maximum Buy-back Size for the Buy-back, i.e. ₹2,000 Lakhs (Rupees Two Thousand Lakhs only) ("Minimum Buy-back Size") and based on the Minimum Buy-back Size and the Maximum Buy-back Price, the Company will purchase a minimum of 40,00,000 (Forty Lakhs) Equity Shares ("Minimum Buy-back Shares") in the Buy-back.

3. BASIS FOR ARRIVING AT THE MAXIMUM BUY-BACK PRICE AND OTHER DETAILS

3.1 The Maximum Buy-back Price of ₹50/- (Rupees Fifty only) per Equity Share has been arrived at after considering various factors, including average of the weekly high and low of the closing share price of the Equity Shares of the Company on the Stock Exchanges, the net worth of the Company and the potential impact of the Buy-back on the EPS of the Company. The Maximum Buy-back Price excludes the Transaction Costs.

3.2 The Maximum Buy-back Price is at a premium of 42.45% and 42.65% over the closing prices on BSE and the NSE (i.e. ₹35.10 (Rupees thirty five point one zero only) and ₹35.05 (Rupees thirty five point zero five), respectively, on February 28, 2022 which is

one trading day prior to the date on which the notice of the Board Meeting to consider the Buy-back proposal was intimated to the BSE and the NSE. The Maximum Buy-back Price is at a premium of 42.05% and 41.79%, compared to the average of the weekly high and low of the closing prices of the Equity Shares of the Company on the Stock Exchanges during the 2 (two) weeks preceding the date of the Board Meeting on BSE and NSE respectively.

3.3 The Buy-back is proposed to be completed within a maximum period of six (6) months from the date of opening of the Buy-back. Subject to the Maximum Buy-back Price of ₹50/- (Rupees Fifty only) per Equity Share for the Buy-back and maximum validity period of six (6) months from the date of opening of the Buy-back and achievement of the Minimum Buy-back Size, the actual time frame and the price for the Buy-back will be determined by the Board or the authorized representatives of the Board, at their discretion, in accordance with the SEBI Buy-back Regulations.

3.4 The amount required by the Company for the Buy-back (including the cost of financing the Buy-back and the Transaction Costs) will be from the internal accruals of the Company. The Company confirms that as required under Section 68(2)(d) of the Companies Act and under Regulation 4(ii) of the SEBI Buy-back Regulations, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the paid-up equity share capital and free reserves post Buy-back on standalone and consolidated basis.

3.5 The actual number of Equity Shares bought back during the Buy-back will depend upon the actual price, excluding the Transaction Costs, paid for the Equity Shares bought back and the aggregate consideration paid in the Buy-back, subject to the Maximum Buy-back Size. The actual reduction in outstanding number of Equity Shares would depend upon the price at which the Equity Shares of the Company are traded at the Stock Exchanges as well as the total number of Equity Shares bought back by the Company from the open market through the Stock Exchanges during the Buy-back Period.

4. PROMOTER SHAREHOLDING AND OTHER DETAILS

4.1 Details of aggregate shareholding of the promoter, promoter group and of the directors of the corporate promoters, and of persons who are in control of the Company as on the date of Board Meeting approving the Buy-back is as below:

S. No	Name of the Promoters / Promoter Group / Directors of Corporate Promoters / Persons in control	Number of Equity Shares	% Equity Shareholding in the Company
A. Promoters			
1.	Joginapally Nrupender Rao HUF	6,60,114	0.46
2.	J. Rajyalakshmi	69,33,038	4.88
3.	Joginapally Venkata Nrupender Rao*	60,10,786	4.23
4.	Aditya Narsing Rao*	84,27,203	5.93
5.	J. Avanti Rao	23,97,951	1.69
6.	Jayanthi Puljal	20,95,202	1.47
7.	Bhavana Puljal	16,94,027	1.19
8.	Kalpna Puljal	17,50,091	1.23
9.	Pennar Holdings Private Limited	2,10,05,455	14.78
Total (A)		5,09,73,867	35.86
B. Promoter Group			
1.	Kondapally Lavanya Kumar Rao HUF	82,200	0.06
2.	Kondapalli Lakshman Rao HUF	95,200	0.07
3.	Y Muralidhar Rao	1,10,400	0.08
4.	Y Rekha Rao	1,59,057	0.11
5.	Lavanyakumar Rao Kondapally	2,34,900	0.17
6.	Kondapally Sandhya	69,600	0.05
7.	M/s. Fort Kochi Holdings Limited	Nil	0.00
8.	Danapuneni Sudeeptha Rao	18,61,054	1.31
Total (B)		26,12,411	1.84
C. Directors Of Corporate Promoters			
Total (C)		Nil	0.00
Total (A+B+C)		5,35,86,278	37.69

* are directors of Pennar Holdings Private Limited in personal capacity

4.2 The promoter, promoter group and the directors of the corporate promoters, and persons who are in control of the Company have not purchased or sold any Equity Shares during a period of twelve (12) months preceding the date of the Public Announcement i.e. March 11, 2022 and six (6) months preceding the date of the Board Meeting i.e. March 9, 2022.

5. PARTICIPATION BY PROMOTERS

In accordance with the provisions of Regulation 16(ii) of the SEBI Buy-back Regulations, the Buy-back shall not be made by the Company from the promoters or persons in control of the Company.

Further, in accordance with Regulation 24(ii)(e) of the SEBI Buy-back Regulations, the promoters or their associates shall not deal in the shares or other specified securities of the Company in the stock exchange or off-market, including inter-se transfer of shares, during the period from the date of Board approval till the closing of the Buy-back.

6. NO DEFAULTS

The Company confirms that there are no defaults subsisting in the repayment of deposits or interest payable thereon, redemption of debentures or preference shares, payment of dividend to any shareholder or repayment of any term loan or interest payable thereon to any financial institution or banking company.

7. CONFIRMATIONS BY THE BOARD OF DIRECTORS OF THE COMPANY

7.1 The Board has confirmed on the date of the Board Meeting, i.e. March 9, 2022 that they have made full inquiry into the affairs and prospects of the Company and that they have formed the opinion:

- 7.1.1 that immediately following the meeting of the Board of Directors there will be no grounds on which the Company can be found unable to pay its debts;
- 7.1.2 as regards the Company's prospects for the year immediately following the date that, having regard to the Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in their view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Board Meeting; and
- 7.1.3 in forming the aforesaid opinion, the Board has taken into account the liabilities as if the Company was being wound up under the provisions of the Companies Act or the Insolvency and Bankruptcy Code, 2016 (including prospective and contingent liabilities).

8. REPORT BY THE COMPANY'S AUDITORS

8.1 The text of the report dated March 9, 2022 received from M/s Deloitte Haskins & Sells LLP, the statutory auditor of the Company, addressed to the Board of Directors of the Company is reproduced below:

Quote

AUDITOR'S REPORT

To,
The Board of Directors
Pennar Industries Limited
Floor No.3, DHFLVC Silicon Towers,
Kondapur, Hyderabad - 500084

Dear Sirs,

Re: Statutory Auditor's Report in respect of the amount of permissible capital payment towards the proposed Buy-back of equity shares by Pennar Industries Limited (the "Company") in terms of Schedule IV read with Clause (xi) of Schedule I of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018, as amended ("Buy-back Regulations")

- 1. This report is issued in accordance with the terms of our engagement letter dated March 02, 2022.
- 2. The Board of Directors of the Company have approved a proposal for Buy-back of equity shares of the Company at its meeting held on March 09, 2022, in pursuance of the provisions of Sections 68, 69 and 70 of the Companies Act, 2013, as amended (the "Act") and the Buy-back Regulations.
- 3. We have been requested by the Management of the Company to provide a report on the accompanying "Statement of amount of Permissible Capital Payment" ("Annexure A") as at March 31, 2021 (hereinafter referred to as the "Statement"). This Statement has been prepared by the management, which we have initialed for the purposes of identification only.

Management's Responsibility

4. The preparation of the Statement in accordance with Section 68(2)(c) read with proviso to Section 68(2)(b) of the Act, the proviso to Regulation 4(iv) of the Buy-back Regulations and the compliance with the Buy-back Regulations, is the responsibility of the management of the Company, including the computation of the amount of the permissible capital payment, the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility:

- 5. Pursuant to the requirement of the Buy-back Regulations, it is our responsibility to provide a reasonable assurance that:
 - i. we have inquired into the state of affairs of the Company in relation to the audited standalone and consolidated financial statements as at March 31, 2021;
 - ii. the amount of permissible capital payment as stated in Annexure A, has been properly determined considering the audited standalone and consolidated financial statements as at March 31, 2021 in accordance with Section 68(2) of the Act and the proviso to Regulation 4(iv) of the Buy-back Regulations;
 - iii. the Board of Directors of the Company, in its meeting held on March 09, 2022 has formed the opinion as specified in Clause (x) of Schedule I to the Buy-back Regulations, on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the aforesaid date; and
- 6. The standalone and consolidated financial statements referred to in paragraph 5 above, have been audited by us, on which we have issued an unmodified audit opinion in our report dated June 04, 2021. We conducted our audit of the standalone & consolidated financial statements in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the review to obtain reasonable assurance about whether the financial statements are free of material misstatement.
- 7. We conducted our examination of the Statement in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India (the "Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
- 8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

- 9. Based on enquiries conducted and our examination as above, we certify that:
 - a. We have inquired into the state of affairs of the Company in relation to its audited standalone and consolidated financial statements as at and for the year ended March 31, 2021, which have been approved by the Board of Directors of the Company on June 04, 2021.
 - b. The amount of permissible capital payment towards the proposed Buy-back of equity shares as computed in the Statement attached herewith, as Annexure A, in our view has been properly determined in accordance with Section 68(2)(c) read with proviso to Section 68(2)(b) of the Act. The amounts of share capital and free reserves have been extracted from the audited standalone and consolidated financial statements as at and for the year ended March 31, 2021.
 - c. The board of directors of the Company, in their meeting held on March 09, 2022 have formed their opinion as specified in clause (x) of Schedule I to the Buy-back Regulations, on reasonable grounds and that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of passing the board resolution dated March 09, 2022.
- 10. This report has been issued at the request of the Company solely for use of the Company (i) in connection with the proposed Buy-back of equity shares of the Company in pursuance to the provisions of Sections 68 and other applicable provisions of the Act and the Buy-back Regulations, (ii) to enable the board of directors of the Company to include in the public announcement, and other documents pertaining to the Buy-back to be filed with (a) the Registrar of Companies, Securities and Exchange Board of India, stock exchanges and any other regulatory authority as per applicable law and (b) the Central Depository Services (India) Limited, National Securities Depository Limited and (iii) for providing to the managers in connection with the proposed Buy-back of equity shares of the Company in pursuance to the provisions of Section 68 and other applicable provisions of the Act and the Buy-back Regulations, and may not be suitable for any other purpose.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Ganesh Balakrishnan
(Partner)
(Membership No. 201193)
UDIN: 22201193AELDO28550

Place : Hyderabad
Date : March 09, 2022

