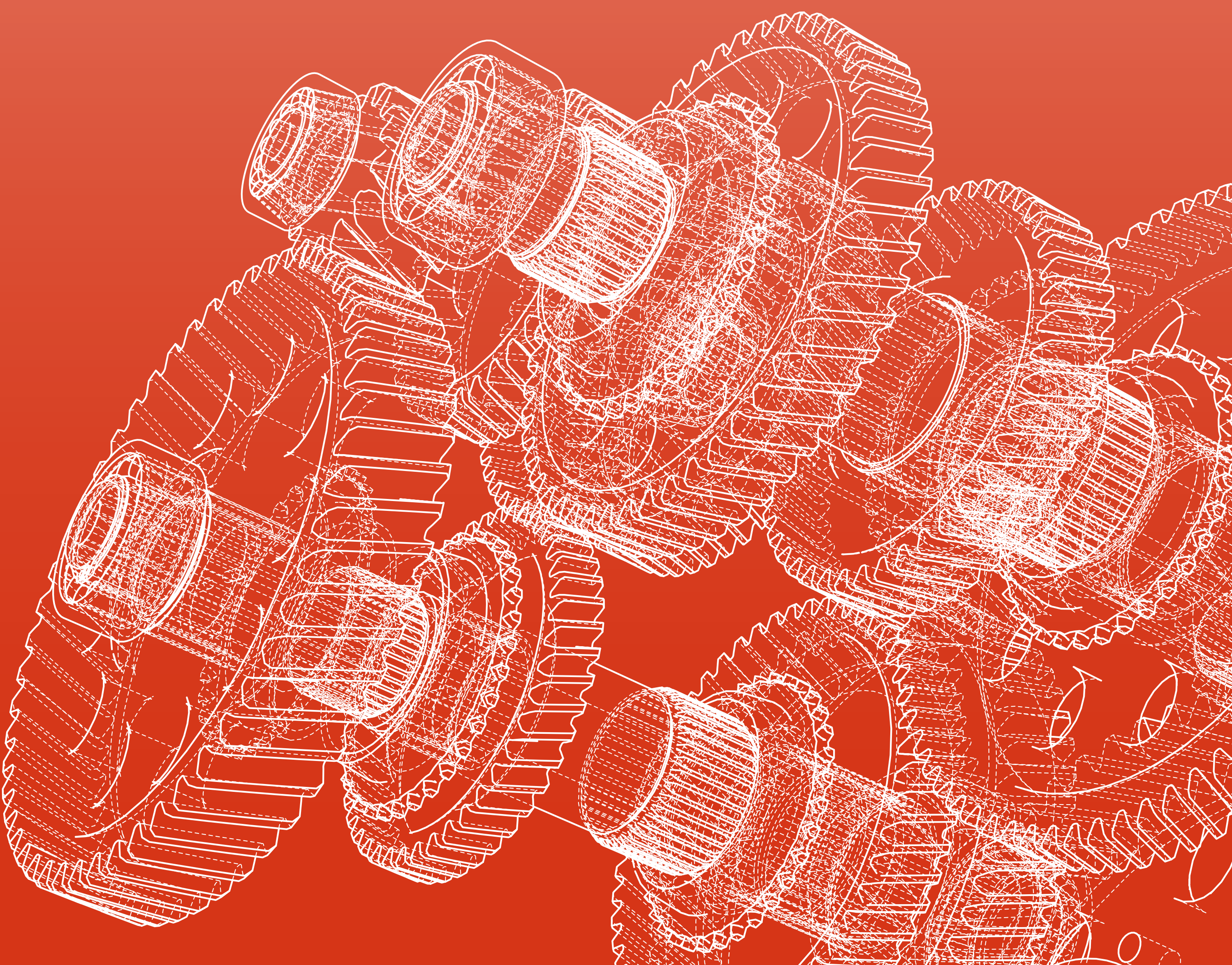
Pitti Engineering Limited

ANNUAL REPORT
2020-21

STAYING AGILE.
CREATING VALUE.



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Notice

Know more about us
www.pitti.in

or scan the QR code

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.

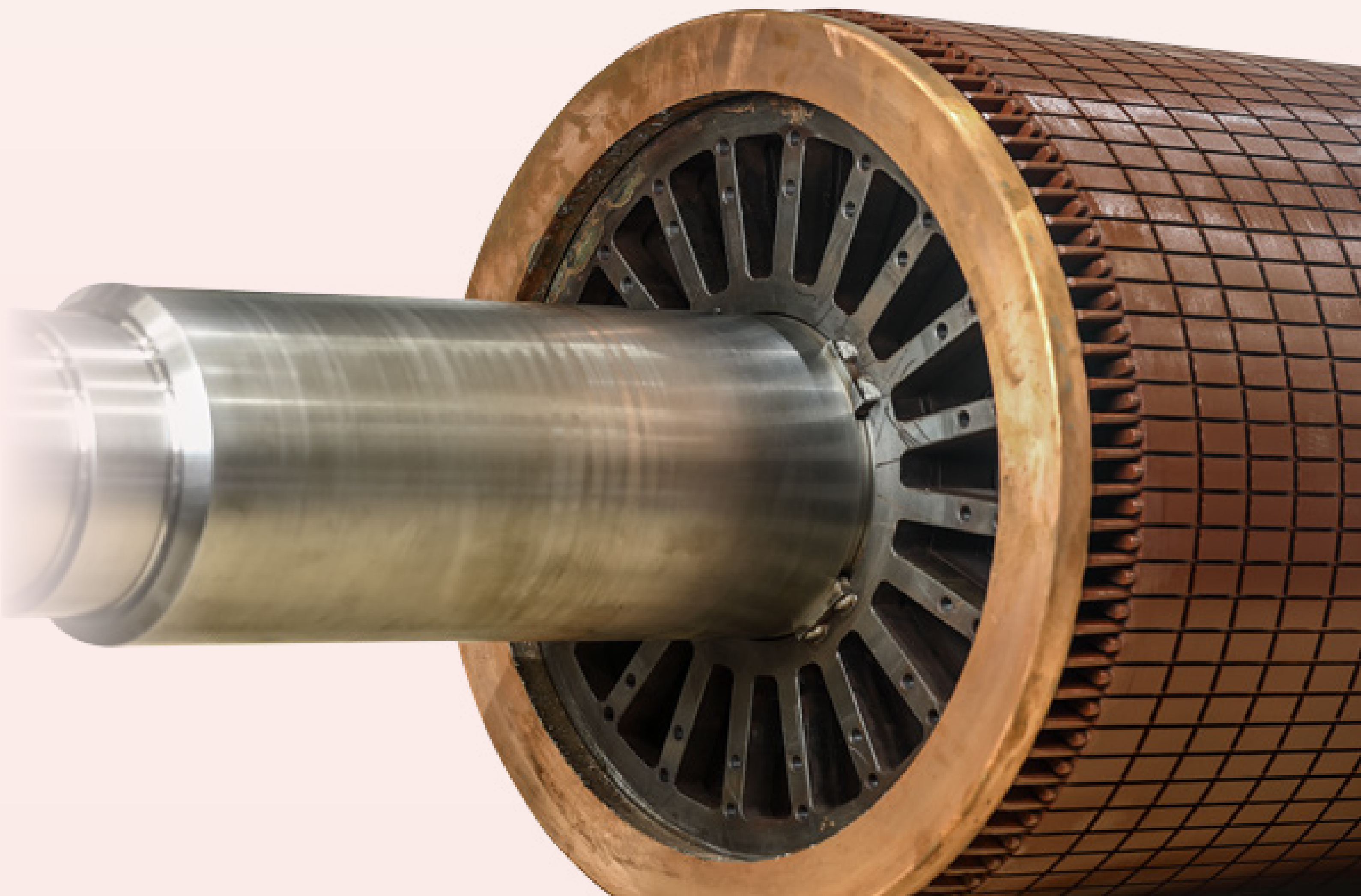
Staying Agile. Creating Value.

Our agility is derived from our proficiency to grasp evolving customer requirements. With a keen focus on understanding the unique needs of our clients, we aim to offer engineering excellence that forms an integral part of their supply chains and delivers immaculate value. It drives us to build processes and products that facilitate change, create one-of-its-kind products that lend us a competitive edge.

For years, we have steadily improved our manufacturing capabilities, introduced advanced technology and consistently fortified the entire value chain. In our relentless pursuit for excellence, we have strengthened every step of the organisational domain, from design and prototyping to production, packaging and logistics. With growing preference for precision engineered products, we are adopting methods to reduce redundant processes and aiming to sharpen our skills to align ourselves with emerging industry trends.

To support our growth objectives, we have relied on sustained capital expenditure to remain relevant and successfully tackle major shifts in industry preferences. At Pitti, we are enthusiastic about propagating agility across operations to make way for robust value creation and steer the organisation towards new growth paths.

We have also demonstrated our agility by efficiently responding to unexpected challenges. While the world remained in the throes of an unfathomable crisis in the year gone by, our resilience, perseverance and dedication empowered us to tide through tough times without a significant impact on financial performance.



Corporate Information

Board of Directors

Shri Sharad B Pitti
Chairman & Managing Director

Shri Akshay S Pitti
Vice Chairman & Managing Director

Shri N R Ganti
Non-Executive Independent Director

Shri G Vijaya Kumar
Non-Executive Independent Director

Shri M Gopalakrishna
Non-Executive Independent Director

Ms. Gayathri Ramachandran
Non-Executive Independent Director

Shri S Thiagarajan
Non-Executive Independent Director

Key Managerial Personnel

Shri N K Khandelwal
President Corporate Resources & CFO

Ms. Mary Monica Braganza
Company Secretary & Compliance Officer

Bankers

State Bank of India
Kotak Mahindra Bank Limited
Bandhan Bank Limited
SVC Co-Operative Bank Limited
YES Bank Limited

Statutory Auditors

Laxminiwas & Co
Chartered Accountants,
6-3-569, IV Floor, Opp. RTA Office
Above BMW Showroom
Khairatabad, Hyderabad – 500 082

Registered Office

6-3-648/401, IV Floor
Padmaja Landmark, Somajiguda
Hyderabad – 500 082

Factory

Plant II
Survey No. 1837 & 1838
Jingoniguda Road
Nandigaon Village & Mandal
Ranga Reddy District – 509 223
Telangana, India

Plant IV
Survey No. 1837, Jingoniguda Road
Nandigaon Village & Mandal
Ranga Reddy District – 509 223
Telangana, India

Aurangabad
Gut No. 194, Limbe Jalgaon Village
Ganapur Mandal
Aurangabad District – 431 133
Maharashtra, India

Share Transfer Agent

XL Softech Systems Limited
Plot No. 3, Sagar Society
Road No. 2, Banjara Hills
Hyderabad – 500 034

Board of Directors and Profile

Shri Sharad B Pitti

Chairman & Managing Director

Shri Sharad B Pitti, founder of the Company is a visionary leader who pioneered lamination manufacturing in India. He has remained integral to the growth and success of the Company.

Shri Akshay S Pitti

Vice Chairman & Managing Director

Shri Akshay S Pitti, started his entrepreneurial journey at an early age. With his extensive experience of serving in different roles within the organisation, he has gathered the expertise to efficiently lead the Company.

Shri N R Ganti

Non-Executive Independent Director

Shri N R Ganti is a post graduate in Business Administration, having served long with State Bank of India and also has management consultancy experience.

Shri G Vijaya Kumar

Non-Executive Independent Director

Shri Gummalla Vijaya Kumar is a practicing Advocate at the High Court of Telangana and has also served as the Government Pleader for revenue for the United State of Andhra Pradesh.

Shri M Gopalakrishna

Non-Executive Independent Director

Shri M Gopalakrishna is a retired IAS officer who has held senior posts in the Government of Assam, Andhra Pradesh and Government of India. He also served in the Central & State level public sector undertakings and retired as Chairman and Managing Director of Rural Electrification Corporation. He has over five decades of Administrative and Managerial experience. He is the Chairman of the Company's Nomination and Remuneration Committee.

Ms. Gayathri Ramachandran

Non-Executive Independent Director

Ms. Gayathri Ramachandran, IAS (Retd.), held prominent positions in the Ministries of Power, Petroleum, Chemical & Fertilisers and Civil Aviation. She has also served as a Special Chief Secretary to the Government of Andhra Pradesh. She is the Chairman of the Company's Stakeholders Relationship Committee.

Shri S Thiagarajan

Non-Executive Independent Director

Shri S Thiagarajan is a Chartered Accountant with vast experience in financial management and accounting roles. He was the Director (Finance) of NMDC and also served as a Board Member of various associates of NMDC. He is the Chairman of the Company's Audit Committee.

Who we are

Pitti Engineering remains focused on securing its position as an integrated solutions provider for engineering products. Our constant focus on innovation, process upgradation and diversification of the product portfolio has enabled us to emerge as the largest manufacturer of Electrical Sheet Metal products in India today. We are also one of the most reputed manufacturers of specialized ready to use assemblies / sub-assemblies for various engineering products used in diverse applications.

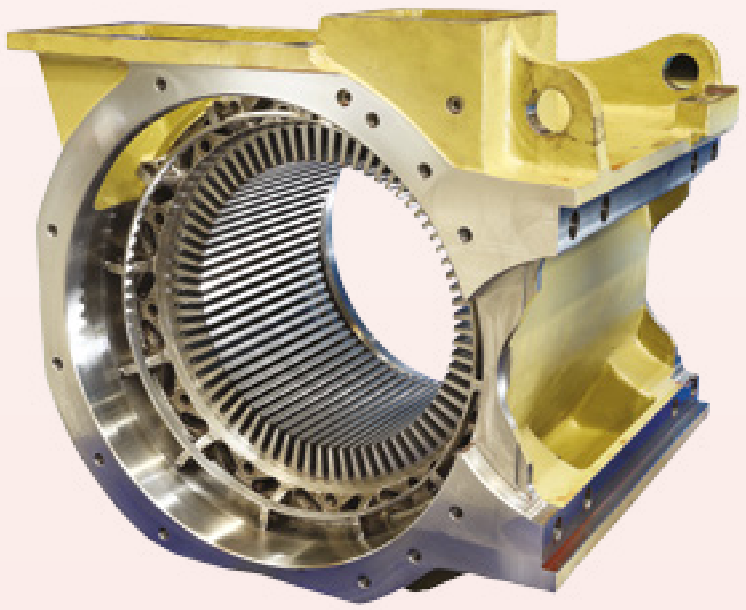
Our capability to offer differentiated products make us one of the most preferred brands in the industry. Pitti has delivered engineering excellence for industries ranging from freight and passenger rail, mass transportation, aerospace and oil & gas to power generation, renewable energy and infrastructure. With our unmatched capabilities, we continue to offer comprehensive solutions to the global clientele.

VISION

Simplifying Engineering Supply Chain

MISSION

- To enhance capabilities with cutting edge technology
- To integrate multiple engineering processes
- To contract customer supply chain
- To provide uniquely integrated component



38
Years of Industry experience

13
Regions Served

BBB+ / A2
Credit Rating by Care Ratings

₹ 62.49 crore
CAPEX for FY21

11.43%
5-year CAGR of Revenue

32.61%
5 year CAGR of EBITDA

₹ 213.61 crore
Market Capitalisation as on 31st March 2021

International market presence

Our global presence reflects our passion and related investments made to reinforce our brand and quality at global level. Our relentless focus on increasing our export presence is reflected in our ambitious targets and growing client base.

1 Australia 2 Brazil 3 Canada
4 Germany 5 Japan 6 Mexico
7 South Africa 8 UK 9 USA
10 Vietnam 11 Kazakhstan

Facilities

Our success is rooted in our ability to provide pioneering solutions that are a result of excellent engineering capabilities. To support our efforts, we rely on our state-of-the-art manufacturing plants that enable us to produce exceptional products.

Plant	Sheet Metal capacity (in MT)	Machining capacity (in hours)	Gross Block (in ₹ crore)
Hyderabad (Telangana)	10,000	2,83,600	228.02
Aurangabad (Maharashtra) – Mega Project under Incentive Package Scheme 2013 of Government of Maharashtra	29,600	79,200	195.71
Total	39,600	3,62,800	423.73

₹ 270 crore Capex in progress

People

Our employees bring expertise and experience across a wide range of disciplines, and we channelize those capabilities to create value for our domestic and global customers.

1159
Direct employment

591
Professionals including engineers, post graduates and diploma holders

Our Marquee Clientele

Major Order wins in FY 2020-21

Registered with Chittranjan Locomotive Works (CLW), West Bengal to directly supply products for Indian Railways. Delivered Machined Cast Assembly of 3 ph. Electric Loco main parts such as Motor Suspension Units, Axle Box Assembly and Gear Case Assembly.

Expanding the supply of major parts of 3 Ph. Electric Loco.

Joined hands with a Germany based wind firm for supplying 4 MW Platform windmill Pedestals and Bearing Flange to its Indian plant located near Chennai.

Associated with a Japan based Metro Rail Manufacturer for supplying Induction Motor Frame for metro rail. This project is mainly focused on Delhi and Mumbai Metro and has subsequently expanded to all new projects of Indian Metro.

Received developmental orders from major electric loco manufacturing units such as CLW & DMW (Diesel Modernization Works, Patiala) for supplying Motor Suspension Unit, Axle Box Assembly and Gear Case Assembly. This was a major boost for expanding the locomotive business.

Chairman & MD's message

Sharad B Pitti
CHAIRMAN & MANAGING DIRECTOR

We are optimistic about further enhancing our capabilities and delivering exceptional precision engineering solutions designed for a broad spectrum of industries around the world.

Dear Shareholders

The government's vision to make India a USD 5 trillion economy presents significant opportunity for the Company's future growth.

2020 was an unprecedented year in many ways—not only for our company but, for all of us around the world. While the pandemic caused severe disruptions to life and livelihood, uncertainty loomed large. By virtue of our inherent strengths, our operational capacity and sophisticated manufacturing facilities, we were resolutely focused to overcome obstacles.

Despite the challenges posed by COVID-19, we made significant progress. At Pitti, we successfully reduced overhead expenses and delivered on our promise to create value for our stakeholders across the vertical. During the year, we focused on mitigating risks, explored emerging opportunities and diligently addressed new realities.

Over the years, we have tried to improve our business model and strived to meet evolving engineering requirements. Owing to the challenges posed by the external environment in the last fiscal, we concentrated on medium to long-term strategies that enabled us to introduce innovative solutions that were designed for the future.

During FY 2020-21, we recorded a marginal decline in revenue from operations at ₹ 518.17 crore, in comparison to ₹ 525.06 crore in FY20, primarily due to the Covid-19 pandemic. However, Profit after tax (PAT), increased by 68% to ₹ 28.78 crore during FY 2020-21 including ₹ 16.25 crore of investment subsidy sanctioned by Government of Maharashtra for the Mega Project at Aurangabad and favorable product mix coupled with cost control initiatives.

The government's vision to make India a USD 5 trillion economy presents significant opportunity for the Company's future growth. Coupled with our ability to manufacture products that add significant value to our customers' businesses, proposed investments by the government in notable infrastructure projects are expected to accelerate our progress in the years ahead. The following projects are envisioned to create significant opportunity for us:

- The development of Dedicated Freight Corridors for Indian Railways will encourage the growth and development of urban cities with better rail connectivity.
- The logistics network is expected to be strengthened by the Bharatmala Project that focuses on optimizing efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps through effective interventions like development of Economic Corridors, Inter Corridors and Feeder Routes, National Corridor Efficiency Improvement, Border and International connectivity roads, Coastal and Port connectivity roads and Green-field expressways.
- The demand for urbanisation is growing due to shift towards non-agricultural work in villages, rising population and economic activities near cities, saturation of large cities and expected doubling of India's urban population to 877 million by 2050.
- The integration of mass rapid transport systems such as Metro Rails in the transportation network, adoption of four-wheeler and two-wheeler electric vehicles (EV) and demand for owned apartments is expected to improve infrastructure growth across the country.

Further, we also work closely with the communities where we operate. During the pandemic, we also initiated food distribution programs for migrant workers and the economically weaker sections of society.

We are optimistic about further enhancing our capabilities and delivering exceptional precision engineering solutions designed for a broad spectrum of industries around the world. Looking ahead, we are determined to carry forward our innovative zeal to develop sustainable products and decisively meet futuristic needs.

I remain extremely grateful to our people for their remarkable resilience during the pandemic. I owe my gratitude towards them as well as their families for their extraordinary courage that helped us to tide through an unprecedented crisis. Together, we are committed to accomplish shared objectives and take the company towards newer heights of success.

Warm Regards,

Sharad B Pitti
Chairman & Managing Director

Vice Chairman & MD's message

Akshay S Pitti
VICE CHAIRMAN & MANAGING DIRECTOR

Our EBITDA improved to 15.06% in FY 2020-21, driven by a diversified portfolio of value-added products.

Dear Shareholders,

At the beginning of another fiscal, I welcome you to an insightful review of our performance in FY 2020-21. The past year was particularly challenging, but I am extremely impressed by the resilience and perseverance of our team. Despite difficulties, we learnt to adapt to the 'new normal' and continued to provide uninterrupted service to our valued customers.

Operating environment

The Indian economy contracted 7.3% during the fiscal year 2020-21 due to the onset of the Covid-19 pandemic, which led to an unprecedented economic crisis. To aid economic recovery, the Reserve Bank of India and the Government of India adopted an expansionary monetary and fiscal policy to infuse liquidity in the economy. The measures were complemented by favourable policies such as the Production Linked Incentive (PLI) scheme, Extended Credit Line Guarantee scheme (ECLGS) for MSMEs and extensive budgetary allocation for infrastructure projects, among others. During the second half of the financial year, the country witnessed an economic revival but, the second wave of Covid-19 dampened chances of a speedy recovery.

Staying Agile

Despite challenges, we reported sustainable financial and operational performances during the year under review. We took proactive steps to develop unique solutions for customers and diversified our presence to enter new downstream sectors. We also won an order from Indian Railways for the supply of critical parts for 3 phase electric locomotive project at Chittranjan Locomotive Works. This was a major achievement for us, in line with our efforts to expand our operations in the locomotive sector. The Company also secured an order for supply of Induction Motor to Metro Rail projects in India.

I am pleased to report that the company is gradually making its foray in sunrise sectors such as the renewable energy space. We have collaborated with a Germany-based wind firm for the supply of windmill pedestals and bearing flange for its project in India. Along with it, we have received new orders for steam turbines and hydel pump parts for hydro power generation. We also acquired an order for supply of irrigation pumps from a renowned client.

Operational performance

Despite plummeting demand during the pandemic, the company successfully delivered strong operational performance in FY2020-21. Our EBITDA improved to 15.06% in FY 2020-21, driven by a diversified portfolio of value-added products. The profit margins also improved and return on equity (RoE) and Return on Capital Employed (RoCE) also increased significantly to 12% and 13% respectively.

The Company has done new investment of ₹ 161.54 crores up-to 31st March 2021 in its Aurangabad facility which is recognized as Mega Project by the Government of Maharashtra and is eligible to claim of industrial subsidy equal to the amount invested under IPS-2013 over 7 years starting from 2018-19, however the total claim subsidy is pegged to the total SGST paid by the unit during that period.

During the year, the Company has received approval for investment subsidy for the years 2018-19 & 2019-20 of ₹ 21.66 crore from Govt of Maharastra and sanction of ₹ 16.25 crore for the same period as per the policy which is accounted in March 2021.

Exploring opportunities

The Indian government has set a target of becoming a USD 5 trillion economy by 2025. To fulfil this objective, infrastructure development is anticipated to be on the rise in the years ahead. Infrastructure spending is also anticipated to create significant opportunities for the company, mainly on account of its presence in several downstream sectors, particularly in the capital goods sector. Moreover, accelerated digital infrastructure creation and the introduction of 5G telecom network is expected to increase power demand, thereby boosting the power and other ancillary sectors. Simultaneously, demand for energy efficient equipment such as pumps and progressive policy support for sectors such as the sugar industry augurs well for our company. Resting on our advanced technological capabilities, we remain poised to capitalise on emerging opportunities in various sectors.

Looking ahead, we remain optimistic about creating more value for our stakeholders through concerted efforts.

With the implementation of the National Railway Plan, the Railway sector also presents significant scope for growth. The company is, therefore, proactively building capacity and negotiating contracts to grow its order book and meet the potential demand. A consistent focus on innovation has also enabled our company to develop the first-of-its-kind shaft inserted rotor, which significantly creates value for customers. The company is also revamping its press shop with advanced capabilities to take advantage of the structural changes taking place in the appliance industry.

Looking Ahead

Although the Covid-19 crisis posed severe challenges, our people exhibited extraordinary courage in their personal as well as professional lives. Your company also benefitted from the strength of its workforce and learnt to efficiently adapt to a 'new normal'.

Looking ahead, we remain optimistic about creating more value for our stakeholders through concerted efforts. The growing demand for our products in various applications produce significant opportunity for us to unlock better prospects in the days ahead. Besides, government initiatives such as Make in India, Aatmanirbhar Bharat & PLI Schemes are anticipated to add impetus to our business growth.

I extend my gratitude to all our stakeholders, including the Board of Directors, customers, employees and business partners who continue to repose their trust on the company and contribute to its development.

Warm Regards,

Akshay S Pitti
Vice Chairman & Managing Director

STAYING AGILE.

CREATING VALUE.

Business Model

Input → Processes → Output → Outcomes

Input

Financial Capital

₹ 235.82 crore
Net Worth

₹ 254.32 crore
Net Debt

Manufacturing Capital

3
Manufacturing Facilities

₹ 228.02 crore
Gross Block in Telangana

₹ 195.71 crore
Gross Block in Maharashtra

Intellectual Capital

38
Years of Industry Experience

₹ 10.14 crore
Investment in new product and process development

Human Capital

1,159
Direct Workforce

435
New jobs created

591
Professionals, engineers, postgraduates, graduates, and diploma holders

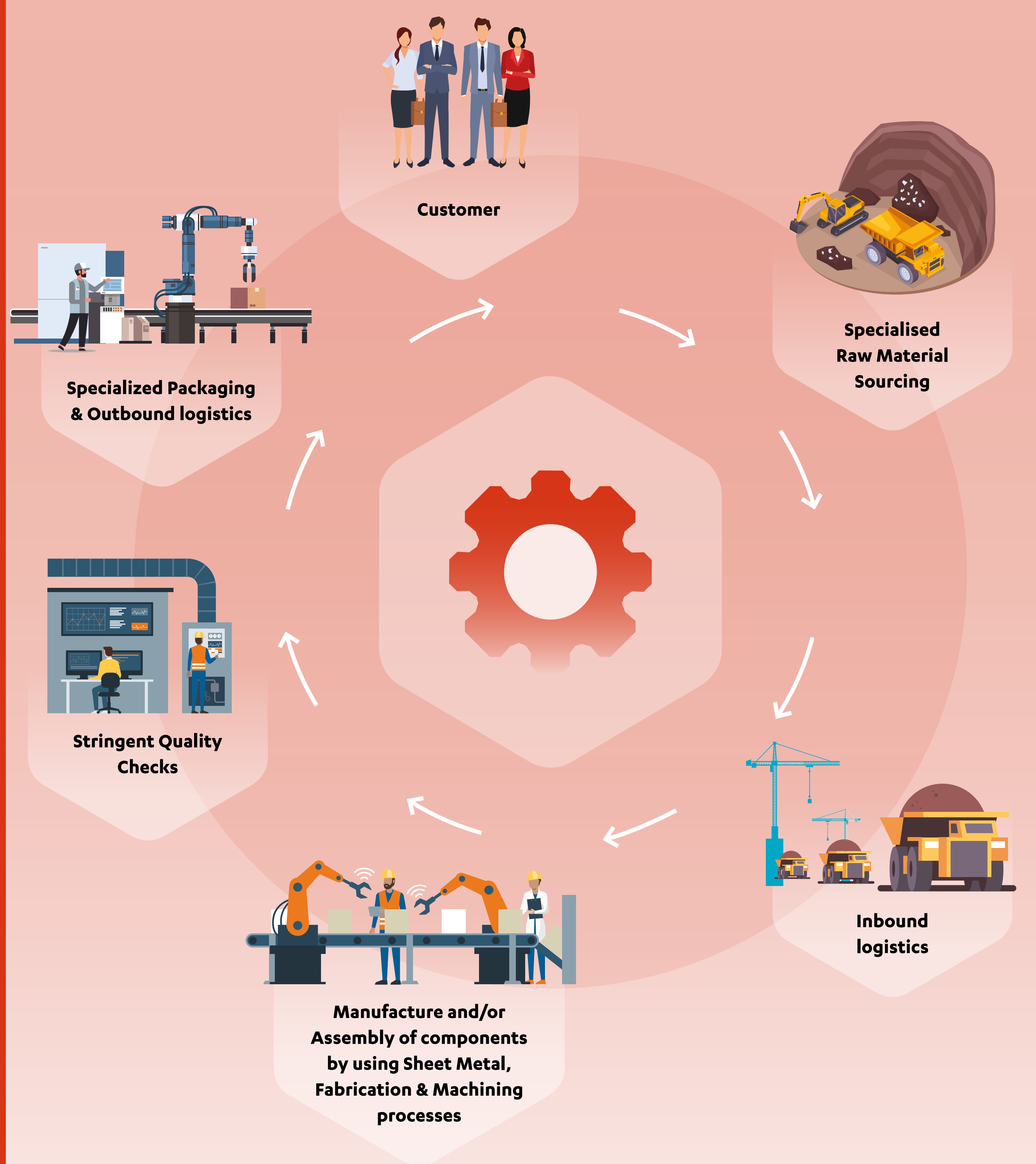
Social & Relationship Capital

₹ 0.50 crore
Towards CSR activities

720 Domestic
80 International
Vendor Base

65 Cities
10 Countries
Supply Chain Spread

Processes



Output

₹ 538.67 crore
Revenues

13.40%
RoCE

₹ 8.98
EPS

₹ 78.04 crore
EBITDA

15.06 %
EBITDA margin

₹ 28.78
PAT

5.34%
PAT margin

39,600
MT Production capacity of sheet metal

3,62,800
CNC Machine Hours

Mega project
Status granted to Aurangabad facility by Government of Maharashtra

₹ 22.50 crore
Investment in new product line- shaft manufacturing

4,843
Tool library

1,232
New product development

319
Long Serving Employees (>5 years)

20.35%
YoY increase in workforce

14.87%
Internal Succession Rate

2264
People benefitted from CSR activities

85 Domestic
11 International
Customer Base

35 Cities
5 Countries
Customer Spread

Outcomes

- Largest exporter of electrical laminations from India
- Investment for further growth
- Securing sustainable profits
- Enhancement of value for all stakeholders

- Globally recognized facility
- Efficient utilization of assets
- Real time monitoring of operational parameters for safety, quality and reliability

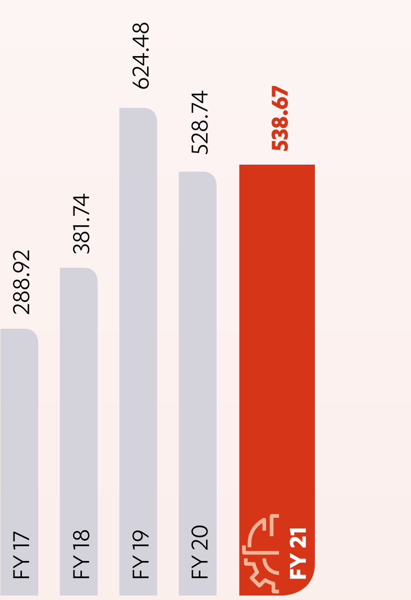
- Ensuring operational excellence through innovation
- Differentiated product offering - creating niche market

- Safe, fair and healthy work place
- Developed and empowered team
- Personal and profession growth opportunities

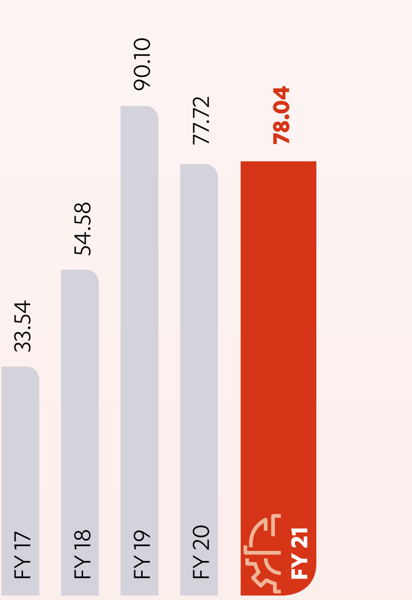
- Constant efforts undertaken to uplift the communities in which we operate
- Diverse supplier base to leverage unique product offering
- Strong & enduring relationship with Customers

Resilient Performance

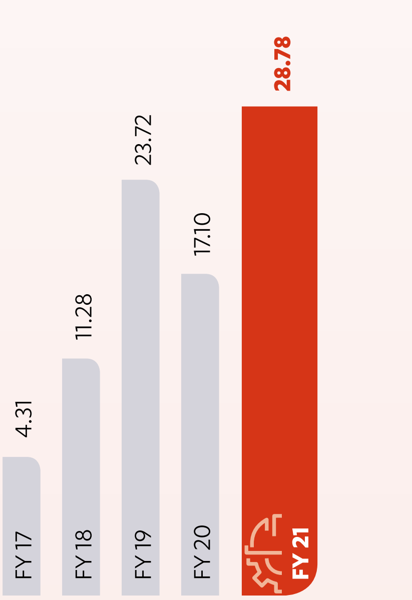
Revenue (₹ in crore)



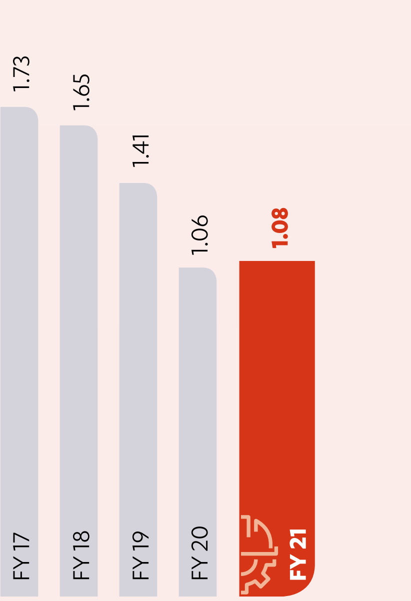
EBITDA (₹ in crore)



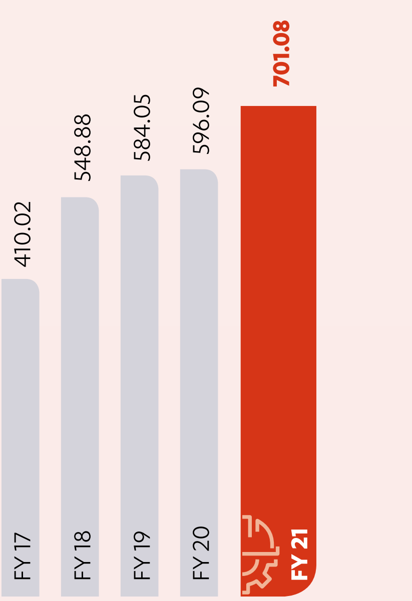
PAT (₹ in crore)



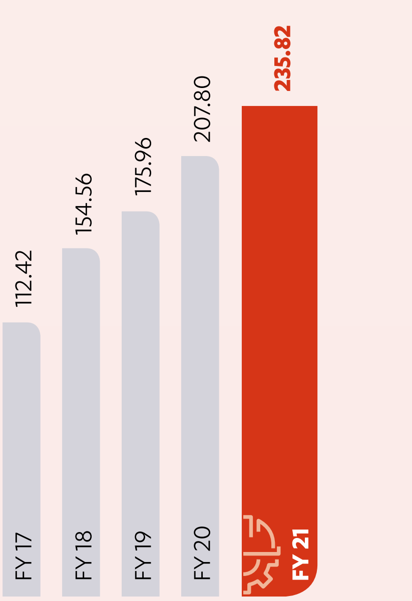
Debt Equity Ratio (in multiples)



Total Assets (₹ in crore)



Net Worth (₹ in crore)



Particulars	FY 21	FY 20	FY 19	FY 18	FY 17
Balance Sheet and P&L Highlights (₹ in crore)			IND AS		
Revenue (excluding taxes)	538.67	528.74	624.48	381.74	288.92
EBITDA*	78.04	77.72	90.10	54.58	33.54
Finance Cost	29.60	34.12	29.61	23.48	15.32
PBT	38.57	19.86	40.34	16.31	5.12
PAT	28.78	17.10	23.72	11.28	4.31
Total Comprehensive Income	28.01	16.84	22.87	11.54	5.40
Cash Accurals**	58.40	44.26	45.28	29.18	21.58
Net Worth	235.82	207.80	175.96	154.56	112.42
Debt	254.32	219.45	248.45	255.92	194.80
Net Fixed Assets	288.61***	258.18***	234.67	213.31	124.97
Inventory	157.22	126.50	100.27	129.16	144.97
Debtors	171.77	139.38	182.49	136.92	102.79
Cash & Bank	8.91	14.86	13.96	13.52	11.02
Total Assets	701.08	596.09	584.05	548.88	410.02
Per Share Ratio (in ₹)					
Earining per share (EPS)	8.98	5.41	7.67	4.22	2.00
Dividend per share (DPS)	-	-	-	-	-
Book Value per share (BVPS)	73.58	63.18	58.99	51.82	41.66
Growth Ratio (%)					
Revenue Growth	1.88	[15.33]	63.59	32.13	[7.84]
EBITDA Growth	0.41	[13.74]	65.08	62.73	76.25
PAT Growth	68.30	[27.91]	110.28	161.72	145.08
Total Comprehensive Income Growth	66.33	[26.37]	98.18	113.70	156.49
Growth in Book Value per Share	16.46	7.10	13.84	24.39	5.10
Inventory - Increase / (Decrease)	24.28	26.16	[22.37]	[10.91]	23.31
Margin Ratio (%)					
EBITDA Margin	15.06	14.80	14.48	14.41	11.73
PAT Margin	5.34	3.23	3.80	2.95	1.49
Total Comprehensive Income Margin	5.20	3.18	3.66	3.02	1.87
Debt - Equity Ratio (in times)	1.08	1.06	1.41	1.65	1.73

*Profit Before Tax + Finance Cost+ Depreciation - Other Income

** Total Comprehensive Income + Depreciation

*** Including ROU asset of ₹ 73.95 crore as on 31st March 2021 and ₹ 24.23 crore as on 31st March 2020

Driving Efficiency through Agility

With continuous shifts in global value chains, consistent introduction of new-age technology and growing diversification of engineering applications, we are keen to sustain efficiency through agility.

We are demonstrating efficiency by developing manufacturing methodology that supports the delivery of customised products, the proficiency to offer superior quality products within close deadlines and our consistency in supplying products that can be easily inculcated in the customers' production line. We consolidate quality responsibility at our end on the integrated product.

The cumulative capacities of the Hyderabad and Aurangabad facilities enable us to significantly expand our product portfolio and integrate cutting-edge technology across operations. During the year under review, we have setup fabrication and shaft making lines for enhancing efficiency at our customers end. Over the years, we have built capabilities to punch, cut, machine and assemble components of higher complexities and integration with greater accuracy and lower tolerance levels.

We rely on agile processes, methods and facilities to deliver our competitive edge efficiently.

Sheet Metal

- Sheet metal laminations punching from 0.35 mm to 3mm thickness
- Laser cut of steel stampings with thickness ranging from 0.35 mm to 25 mm
- Special Process: Re-varnishing or re-coating of insulation layer 0.005 mm to meet special requirements of hydro and thermal generators

Precision machining

- Equipped with fabrication facility for manufacturing of gear cases and motor frames among others
- Machining of stator cores & rotor cores with outer diameter ranging from 400 mm to 2000 mm along with customization as per the customer requirement
- Stator cores assembled with steel casting stator frames by shrink fit process, and subsequently machined to final product accuracies
- Capability to manufacture shaft up to 900 mm diameter and 3000 mm length
- Precision machined casted parts (up to 4,000 kgs in assembled condition)
- Casting material ranging from grey iron / ductile iron / ductile iron with sub-zero impact resistance / low carbon alloy steel / MnNi alloy steel grades (with impact resistance of -50° C)

15 microns

Capability of Machined Tolerance

Assemblies

- Large stator core assemblies up to 2000 mm diameter and 1000 mm stake height
- Large rotor core and shaft assemblies size upto diameter 650 mm and length 2500 mm
- Large die cast rotors up to diameter 550 mm and core length of 980 mm and with aluminium weight up to 105 kgs
- Rotors skewed and with multi spacers to have efficient cooling system in the motors
- 5 Axis CNC machines up to 1,600 mm X 1,600 mm travel for complex machining parts
- Equipped with specialised inspection fixtures, which ensures the quality of stacks under high pressure application

Other special features

- Sub-assembly (with Sheet metal / Casted / Forged / Hardware / Adhesives)
- Multi-layer Painting
- Thermal Spray Coating (ZnAl)
- Rust Prevention Packaging
- Sea-worthy Packing

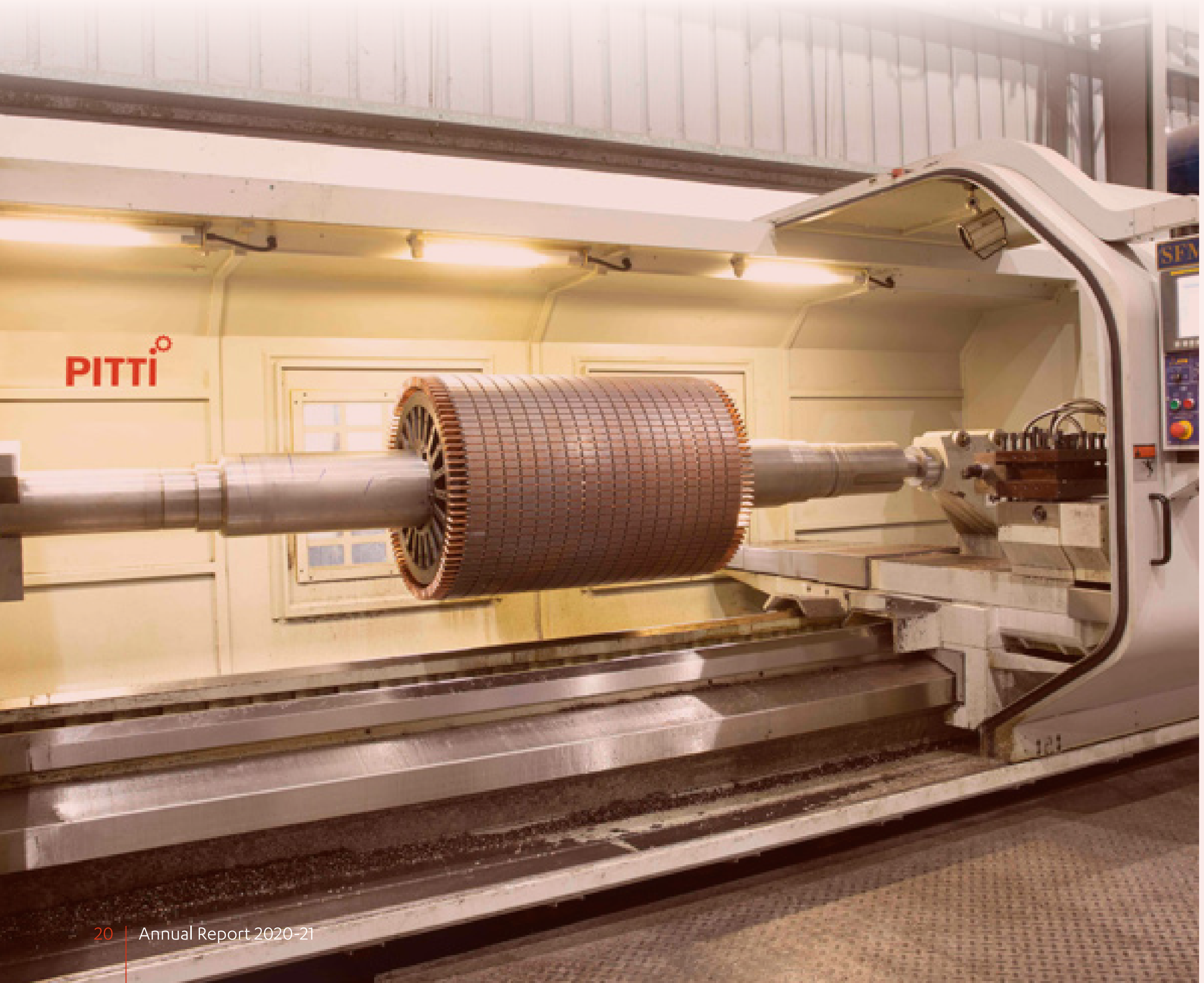
World-class tool room

For manufacturing tools suitable for varied applications, we have developed one of the most sophisticated tooling facilities in the country. It has the capability to produce some of the largest single piece tools. Along with the production of Jigs, fixtures and Pressure Die casting for machine shops, we have developed the capacity to produce Sheet metal products that have extremely high tolerance levels and significantly reduces lead times for tool development.

Creating Value through Innovation

The 21st century is witness to a new world order. With the frenetic pace of change evident around us, at Pitti, we are determined to deliver engineering brilliance through innovative and cutting-edge products. Our ability to constantly shore up our capabilities, revolutionise development efforts and deliver exceptional outcomes empowers us to create a niche market for our product securing value for all stakeholders.

Our state-of-the-art manufacturing facilities and modern methods have significantly fortified our engineering value chain. Resting on the expertise of our core team and our robust manufacturing foundation, we are fulfilling customer requirements with efficient and uniquely customised product assisting in contracting their supply chain.



New products developed

- 2.1 MW wind generator stator and rotor assemblies with shaft, as ready to use assemblies
- New range of High Single Pivot (HSP) for smaller frame (160 mm to 200 mm)
- Introduction of new series in alternator market
- Prototype development for big rotor assemblies with inserted shaft, assembled SC Ring, brazed and airgap turning
- Completed prototype development for traction motor stator and rotor assemblies for rapid rail transport systems
- Prototype developed and submitted for EV motor
- Sheet Metal products for Indian Railways project
- Complete Stator Assembly, DCR with shaft insertion & OD turning with paint.
- Introduced new product Pedestal Parts for export with complete machining & painting
- Truck Frame Parts (Bogie Parts) for KAZ location
- U-Tube with machining to fulfil global requirements
- New business line added in fabrication sector for overseas customers
- Fabricated Barrels for off-highway vehicles
- Gear Case Fabrication & Machining for IR4500- Project
- Gear Case Fabrication for global requirements
- Shaft assembly for Indian Railways

New business added in FY 2020-21

INDUSTRY
Locomotive

PROJECT

FIAT / EMU BOGIE PARTS

3 PHASE ELECTRIC LOCO PARTS (INCLUDING BOGIE /

TRACTION MOTOR / ELECTRICAL PARTS)

INDUSTRY
Pump

PROJECT

IRRIGATION BODY / COVER FROM DN 100 – 1200 RANGE

INDUSTRY
Hydro Power

PROJECT

Steam Turbine / Hydel Pump parts

INDUSTRY
Renewable Energy – Wind

PROJECT

Pedestal Top / Bottom / Bearing Flange

Delivering Excellence meeting Diverse Requirements

Over the years, we have consciously diversified offerings by focusing on fulfilling evolving customer requirements. Our sustained focus on innovation and process integration has enabled us to cement our position in the global supply chain of diverse end user industrial applications.

Downstream Industries

Appliances | Cement | Construction | Data Centers | DG Set | Electric Vehicle Motor | Freight Rail

Hydro Generator | Lift Irrigation | Medical Equipment | Mining | Mass urban Transport | Other Industries | Oxygen Plants

Pumps | Passenger Rail | Steel | Sugar | Thermal Power | Wind Mill Generator | Wind Mills

Diverse Sectoral Presence

Application industry	Type of Part Supplied
Diesel Electric Locomotives	Traction Motors Core, Alternator Sub-Assemblies, Auxiliary Power Generation, Under Frame Assembly Parts, Shafts, Drive Components, Gear Assembly, Compressor Parts, Frame / Covers for Motor Frame / Traction Motor Blower Assembly Parts, Radiator Assembly Parts, Turbo Charger Assembly Parts, Bearing Assembly, Traction motor suspension drive parts
Electric Locomotives	Stator Laminations, Traction Motor Suspension Drive Components, Axle Sub-Assemblies, Gear Box Assembly, 3ph Electrical Bogie - Support Parts
Mass Urban Transit Systems	Traction Motor Body (Frame), Stator Assemblies, Stator & Rotor Laminations
Mining Equipment	Wheel Hub, Drive Carriers, Transmission Housings, Support Frames, Stator Assemblies, Rotor Assemblies & Pole Assemblies
Backup Power Systems for Data Farms	Stator Assemblies with Landing Bar & Rotor Assemblies with Shaft Inserted
Special Gensets for Telecom Standby Power	Stator Assemblies & Rotor Assembles
Renewable Energy	Stator Assemblies, Rotor Assembles with Shaft Inserted with DE & NDE Cover, Stator & Rotor Laminations, Windmill Gear Box Pedestals and Turbine Bearing Assembly Parts
Large Scale Power Generation Plants	Segmental Laminations with Revarnishing, Segmental Vent Laminations with painting, Pole Laminations
Backup Diesel Generating Sets	Stator Assemblies & Rotor Assemblies
Motors for Large Infrastructure	Stator Assemblies and Diecast Rotor
Steel & Cement	Stator Assemblies and Diecast Rotor
Special Purpose Motors (for Marine, X Ray components, Traction Motors)	Stator & Rotor Laminations, Stator Assemblies & Rotor Assemblies
Special Pumps & Compressors	Horizontal Split Casings, Vertical Inline Casings, Dual Arm Casings
Oil & Gas Drill Motors	Gear Assembly Housing, Stator Assemblies & Rotor Assemblies

Creating niche market - Ensuring customer delight

Rotor die casting with shaft assembly

The company used to supply finished laminations to customers which required further value addition in the form of core building, pressurizing and high-pressure die casting, shaft procurement from upstream suppliers and shaft assembly, air gap turning and grinding of bearing face. In addition to increased dependence on numerous suppliers, the customers faced issues with quality and timely deliveries. The Company realized the customers' concerns and established an in-house manufacturing process for high pressure die casting, shaft manufacturing and assembly, and air gap turning. The ready-to-use rotor with shaft assembly enables customers to access superior quality products at better rates from a single supplier. It improved customer experience remarkably, strengthened relations with clients and improved the Company's business prospects.

Built up rotor, shaft assembly, copper bar insertion and brazing

In order to further process the finished laminations offered by the company, customers had to avail the services of upstream suppliers for pressurizing the lamination core, procurement of shafts, copper parts copper bar insertion, machining & assembling. This not only increased operational hassles, it also affected the quality of products.

To avoid these issues, the Company revamped its manufacturing capabilities and processes for producing assembled copper bar rotors. It helped to build capacities for lamination core building, pressurizing, in house shaft manufacturing with modern CNC Turn centers, stack pre heating and shrink fit assembly. Furthermore, the Company provided facilities for insertion and machining of copper bars, assembling of copper rings and brazing, air gap turning and painting. This not only resulted in customer delight, but also enabled our clients to procure quality products from a single supplier, opening new avenues for Company's unique offerings.

Stator frame with core ready for winding

Earlier, the supply chain for stator core involved routing parts through multiple locations for casting, machining and shrink fit, before its delivery to Mexico for motor manufacturing. The lengthy process affected the quality of products, the time for procurement and it also had an impact on cost. The Company revisited its value chain to procure stator frame casting, built in-house capability for pre machining, shrink fitting stator core within the frame and final machining. This eliminated quality and delivery issues for the end customer and provided a significant cost advantage. Coordinate measuring machine (CMM) inspection was also integrated with the production process to ensure the quality of finished products. The cumulative effect of these interventions resulted in superior customer experience, horizontal deployment of similar model to other products and improvement of the Company's business prospects.

Management Discussion and Analysis

Economic Overview

Global economy

The global economy suffered deep contraction, leading to negative growth of 3.3% in CY2020[1], amidst an ongoing global health crisis and recessionary trends that followed thereafter. The containment measures imposed after the Coronavirus outbreak resulted in lockdowns across the globe, restricting mobility and economic activity to a large extent. While the impact of the pandemic was further augmented by pre-existing macroeconomic fundamentals and structural imbalances in various countries, advanced economies de-grew by 4.7% in CY2020.[1]

Economic activity came to a near standstill, especially for non-essential segments and severely impacted global supply chain and production networks. Services, especially those involved in physical aggregation of people, including tourism, hospitality and airlines are yet to recover from the demand shock. Agriculture, however, remained cushioned from the negative impacts of the pandemic.

While labour markets across the world suffered, the youth and low-skilled workers were the hardest hit. The acceleration of digital adoption and a shift towards new work orders are expected to amplify their troubles. Massive job losses also affected household incomes. Governments too were stressed due to the economic uncertainties.

Central banks across the globe resorted to monetary easing to provide governments enough room to offer fiscal stimuli. Favourable policies provided the much-needed impetus to keep the economy buoyed. As per estimates, the fiscal stimulus exceeded more than one fifth of the GDP of 9 countries, led by Japan and the US being the largest contributor in absolute terms.[2]

According to WTO, global trade volumes are forecasted to grow at 8% in CY21 after falling by 5.3% in CY20, led by a deep pull in Q2CY20. While trade growth is likely to slow down to 4% in 2022, overall volume is expected to remain below pre pandemic levels. Merchandise trade in nominal dollar terms also fell by 7% in CY20 and commercial services exports witnessed steep decline of 20%.[3] Economies with significant linkages to global trade have experienced considerable losses and declining commodity demand in the near term may act as a huge blow to the economy.

With normalization of economic activity and availability of Covid-19 vaccines, the global economy is expected to register a strong growth rate of 6% in CY2021, before slowing to 4.4% in CY2022.[1] However, the unequal impact of the pandemic, coupled with unequal access to vaccines pose a significant threat to economic growth.[4] The fragility of the growth momentum is compounded by the fact that most nations entered the crisis with huge public debts and had limited capacity for enduring a subsequent crisis. With the emergence of new strains of the Coronavirus and sporadic rise in the number of Covid-19 infections, the threat of a crisis looms large over many countries around the world.

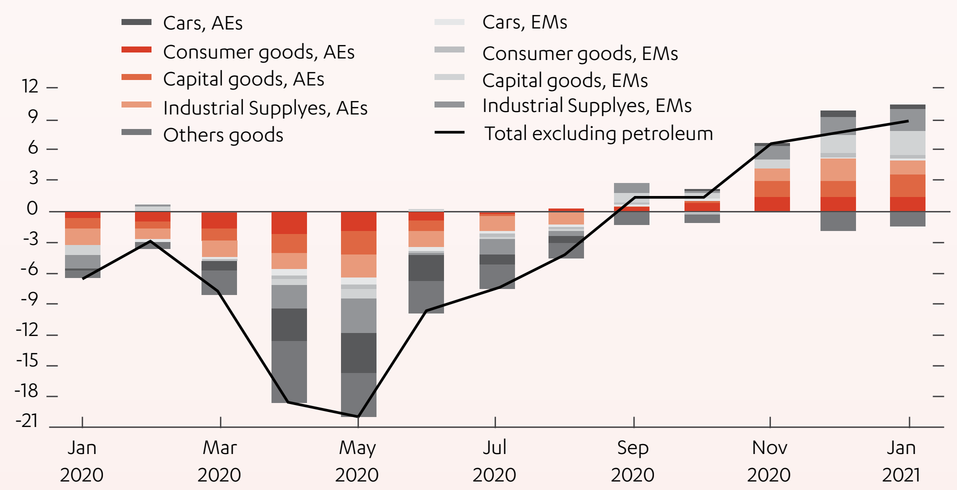
[1]IMF World Economic Outlook 2021
[2]Washington post - https://www.washingtonpost.com/world/2021/03/10/coronavirus-stimulus-international-comparison/
[3]WTO March,2021
[4]World bank south asia focus 2021

Global Imports, by types of goods and regions

Figure 1.6. Global Imports: Contributions, by Types of Goods and Regions

(Contribution to year -over -year Percent Change, Percentage points: based on value in US dollars)

The sharp rebound in international trade in the second half of 2020 reflects pent-up demand for consumer durables (cars) from advanced economies and resumption of supply chains in emerging markets.



Source IMF WEO April 2021

Indian Economy

The Covid-19 pandemic in India and the subsequent lockdowns compounded the troubles of a slowing Indian economy. The Indian economy contracted by more than 8% in FY21[1], led by sharp fall in Q1FY21, mainly on account of the countrywide lockdown enforced to contain the Coronavirus.

As per reports, most of the economic indicators slipped into red in Q1FY21, mainly due to the strict restrictions imposed during the lockdown. Barring few essential services, economic activity across the country remained suspended due to restrictions on mobility and social distancing protocols. Along with industrial activity, its immediate impact was felt across travel and tourism, hospitality, aviation, construction and trade. Agriculture remained comparatively unaffected with good monsoons in FY21. As economic activity gradually resumed after easing of restrictions, Q3 witnessed significant recovery due to pent up demand.

As a direct consequence of the economic slump, job losses, rising unemployment and decreasing household income continued to reduce consumption and investment in the country. The economic shock affected social as well as human development and this can be gauged by the slowdown of the poverty eradication process.

The economy received support from significant policy actions by the central bank and the government. It helped to stimulate demand while fulfilling obligations for social security and economic opportunities for citizens. The central bank ensured liquidity, provided regulatory support in the form of moratorium on loans and maintained an accommodative monetary policy.

Despite breaching its inflation target of 2% to 6%, the RBI pursued unconventional monetary policies to reduce interest rates through open market operations, asset buy back and Government securities acquisition program (G-Sec).[5] The government also offered fiscal stimulus package, promoted the notion of a self-reliant economy, and developed initiatives for promoting 'Make in India' initiatives. The budget for FY22 echoes the government's commitment to move towards infrastructure led development, which is expected to boost private investments and accelerate economic recovery in the days ahead.

In international trade, exports contracted by 7.4% to USD 290 billion and import declined by 18.1% to USD 389 billion, leading to a trade deficit of USD 99 billion. Besides, container shortages and weak demand across the globe added to the woes caused by the pandemic. In terms of value, trade improved significantly during H2 with February recording exports of USD 28 billion and imports of USD 41 billion.[6]

Outlook

With the rollout of a large-scale vaccination programme and revival of major economic indicators, the optimism around India's recovery has been reiterated by international bodies. According to IMF estimates, the growth rate of the Indian economy is anticipated to jump to 12.5% in FY22 and stabilise at 6.9% in FY23, the rates being the highest across all countries covered by the study. Besides, the Union Budget has echoed the government's commitment to significantly increase capital expenditure for infrastructure creation across social and economic sectors.

Amidst geo-political threats from hostile neighbours and the US China trade war, India aims to become a self-reliant economy. According to CARE ratings, GVA is expected to increase by 10.2% in FY22, over 6.5% in FY21. The prediction of good monsoons, increased bank credit and control over NPAs after lifting of moratorium restrictions and an uptick in the housing segment is likely to create favourable economic opportunities. However, the recent surge in covid-19 cases and the resulting lockdowns cast a dark shadow over economic recovery.

[5]Excerpts from RBI Monetary policy announcements.
[6]Ministry of Commerce

Indicators - Constituents of growth

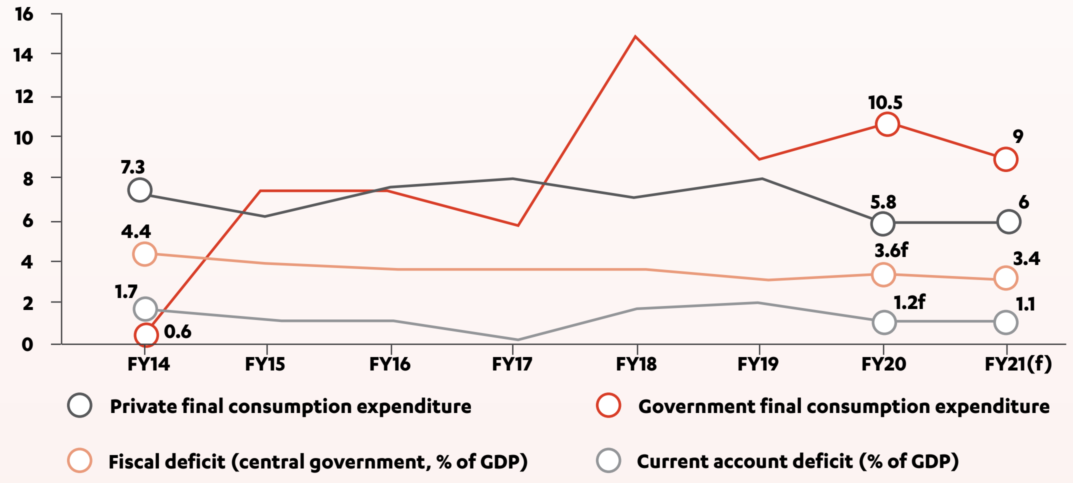


Figure are in % change, yoy

FY20 Gross value added and GDP estimates are first advance estimates by National Statistical Officer; f: Ind-Ra Forecast

Source : Ind-Ra, Central budget, by National Statistical Officer and Reserve Bank of India

Source: NSO, RBI, Budget

Industry Overview

1. Transportation

a) Railways - Passenger and Freight services

Indian Railways was severely impacted in FY21 due to the countrywide lockdown that led to complete suspension of railway services across the nation. Railways, however, operated few special trains such as Shramik Trains to transport migrant labourers to their hometowns. Although passenger revenue decreased by 75% to INR 12409.49 crores in 11MFY21, over the corresponding period in FY20, freight revenues grew by 3% to INR 117386 crore led by 1.93% growth in freight loading in FY21.[7]

The National Railway Plan for India-2030 aims to build railway infrastructure by 2030, to cater to increased demand till 2050. With a focus on increasing modal share of IR to 45% by 2050, it also aims to reduce the logistic cost of the economy.[8] The capital expenditure for rolling stock (locomotives, wagons, coaches) till 2031 is estimated to be approximately 29% of the total capital expenditure requirements and it is projected to constitute approximately 39% between 2031 and 2051.[9] Furthermore, the Union Budget FY22 has allocated INR 2.15 trillion as capex for Indian railways infrastructure expansion.[10]

The trickle-down effect from the planned investments along with demand drivers such as increasing urbanization, rising incomes and sustainable modes of transportation provide significant opportunities for upstream industries.

b) Metro

In the next 4 to 5 years, over 25 Indian cities are expected to have operational metro rail systems with investments worth between INR 3 and INR 4 million.[11] India has operationalized 400 km of metro network in the previous 6 years and work on over 1000 km additional rail lines is in progress in 27 Indian cities.[12] As per Budget FY22, 702 km of conventional metro was operational in India.

Metro rail systems can carry higher passenger volumes of 60000 PPHD (passenger per hour per direction) to 80000 PPHD and are capital intensive sectors.[13]

The suburban passenger traffic in metro rail (in four cities) grew at a CAGR of 2.3%, between FY09 and FY18 and is estimated to increase at a CAGR of 1.52% in the next two fiscals. In absolute numbers, suburban rail passenger traffic is expected to increase from 4459 million in 2018 to 4665 in 2021 and go up to 6050 million by 2051.[14]

c) Off- Highway Vehicles

The tire market acts as a good proxy indicator for the off-highway vehicles. According to Businesswire, The Indian off-highway vehicle tire market is expected to grow at 15% between 2020 - 2025. The country's off highway vehicle tire market can be classified based on vehicle type, demand category, and radial. Based on the vehicle type, the market can be bifurcated into farm equipment tire, earth moving equipment tire, and mining, construction and industrial vehicle tire. Farm equipment holds the largest share in the off-highway vehicle tire market owing to increasing tractor penetration in India's rural regions. The construction equipment industry is optimistic to reach its FY19 level of 95000 units in sales in FY22.[15] The Indian tractor industry recorded a 26.86% increase in sales in FY21 with 899429 units over FY20 sales at 709002 units.[16]

The rural economy holds potential for future growth owing to the good monsoons experienced in recent years, rising income of households and government thrust on rural infrastructure projects. However, the agriculture sector, which largely remained unaffected by the pandemic-led economic shock, witnessed weakening pricing pressures even when Kharif harvests recorded best outputs in CY2020.[17]

Urban demand is also expected to pick up in FY21 mainly resting on the optimism created by the forecast of good monsoons in CY2021 and income growth from Rabi crops[5]. Besides, structural changes in the agricultural sector, powered by New Farm Laws and INR 1 trillion Agri infrastructure fund is anticipated to add impetus to economic growth.

d) Electric Vehicles

Across the globe, the electric vehicle sector is being considered as one of the most promising segments. As a result, policy incentives, monetary support and technology support is being sanctioned for this sector. The global sales of EVs are expected to reach 2.5 million in CY2020 and rise to 70% in CY2021. China and Europe continue to be the largest market for EVs, followed by the US. In 2021, Japan announced support for domestic

[7] *Newspaper reports*
[8] *PIB*
[9] *National rail Plan 2020*
[10] *PIB https://pib.gov.in/Pressreleaseshare.aspx?PRID=1694109*

[11] *India Infrastructure Research -2020*
[12] *PIB*
[13] *National Metro Rail Policy 2017.*
[14] *National Rail Plan 2020 – Indian Railways*

[15] *https://economictimes.indiatimes.com/news/economy/indicators/witnessing-green-shoots-driven-by-rural-india-jcb/articleshow/79411682.cms?from=mdr#:~:text=in%20four%20quarters.-,Even%20as%20total%20sales%20volumes%20are%20set%20to%20decline%20by,95%2C000%20units%2C%20registered%20in%20FY19.*
[16] *TMAIndia*
[17] *Bank of America securities Report*

production of EVs with a mandate for selling only EV cars from 2030. The global sale of EV are projected to breach 12 million mark by 2025, registering a 52% growth rate.[18]

The Indian government is also enthusiastic about this sector and is creating demand for EVs through the Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicles (FAME) scheme, tax reduction, PLI scheme and vehicle scrappage policy. On the consumer side, factors such as rising oil prices, preference for green solutions and burgeoning startups delivering innovative value additions in the micro mobility formats such as e-cycles and bikes, continue to drive growth. It is estimated that weighted average EV sales penetration will reach 70% by 2030, in the Indian market.

2. Industrial

a) Steel, Cement & Construction

Steel production and consumption fell drastically in Q1FY21 due to lockdown restrictions and a severe demand slump. Steel consumption improved towards the latter half of CY2020 due to demand from auto, white goods and construction segments. Domestic crude steel production is likely to de-grow by 7% YoY to reach 102 MT in FY21. Besides, during the same period, steel consumption is expected to fall by 8% to 92 MT. While steel is sensitive to global price movements, it creates input cost pressure and domestic firms are often prone to unfair trade practices that necessitate government intervention for seamless operations.

The National Steel Policy 2017 aims to take the steel production capacity to 300 MT by 2030-31. It also strives to increase per capita consumption of steel to 160 kg by FY31, from 74 kg in 2018. Expansion of production capacity will also augur additional investment of ₹ 10 lakh crores (US$ 156.08 billion) by 2030-31.

The government has also introduced the PLI scheme to incentivize domestic steel production and has, therefore, increased capital expenditure for infrastructure led economic development in Budget FY22.

The steel sector is anticipated to capitalize on opportunities arising from infrastructure projects such as Housing for All, which has a target to build 20 million affordable houses by 2022, expansion in railway networks, shipbuilding industry, domestic defence production, automobiles and consumer durables.

Cement production and capacity utilization are expected to have witnessed their steepest fall in FY21, primarily led by the great dip in Q1FY21 when lockdown restrictions severely curtailed economic activity. While production is estimated to have declined by 15.5% to 262 million tons in 11MFY21 over the corresponding period in FY20, capacity utilization improved from 45% during H1FY21 to 52.4% in 11MFY21.[19]

Covid-19 impacted the industry through reverse migration of labour and withholding of capex plans by firms due to massive decline in demand. The industry gradually picked up momentum after the lockdowns continued to be lifted.

Infrastructure and pent-up demand for urban housing, mainly driven by 26% increase in budgetary allocation for infrastructure in FY22 and the push for Aatmanirbhar Bharat is expected to accelerate volume growth of cement firms in FY22[20]. Affordable Rental Housing Complexes (ARHC) which aim to improve the standard of living of the urban poor by providing affordable housing near workplaces in urban areas will attract significant demand for cement. Moreover, in rural markets demand for cement is likely to increase due to rising income, growing household consumption and predictions of a favourable monsoon.

Construction industry came to a standstill during the pandemic due to reverse migration of labour and stalling of several projects. The sector showed faint signs of recovery following an uptick in transactions in the real estate sector in Q2FY21.[21]

The industry is estimated to significantly increase its order books for new projects due to the aggressive push for infrastructure development in the country by the Government, to boost the Aatmanirbhar Bharat Abhiyaan.

The Government of India launched the National Infrastructure Pipeline (NIP) in FY20 with an initial planned expenditure of USD 1.4 trillion on various infrastructure projects between 2019 and 2025. The project was in line with the country's target of becoming a $5 trillion economy by 2024-25[22]. The coverage of NIP was expanded from 6835 projects to 7,400 projects in FY22. 217 projects worth INR 1.10 lakh crore has been completed so far.

[18]IHS Markitt - https://ihsmarkit.com/research-analysis/ihs-markit-forecasts-global-ev-sales-to-rise-by-70-percent.html

[19]CARE Ratings

[20]Budget FY22, Crisil Reportgs'

[21]Economic Survey 2020-21

[22]https://pib.gov.in/PressReleseDetail.aspx?PRID=1598055

The Affordable Rental Housing Complex (ARHC) scheme, launched under Pradhan Mantri Awas Yojana, aims to provide migrant workers and the urban poor access to affordable rental accommodation to enhance their standard of living. The government aims to utilise existing infrastructure or develop new housing projects to fulfil this objective.

National Bank for Financing Infrastructure and Development has been set up for infrastructure financing with an initial capital base of USD 2.7 billion. It has a planned lending target of USD 68.4bn in three years, which is expected to boost the real estate sector and the construction industry in general with adequate investments for various projects.[23]

b) Pumps

According to a case study by United for Efficiency (U4E), the industrial sector accounts for 40% of electricity demand in India. However, the share of motor and motor driven systems accounts to 69% of the industrial electricity consumption. Following the mandatory requirement of using IE2 motors in 2017, the National Motor Replacement Program has enabled replacement of 6520 motors till FY21 and it has incurred cost savings of up to USD 7.3 million.[24] The program now aims to target energy savings of 66.5 MkWh, amounting to USD 62 million annually, by replacing huge stocks of motors with a rating below IE1. The program further aims to accelerate transition to higher efficiency IE3 motors and IE 4 motors by 2023, as major economies have already adopted IE 3 standards.[25]

High initial investment cost and lower financial capacity, especially for the SME industry, are major challenges impeding the acceptance rate of energy-efficient motors.[26]

c) Sugar

Sugar production is a seasonal phenomenon that spans from October to September. The industry is highly dependent on monsoons and price support from the Government. Sugar production during current sugar season SY2020-21 is estimated to be at 300 lakh MT, as against the estimated domestic consumption of 260 lakh MT. By the end of February 2021, sugar production in India stood at 222 lakh MT, indicating the possibility of excess supply in SY2020-21.

In order to reduce inventory of surplus sugar, the Government has fixed the mill-wise export quota at 60 lakh MT for the current sugar season. Besides, the Government is encouraging sugar mills to produce ethanol and has fixed remunerative prices of ethanol to encourage sugar mills to divert excess sugar for export.[27]

3. Power Generation

Thermal, Hydro & Wind Power

By November 2020, the total installed coal thermal power capacity in India stood at 199.59 GW and it is expected to reach 330-441 GW by 2040. By 2022, total installed capacity addition is expected to touch 47.86 GW. Besides, energy generation from thermal sources stood at 562.959^ billion units (BU) between April and October 2020.

India's gas thermal power capacity stood at 24.95 GW, as of November 2020. By 2022, it is expected to witness total installed capacity

[23]PIB - ARHC

[24]https://m.economictimes.com/industry/renewables/isc-eesl-eyes-annual-saving-of-62-million-by-replacing-inefficient-motors/articleshow/81930164.cms

[25]IEA India energy outlook 2020

[26]United For Efficiency : Case study India , November 2020.

[27]Lok Sabha Question 2021: https://www.indiansugar.com/PDFS/LOK_SABHA-_SUGAR_PRODUCTION.pdf

addition of 0.41 GW. Lignite thermal power capacity stood at 6.26 GW as of November 2020 and India's diesel thermal power capacity was approximately 0.50 GW, as of November 2020.

The all-India capacity utilization of thermal power plants in India is likely to improve to 57%- 58% in FY22 from the estimated level of 53% - 54.0% in FY21. The all-India electricity demand is expected to grow at 6%– 7% in FY22 due to a favourable base effect and likely demand recovery in commercial and industrial (C&I) segments.

The sector is expected to rebound in FY22, riding on the back of strong demand from commercial and industrial segments along with continuing demand from domestic segment. Some of the government policies aimed at developing the sector and incentivizing private sectors include the launch of pan-India real time market for electricity, setting up of Ultra Mega Power Plants, liberalization of coal fields, setting up of India Energy Modelling Forum. These are expected to boost demand as well as revive the core sectors of the economy. Reduced capacity for investments due to setbacks suffered during lockdown, financial stress of DISCOMs and resolution of stressed thermal assets in the private segment are some of the major impediments that need to be tackled in FY22.

As per March 2021 report from Ministry of Power, hydro power generation (above 25 MW) for FY21 stood at 140357 MU.[28] India has an estimated hydropower potential of 145,000 MW at 60 per cent plant load factor.[29] While the installed hydropower capacity in May 2020 stood at around 45,700 MW, India is expected to increase the capacity to 70000 MW by 2030.[29]

The share of hydro power generation in the energy mix increased from 8.7% to 11.6% in Q1FY21 due to its 'MUST RUN'. However, the sector's role to impart flexibility in the system during power surges was highlighted during the lights out event planned in April 2020.[29]

During FY21, the government categorised hydropower (above 25MW) as renewable energy, making it eligible for availing benefits from non-solar Renewable Purchase Obligation, through power evacuation from regional utilities.[30] However, issues such as land acquisition, safety of asset, market development, financing, technical challenges and stressed balance sheets of companies could impede development of the sector in FY22.

As of February 2021, India had 39 GW of installed wind capacity, comprising 10.25% of the country's power mix. The cumulative onshore installations stood at 38625, including 1119 new installations in CY20. India along with China, the US, Germany, and Spain together accounted for 73% of the world's total wind power installations in CY2020.[31]

The COVID-19 pandemic intensified the existing challenges related to land acquisition, grid connection and permits. This led to considerable project delays. However, the segment is expected to increase annual installations, to reach a new peak in 2023, due to favourable policy support for discontinuation of inter-state transmission (ISTS) waiver and encouragement for hybrid tenders combining wind, solar and storage technologies.

The constraints around land allocation, grid availability, recurring financial instability of DISCOMs, tender design and Purchase Power Agreement (PPA) sanctity are some of the issues that will require additional policy support.

4. Diesel Generating Sets

The DG sets have a competitive advantage of providing uninterrupted power supply and portability, unlike utilities. Demand from commercial applications are mainly driving the growth of the Indian diesel genset industry. Investments in infrastructure projects, construction activities, hospitals, data centers, 5G network and rural infrastructure is likely to further drive demand in this segment.

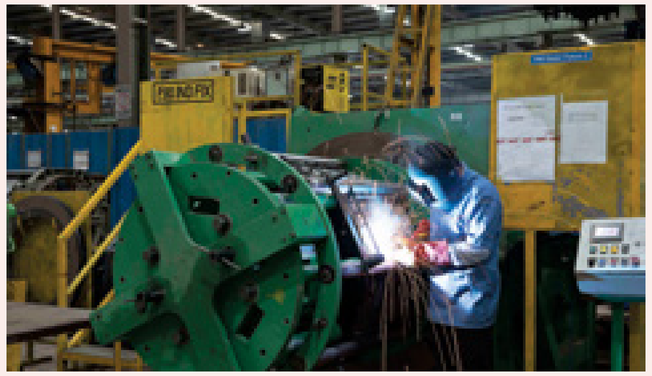
a) Data Centre

The Indian Data centre industry witnessed significant demand surge amidst the pandemic as enterprises continued to shift to a hybrid work model, supported by cloud infrastructure and digitalization.

There are more than 80 third-party data centers in India[32] along with an installed power capacity of 375 MW for data centers (up to November 2020). The power capacity is projected to grow three times by 2025, attracting investments worth USD 4.9 billion. Over 60% of the sites are concentrated in top four metro cities including Mumbai, backed by proximity to submarine cables, reliable power supply, broadband connectivity and skilled manpower.

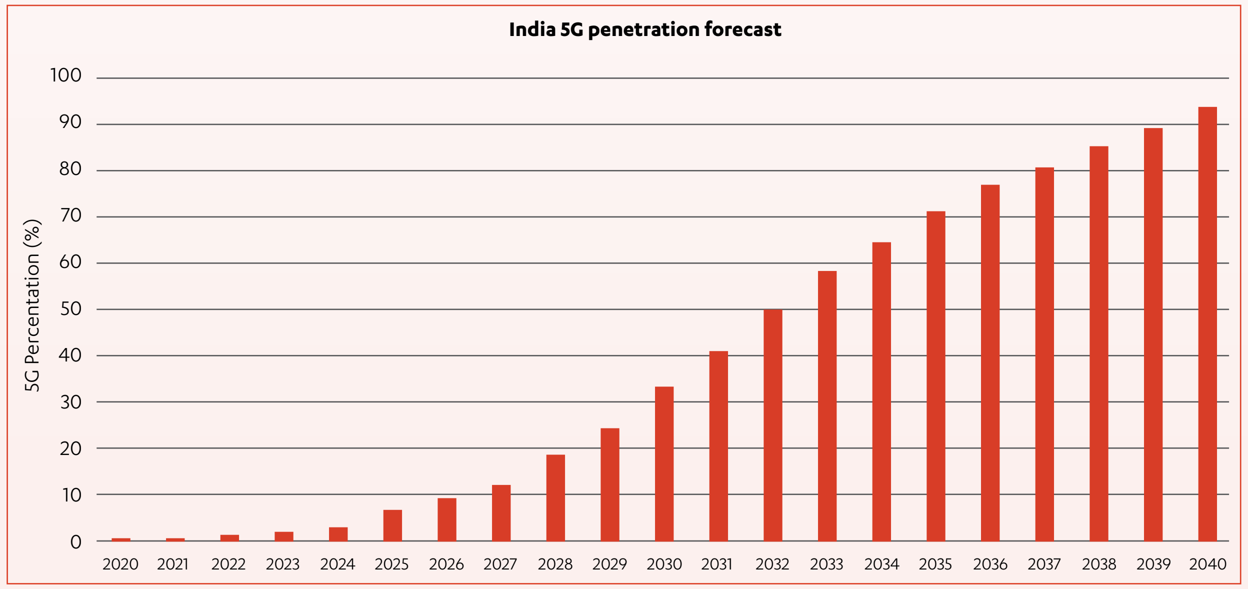
The growth curve is likely to be steeper, riding on the national policy on data center, increasing consumption of digital services by households and business, and a strong urge for data localization. As per estimates, the digital infrastructure in the country includes 676 million smartphone users and over 750 million internet subscribers[32]. Digital consumption in India grew by approximately 38% in Q1FY21[33] and is expected to hit 25GB per user per month by 2025. And total data traffic is likely to clock 21 EB per month.[34]

The preference for online payments, e-commerce and digital platforms for healthcare, education, social media and online gaming have put the digital revolution on the fast track. However, along with technological and security challenges, cost escalations, availability of skilled manpower and continuous power supply are some of the operational risks associated with this segment.



b) 5G

The 5G network represents the latest upgrade in the LTE network with greater bandwidth advantage leading to higher download speeds, thereby holding significant potential for the mobile first Indian economy. However, unlike its predecessors, the network is limited to short range service areas, called cells, which reduces further in higher frequency spectrum. With an estimated 1000 base station cells required per square kilometre for 5G deployment[1] and prevalence of low power reliability, across telecom base stations in India, there exists significant demand for DG sets to power the additional base stations and towers from an increasing capex addition by telecom players in India. The installation of 0.7 million base stations in China, a similar sized country like India, catering to 7% of its population, when read with expected 5G connections in India to reach 6% of population by 2025[2], corroborates the demand potential claimed earlier.35 Further, the exponential growth in Internet of Technology (IoT) and machine to machine 5G use cases across manufacturing36, healthcare, agriculture among others is likely to increase the traffic necessitating data centres near to the user base thereby catalysing growth across the value chain, including export markets.



c) Hospitals

The importance of uninterrupted power supply in hospitals can be gauged from the potential cost measured not just in economic terms but higher cost of patient well-being. The potential demand for quality DG sets in hospital industry can be estimated by considering the hospital beds in India. Currently, hospital beds density in India at 1.3 beds per 1000 population[37] is less than half that of the global average along with the number of ICU beds in India, estimated between 75000 to 90000, according to media reports.[38] This translates into an estimated requirement of additional 3 million hospital beds[37] by 2025 to fill the gap. Furthermore, the skewed spatial distribution, where 65% of hospital beds cater to 50% of the population concentrated in 7 most populous states, highlights the regional variation in demand. Nevertheless, the projections are highly likely to experience upward revision in the near-term conditional on the contagion effect of covid 19. The hospital industry, constituting 80% of the Indian Healthcare industry[39] is expected to reach USD 132 billion by 2023 from USD 61.8 billion in 2017 supported by increased budgetary allocation in FY22 for public health spending, higher insurance penetration and the burgeoning medical tourism, subjected to covid protocols.

d) Residential & Commercial Spaces

The office segment defined by the new hybrid work culture is expected to be driven by growth in IT sector along with e-commerce, healthcare and FMCG sectors, further aided by growth in ReITs backed institutional investment. Consequently, nearly 38 million square feet new completions in this segment are expected by 2021.[40] The industrial segment comprising of warehouses witnessed restructuring post-pandemic due to increased traction from omni-channel retailing and third-party logistics. Significant opportunities also exist in cold chain manufacturing as the industry is expected to double from USD 19.6 billion in 2020 to USD 36 billion by 2024. The resulting supply demand dynamics is expected to create 30-35 million square feet in new completions in the industrial segment[40]. Constrained supply is also driving usage change of existing assets like malls, high-street retail, marriage halls, auditoriums, showrooms and workshops.

The residential segment is likely to witness increased home purchase affordability due to suppressed mortgage rates and increase in annual household income, conditional on the developing covid 19 situations in India. Furthermore, shift in consumer preferences towards owning a house, healthy

[28]*CEA, Ministry of Power*
[29]*https://energy.economictimes.indiatimes.com/news/power/india-to-have-70000-mw-of-hydropower-capacity-by-2030-official/75859241*
[30]*PIB: https://pib.gov.in/PressReleseDetailm.aspx?PRID=1606777*
[31]*Global Wind Energy Council*
[32]*NASSCOM – Technology sector in India 2021*
[33]*Crisil Research – Demand for data center goes viral.*
[34]*Anarock- Mace Report : Navigating the India Data centre lifestyle*
[35]*Standing Committee on Information Technology 2020-21 : India's preparedness for 5G*
[36]*GSMA, The impacts of mmWave 5G in India : 2020*
[37]*Niti Aayog : Investment Opportunity in India Healthcare, published in 2021*
[38]*Business Standard, 29 April,2021 : https://www.business-standard.com/article/current-affairs/india-will-need-500-000-icu-beds-350-000-medical-staff-in-next-few-weeks-121042900588_1.html*
[39]*Invest India : Healthcare Sector last updated April 16, 2021*
[40]*JLL India Real Estate Outlook 2021*

lifestyle, well equipped gated communities are likely to influence supply decisions in the market. However, residential segment is expected to continue witnessing focus on mid and affordable housing markets as more than 80% of new launches in 2020 were from this segment. A combination of improved consumer sentiments, affordability and integration of digital in the value chain including project monitoring should lead to translation of pent-up demand into sales.[40]

5. **Appliances**

The Indian Home Appliances Market is categorized into small and major appliances. They are also segregated on the basis of its distribution channel.

The appliance market is highly competitive and is moderately consolidated, with top players accounting for significant market shares. Consumer preferences have also evolved to increase demand for technologically advanced as well as ecologically safe products.[41] It continues to drive innovation in this segment.

Consumer durables demand in India is primarily driven by rising household incomes, increasing urbanization, a growing middle class and changing lifestyles. Significant increase in discretionary income and easy financing schemes have also led to shortened product replacement cycles. The industry logged in decade high sales in H2CY20, posting incredible volume growth in air-conditioners, refrigerators, microwave ovens and washing machines on offline and online sales channels. Demand for appliances grew significantly during the traditional festive season and during the lockdown when people were forced to choose convenient and easy to use appliances.[42]

The pandemic also accelerated a structural shift in the industry. With the growing popularity of contactless shopping, online channels continued to increase its penetration across cities and towns, to fuel the demand for online shopping. Non-metro cities with an increasing appetite for consumption and potential for new business centres are evolving as target markets. Policy support through the PLI scheme and Aatmanirbhar Bharat, coupled with the theme of vocal for local, bodes well for the domestic growth and export competitiveness of the industry.[43]

Company overview

Operational and Financial Review

In nearly a century, there has been no year like 2020-21, which saw the business shutting their doors for extended periods across the globe due to Covid-19 pandemic. Your Company too had no operations for about 40 days during April – May 2020, thereafter as the economy started opening with abundant caution, the marketplaces started buzzing again. Though the initial ramp up was slow but later it picked up momentum.

Following all safety protocols, the Company achieved an operating turnover of ₹ 518.17 crores as against ₹ 525.06 crores in FY20. In the start, it was the pent-up demand but subsequently with timely intervention of the governments across the world, infusing liquidity into the system, the projects started moving and the real demand started flowing.

With its agility, your Company was well placed to take advantage of evolving business environment and quickly responded to meet the customer's demand. The Company has been laying foundation over the last few years by its continuing Capex in creating capacities and developing capabilities for high value-added products. Thus, the Company could maintain its revenue despite the disruptions and achieved an EBIDTA of ₹ 78.04 crores (15.06%) in FY21 as against ₹ 77.72 crores (14.80%) in FY20.

The year saw increased demand from thermal and wind power generation, locomotives, core industrials and appliances sectors. The Company also developed new products and undertaken new projects as presented in various section of the Annual Report 2020-21.

During the year, the Company received a provisional approval of ₹ 21.66 crores and sanction of ₹ 16.25 crores (75% of approval – as per IPS 2013) of industrial subsidy for its mega project in Aurangabad from Government of Maharashtra for the years 2018-19 & 2019-20 which is accounted in March 2021.

The Company earned a profit after tax (PAT) of ₹ 28.78 crores in FY21 as against ₹ 17.10 crores in FY20, up by 68.30%, thus the Earning per share (EPS) has increased by ₹ 3.56 per share from ₹ 5.42 to ₹ 8.98 per share.

The Company's capex plans are in progress, the Company maintains a satisfactory debt profile with its debt to equity ratio of 1.08 at the year end.

[40]JLL India Real Estate Outlook 2021

[41]Mordor Intelligence

[42]https://economictimes.indiatimes.com/industry/cons-products/durables/home-appliances-clock-decade-best-sales-in-india-in-july-dec-2020-gfk-india/articleshow/81052201.cms?from=mdr

[43]IBEF: https://www.ibef.org/download/Consumer-Durables-January-2021.pdf

Key Ratio

Particulars	FY21	FY20	Change %	Reasons
Inventory Turnover (No of Times)	4	5	-20%	The sudden disruption in sales has reduced the inventory turnover during the year.
Debtors Turnover (No of Times)	4	4	0%	Debtor turnover ratio is maintained at its usual level.
Interest Coverage Ratio	3.83	3.02	27%	The interest coverage ratio has improved on account of higher PAT.
Current Ratio	1.13	1.10	3%	The current ratio has improved on account of income accrued by way of industrial promotion subsidy of ₹ 16.25 crores from Government of Maharashtra.
Debt Equity Ratio	1.08	1.06	2%	The minor movement in Debt Equity Ratio is on account of Covid facility under CECL & ECLGS availed by the Company.
EBIDTA (%)	15.06	14.8	2%	The EBIDTA% has improved due to favourable product mix of value-added products.
PBT to Net Sales (%)	7.44	3.78	97%	Both PBT & PAT has improved on account of industrial promotion subsidy and better operational efficiencies.
PAT to Net Sales (%)	5.55	3.26	71%	
Return on Equity (%)	12.20	8.23	48%	The return ratios are improved on account of higher PAT.
Return on Capital Employed (%)	13.40	11.91	13%	
P/E Ratio	7	4	75%	These ratios are the factor of the share price of the Company in the stock market.
P/BV Ratio	0.91	0.34	168%	

Risk Management

Risk Management Framework of Pitti Engineering Limited is built around the following three key aspects:

1. **Enterprise Risk Management**
2. **Process Risk Management**
3. **Compliance Risk Management**

Identification and mitigation initiatives of Enterprise level risks are handled on continuous basis by the Management and Business teams.

Process Risk management involves review of business related operational and financial processes and controls through a Risk Control Matrix.

Compliance Risk Management comprises of a mechanism of reporting and assurances with respect to adherence with laws and regulations prevailing in the country.

Following is an indicative representation of some of the material risks that the company manages on a frequent basis:

Economic risk: Capital goods sector is inextricably linked with the overall economic, infrastructural and industrial growth of any country/region. In order to reduce its dependence from economic wellbeing of a particular country/region, the Company continues to diversify its markets across many countries/regions. Further, the Company steadily diversifies its user segments also, in order to strike a right balance of user segments, including few non-capital goods one.

Technology risk: Being in the business of engineered goods with a significantly higher level of customization, the company's business is susceptible to technological/ product process obsolescence. Pitti Engineering deploys a twin-pronged approach to stay ahead of the technological curve. First being steady addition of greenfield capacities that imbibes the best in class global technologies and processes available at that point in time. The second level of this approach is to undertake periodic modernization of its legacy facilities by way of maintenance Capex.

Concentration risk: Being overdependent on a particular customer, user segment or country/ region can pose a business risk in case of the said constituent undergoing a business crisis or preferring to shift to another supplier. The Company diversifies its customer base that often transcends even the application segment and supply geographies.

Competition risk: Emergence of a large number of competitors vying for the same business can heighten competition risk which often leads to revenue and margin erosion. Pitti Engineering, by successful pursuit of a number of forward and backward linkages, has emerged as a highly unique vertically integrated player in significantly higher value added solutions. Consequently, the company has not only insulated it from standalone competitors across the highly staggered value chain, but also, in the process, developed such stickiness that even fiercely competing customers would come to it, directly or indirectly, for its impeccable customer value proposition.

Liquidity risk: Capital goods sector continues to be a capital intensive sector involving longer cycle of product development that often includes proof of concept components as well. Besides a strong balance sheet, the Company always follows a prudent working capital management regime.

Safety, health and environment (SHE) risk: Occupational hazards may endanger the safety of our employees and communities around our manufacturing locations besides adversely affecting the flora, fauna and environment. The Company deploys best in class technologies, equipment and workmen safety protocol, right from the initial development work to day to day operations of its manufacturing plants. Increased automation with extra focus on workmen safety helps improve SHE performance.

The company remains mindful in reducing its carbon footprints through steady rationalization of energy and water consumption and continues to adhere to the principle of 4Rs (reduce, reuse, recycle and recover).

HR risk: Any erosion in commitment, competence and compassion of employees towards company's stated vision of value creation can incapacitate the company's abilities and reputation. The Company keeps talent pool at the core of its being and, in turn, drives a greater involvement and commitment from them to co-create shared value.

Unforeseen Risk: The most significant emerging risk is the ongoing Covid-19 pandemic which resulted in a loss of human lives, impacted economic activity across the world and eroded wealth more than what the financial meltdown did. The lockdown imposed to contain the spread of the contagion impacted business operations across India and the world. In recognition of the seriousness of the threat, the Company put in place stringent safety protocols, provided extensive communication and training on safety protocols at the workplace for employees. Operations were carried out in adherence with the norms stipulated by the government. This helped the Company marginalize the impact of these challenging times. We are doing all we can to ensure business continuity and working tirelessly to mitigate the risks.

Internal Control system and their adequacy

The Company has a robust and effective internal control mechanism in place, one that is commensurate with the size, nature and complexities of its business. Internal control mechanism, which is benchmarked with evolving best practices at the regular intervals, ensures Company's adherences to all applicable regulations in letter and spirit. It also protects company's various assets from unauthorized use while also ensuring accuracy of financial reporting.

The Company's robust Management Information System, spanning all critical functions, forms an important pivot of internal controls. The leadership team, including all the functional/ unit heads, serves as the first ring fence. Periodic internal audits, the second ring fence formed by an independent internal auditor, reviews control mechanism and its efficacy. The internal audit is entrusted to an independent Chartered Accountants firm, M/s. SVD Associates.

The Audit Committee periodically reviews the efficacy of control mechanism, offering improvement suggestions, as and when apparent. Internal control on financial reporting is attested by the Company's Statutory Auditors.

Human Resources

Our human capital development forms the core of our organisation and drives our business strategic framework. The Company's experience over the years firmly instils the confidence that the growth and success of our organisation is directly dependant on employee's alignment with the Company's vision and customer value proposition. The Company's success has been driven by its ability to nurture, engage, upskill and motivate a promising talent pool and the Company endeavors to ensure their personal and professional growth. We continuously foster a working environment driven by collaboration, transparency and equity through bringing fresh talent and encouraging new ideas which translates into our success in innovations and entrepreneurial culture setting.

Furthermore, the Company focuses on employees personal and professional goals through a structured training program which includes access to continuous learning and development, on the job learning and behavioral skills development. Our rewards and recognition program compliments our effort in steering the potential of our human capital. There were 1159 employees on the rolls as on 31st March 2021.

Outlook

The plethora of business opportunities that lies ahead for the Company thrives in the milieu provided by the narrative on macroeconomic fundamentals as discussed in the Global and Indian economy along with an overview of related sectors of the economy.

The increased infrastructure spending by the Government for instilling recovery spirit in the economy has improved liquidity into the system through these developmental projects. Consequently, besides directly generating demand from the transportation sector, the spill over effect on industries along the value chain is driving capex additions in industrials, by both private and public sector, for creating capacities in steel, cement and construction. Factoring the positive sentiments as gauged through interactions with the existing customers and new enquiries, the Company is poised to outperform in the segment in the coming years.

Opportunities

New infrastructure development has also created new demands in the pump industry along with replacement demand. The company has proactively increased capex to boost its capabilities to cater to the rising demand even as the Company is prepared for adapting to the changing efficiency norms.

The sugar industry is witnessing a turn around aided by policy support and record production in recent years. We expect a good demand from this sector as India has started exporting its surplus sugar amidst supply constraints from major exporting nations.

The demand from the power generation sector which was sluggish in recent years is witnessing strong surge due to growth in economic activities. The company has a dedicated capacity to cater to the sector and the anticipated demand will increase the operating leverage of the company from a previous low base due to underutilisation, thereby leading to a positive impact on its bottom line.

The company is highly optimistic on the growth trajectory of demand from Diesel Generator (DG) sets segment to provide uninterrupted power supply for crucial downstream segments such as data centres, hospitals, 5G Network, high rise residential and commercial complexes. The company expects these sunrise sectors to drive growth in the near future.

With the objective of increasing product portfolio for its existing customers, the Company has capitalised on its capex additions to enter into fabrication of Truck Frames, which is the under carriage of railway engines, to supply for the domestic operations of one of its prestigious international customers. The success in this new product is expected to unlock new market opportunities in International and domestic markets as there exists huge untapped opportunities with Indian Railways for the product.

In line with the strategy to move high up along the procurement value chain of its downstream customers, the company has begun supplying shaft-inserted rotors by manufacturing shaft in house, thereby facilitating unique positioning of PITTI in the supply chain of this product for its customers.

The Company's capacity expansion program to modernise its press shop with high-speed presses is in line with the objective to enter the high-volume appliance market, which is transitioning towards organised sector for fulfilling its procurement requirements. The shift, driven partly by withdrawal of many players from the unorganised sector in the post pandemic scenario along with changing efficiency norms and rising quality awareness amongst the end consumers, is forcing appliance manufacturers to source components from established players in the industry.

The competitive advantage provided by in house facility for integrated end to end manufacturing processes including machining, assembly, fabrication, casting along with an established large supply chain for procurement of massive list of components required for assembly and sub assembly purposes, imparts higher value addition to the products. This one stop shop characteristic of PITTI makes it invincible for its downstream customers for their supply chain requirements. Furthermore, an established track record of timely supply of quality products year after year reiterates the sturdy relationship we have with our customers.

Threats

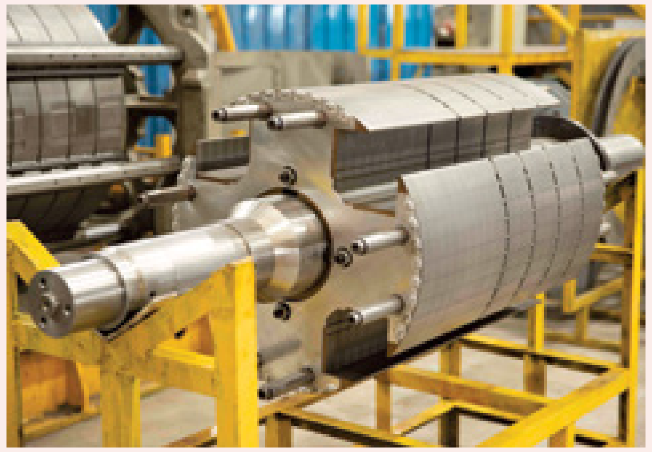
The major threat to the company lies in the fickleness of the recovering economy buffeted by the resurgent second wave of infection and its spill over effect on downstream sectors. This could impact the anticipated demand from government's infrastructure push in the near term owing to diminishing headroom for fiscal spending and increasing commodity prices particularly steel, among others. The spread of the virus in the otherwise buoyant rural economy could compound the crisis further, thereby eroding significant demand across diverse sectors.

Furthermore, we exist in a symbolic relationship within the aforementioned ecosystem where both the vulnerability and opportunities within the ecosystem could spill over to the Company's performance.

Nevertheless, as an organisation with strong preparedness model, we stand on a very strong order book from our marquee clientele.

Cautionary Statement

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied since the Company's operations are influenced by many external and internal factors beyond its control. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, based on any subsequent developments, information or events. Readers are cautioned that the risks outlined here are not exhaustive. Readers are requested to exercise their judgment in assessing the risks associated with the Company.



Directors' Report

Dear Members,

Your Directors are pleased to present the 37th Annual Report on the business and operations of the Company together with the Audited Financial Statements (Standalone and Consolidated) for the year ended 31st March 2021.

Business Overview

Pitti Engineering Limited, formerly known as Pitti Laminations Limited, is engaged in the manufacture of engineering products of iron and steel including electrical steel laminations, stator & rotor core assemblies, sub-assemblies, pole assemblies, die-cast rotors, press tools and high precision machining of various metal components. The Company supplies a range of engineering product to vastly diversified segments like hydro and thermal generation, windmill, mining, cement, steel, sugar, construction, lift irrigation, freight rail, passenger rail, mass urban transport, E-mobility, appliances, medical equipment, oil & gas and several other Industrial applications. Our products finding suitable application in almost all engineering application.

Financial Results

The standalone financial performance of your Company for the year ended 31st March 2021 is summarised below:

₹ in lakhs

Particulars	2020-21	2019-20
Net Revenue from Operations	51,816.71	52,506.29
Other Income	2,049.93	367.45
Profit before Finance Costs, Depreciation, Amortisation and Tax	9,854.85	8,139.09
Less: Finance costs	2,960.02	3,411.54
Profit before Depreciation, Amortisation and Tax	6,894.83	4,727.55
Less: Depreciation & Amortisation	3,038.17	2,742.00
Profit before Tax	3,856.66	1,985.55
Less: Tax expenses	978.82	276.05
Profit after Tax	2,877.84	1,709.50
Add: Other comprehensive income	(76.40)	(25.83)
Total comprehensive income for the year	2,801.44	1,683.67
Add: Surplus at the beginning of the year	10,320.20	8,636.53
Less: Dividend	-	-
Less: Transferred to General reserve	-	-
Surplus carried to Balance sheet	13,121.64	10,320.20

Operating Results and Business

The year 2020-21 will go down in the memory lane as the year of lockdowns due to the global pandemic Covid-19, the Company suffered total disruption of operations for about 40 days during the year. After opening, the ramp up was slow but in the latter half of the year it picked up good momentum. All sectors generated good demand and your Company could sustain the previous operating levels and deliver a reasonably good performance given the circumstances.

During the year, the Company received sanction of industrial subsidy from Government of Maharashtra for its investment in the Aurangabad Mega Project under the Incentive Package Scheme (IPS)-2013 for ₹ 16.25 crores for the claim years 2018-19 & 2019-20 which is accounted as other income in the books of accounts.

The net revenue from operations for the financial year 2020-21 was ₹ 518.17 crores as against ₹ 525.06 crores in the previous year and the total comprehensive income for the period was ₹ 28.01 crores as against ₹ 16.84 crores in the previous year.

The total debt as on 31st March 2021 was ₹ 254.32 crore which includes ₹ 69.53 crores long-term debt and ₹ 184.79 crore of short-term debt. Cash and cash equivalents at the year end was ₹ 13.76 crore resulting in a net debt position of ₹ 240.56 crore. We continued to maintain a conservative leverage profile with a total debt to equity ratio of 1.08x.

Impact of Covid-19

Covid-19 changed almost every aspect of human lives in ways never imagined. As its spread continued to rise exponentially, the Central and State Governments imposed lockdowns, consequent to which the manufacturing operations of the Company was suspended from 23rd March 2020. The operations at the plant in Aurangabad resumed on 25th April 2020 and the plants at Hyderabad resumed on 2nd May 2020 in compliance with the prescribed norms for social distancing, workplace sanitization, safety and hygiene.

The impact on the sales of the Company's product was primarily due to lockdown measures prescribed by various Government authorities. Our business strength and agility enabled us to deliver a steady performance despite the external challenges.

The Company is continuously monitoring the situation and taking necessary actions in response to the developments to minimize the impact and safeguard its assets and people. The Company evaluated the prevailing situation to assess the impact on the financial statements for the year ended 31st March 2021 and is confident of recoverability of the assets including receivables, investments, property plant and equipment, intangible assets, assets held for sale and estimates no material impact. However due to uncertainties surrounding Covid-19, the actual impact may be different from the estimates.

Subsidiaries, Associates and Joint Ventures

During the year under review, your Company has incorporated a Wholly Owned Subsidiary (WoS) viz., Pitti Rail and Engineering Components Limited (CIN: U29100TG2020PLC144524) on 5th October 2020 to carry out the business of manufacture of engineering products/components to leverage growth opportunities. There were no significant operations carried out in the WoS during the year ended 31st March 2021.

The Company is in the process of evaluating various proposals for setting up of green field projects in various states and in this regard the WoS had made an application for setting up a Mega Project in the State of Andhra Pradesh in Kadapa District under the Industrial Incentives Policy 2020-23 and had requested for customised incentives for making the project viable. The Company is reviewing the options for expansion at the existing manufacturing facilities and shall review the setting of the green field project in the State of Andhra Pradesh after thoroughly evaluating the viability of the project.

Your Company does not have any joint venture or associate companies. There has been no material change in the nature of business of the subsidiary. A report on the performance and financial position of the subsidiary, set out in the prescribed form AOC-1 in terms of proviso to Section 129 (3) of the Companies Act, 2013 is provided as Annexure to the consolidated financial statements and hence not repeated here.

Consolidated Financial Statements

The Audited Consolidated Financial Statements of the Company as on 31st March 2021, which forms part of this Annual Report, have been prepared pursuant to the provisions of SEBI Listing Regulations and applicable Indian Accounting Standard (IndAS) on Consolidated Financial Statements (IndAS-110) as notified by the Ministry of Corporate Affairs.

The annual accounts of the subsidiary companies are kept for inspection by any member at the Registered Office of the Company as well as at the Registered Office of the subsidiary company and also available on the website of the Company, www.pitti.in Any member interested in a copy of the accounts of the subsidiary may write to the Company Secretary at the Registered Office of the Company.

Material Changes

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of this report. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

Transfer to Reserves

The Company does not propose to transfer any amount to the General Reserve out of the amount available for appropriation.

Dividend

In view of the proposed expansion plans requiring higher capital allocation and increased operations requiring higher working capital, your Director's express their inability to recommend dividend for the financial year 2020-21. The Board of Directors of the Company has adopted a dividend distribution policy. The policy is also available on the website of the Company, www.pitti.in.

Share Capital

During the year under review there has been no change in the authorised and paid-up share capital of the Company. The Company has not issued shares with differential voting rights, employee stock options and sweat equity shares.

Public Deposits

During the year under review, your Company has not accepted any deposit within the meaning of Section 73 and 74 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment for the time being in force.

Pursuant to Rule 2(c) (viii) of the Companies (Acceptance of Deposits) Rules, 2014, the Company has received unsecured loans from its Directors. The details of which are provided in the Financial Statement and under transactions with related parties which forms part of this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as an Annexure-1 and forms an integral part of this report.

Significant and Material Orders Passed by the Regulators Or Courts

There are no significant and material orders passed by the regulators / courts that would impact the going concern status of the Company and its future operations.

There are no proceeding pending under the Insolvency and Bankruptcy Code, 2016 and there are no instances of onetime settlement with any Bank or Financial Institution.

Director's & Key Managerial Personnel

In accordance with the provisions of Section 152 of the Companies Act, 2013 Shri Akshay S Pitti, Vice-Chairman & Managing Director retires by rotation and being eligible offers himself for re-appointment.

None of the Directors of the Company is disqualified under the provisions of the Companies Act, 2013 and SEBI Listing Regulations, 2015. The certificate of non-disqualification of Directors pursuant to SEBI Listing Regulation is annexed to this Report.

The Independent Directors of the Company have submitted a declaration confirming that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI Listing Regulations and that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge duties with an objective independent judgment and without any external influence. In the opinion of the Board, all Independent Directors are independent of the management.

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors of the Company have registered themselves with the databank maintained by the Indian Institute of Corporate Affairs. Further all Independent Directors are exempted from the requirement to undertake online proficiency self-assessment test as required under the said rules.

There has been no change in the Key Managerial Personnel during the year. Shri Sharad B Pitti, Chairman & Managing Director; Shri Akshay S Pitti, Vice-Chairman & Managing Director; Shri N K Khandelwal, President Corporate Resources & CFO and Ms. Mary Monica Braganza, Company Secretary & Compliance Officer are the Key Managerial Personnel of the Company as on the date of this report.

Meetings of the Board

Four meetings of the Board were held during the year. The details of composition of the Board, particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Report.

Committees of the Board

Detailed composition of the Board committees, number of meetings held during the year under review and other related details are set out in the Corporate Governance Report, which forms a part of this Report.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out the annual evaluation of the Directors as well as the evaluation of the Board and its Committees. The performance evaluation of the Independent Directors was carried out by the entire Board, except the Director being evaluated. The performance evaluation of the Chairman & Managing Director and the Vice-Chairman & Managing Director was carried out by the Independent Directors. The process was carried out by circulating questionnaires on the functioning of the Board, its Committees and Individual Directors on parameters approved by the Nomination and Remuneration Committee.

As an outcome of the above exercise, it was noted that the Directors come from different backgrounds varied administrative, financial, legal and corporate experience. They bring together a good blend of knowledge, relevant skills, experience and have provided sound advice. The Board has functioned as a cohesive body, it effectively monitors both the progress and quality of work with appropriate risk management measures. It has ensured compliance with legal, regulatory and good governance norms. It was also noted that the Committees of the Board are functioning well and satisfaction was expressed on the performance of Independent Directors and the Executive Directors of the Company.

Particulars of Employees and Related Disclosures

The information relating to remuneration and other details as required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is provided as an Annexure-2 to this report.

There are no employees who draw remuneration in excess of the limits prescribed in Rule 5(2)(i), (ii) and (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Pursuant to the provisions of the first proviso to Section 136(1) of the Act, the annual report excluding the remuneration details of top ten employees is being sent to the Members of the Company. The said information is available for inspection on all working days, during business hours, at the Registered Office of the Company. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors of your Company confirm that:

a) in the preparation of the annual accounts for the financial year ended 31st March 2021, the applicable Accounting Standards have been followed and there are no material departures from the same.

b) such accounting policies as mentioned in the notes to the financial statements have been applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2021 and of the profit of the Company for the year ended on that date.

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) the annual accounts have been prepared on a 'going concern' basis.

e) proper internal financial controls laid down by the Directors were followed by your Company and that such internal financial controls are adequate and operating effectively and

f) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Industrial Relations

The Company enjoyed cordial relations with its employees during the year under review. Your Company has always considered its workforce and their skills as its valuable asset and continues to enhance their performance with emphasis on aligning it with the changing business requirements. The periodical trainings, incentives, increments and other welfare measures ensure healthy industrial relations. The total number of employees on rolls as on 31st March 2021 was 1159.

Prevention of Sexual Harrassment

Your Company has formulated a policy for the prevention of sexual harassment at the workplace. It ensures prevention and deterrence of acts of sexual harassment and communicates procedures for their resolution and settlement. The Company is committed to creating and maintaining a healthy working environment that enables employees to work without fear or prejudice, gender bias and sexual harassment. The Company believes that all employees have a right to be treated with respect and dignity and has zero tolerance towards violations of its code of conduct, in general, and its sexual harassment policy, in particular. During the year, no complaint under the sexual harassment policy has been received by the Company. The Company has complied with the provisions relating to the constitution of internal complaints committee under the Sexual Harassment of Women at Work Place (Prevention Prohibition and Redressal) Act 2013.

Vigil Mechanism / Whistle Blower Policy

The Company has adopted a whistle blower policy and has established necessary vigil mechanism as defined under Regulation 22 of the SEBI Listing Regulations and section 177 of the Companies Act, 2013 for the Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethical policy. The policy provides for adequate safeguards against victimisation of employees who avail of the mechanism.

During the year under review, no personnel was denied access to the Audit Committee. The policy is posted on the website of the Company at www.pitti.in.

Internal Control Systems and their Adequacy

Your Company has an effective internal control and risk mitigation system, which are constantly assessed and strengthened with new / revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its operations. The internal audit is entrusted to M/s. SVD & Associates, Chartered Accountants. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

The Audit Committee actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. The Company has a robust Management Information System, which is an integral part of the control mechanism.

Further, the Statutory Auditors of the Company have also issued an attestation report on internal control over financial reporting (as defined in section 143 of Companies Act, 2013) for the financial year ended 31st March 2021, which forms part to the Statutory Auditors Report.

Risk Management

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks help in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is periodically reviewed by the Board and the Audit Committee.

However, some of the risks which may pose challenges are set out in the Management and Discussion Analysis which forms an integral part of this report.

Corporate Social Responsibility

As a part of its initiative under the Corporate Social Responsibility (CSR) the Company undertakes various welfare activities. During the year under review ₹ 50.15 lakhs being 2% of the average net profit of the preceding three years was spend on distribution of basic grocery items to the migrant workers and poor affected due to the Covid-19 pandemic and lockdown; providing financial assistance to schools, students, women and widows and medical assistance to the needy. The CSR activities were executed through the implementing agency M/s Badrivishal Pannalal Pitti Trust.

The Annual report on CSR activities as required under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 read with section 134(3) and 135(2) of the Companies Act, 2013, as amended, has been annexed as Annexure-3 and forms an integral part of this report.

A revised policy for Corporate Social Responsibility drawn in line with the requirements of the amended section 134 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended was approved by the Board of Directors on 18th June 2021 and is available on the website of the Company, www.pitti.in.

Particulars of Loans, Guarantees and Investments

The Company has not given any loans, guarantees or security in connection with loans or made any investments other than investment in its wholly owned subsidiary during the year. Details of investments are given in the notes to the Financial Statements.

Related Party Transactions

All transactions entered into with related parties during the year under review were on arm's length basis and in the ordinary course of business and is in accordance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The material related party transactions entered into by the Company are made with the approval of the Members. The information on material transactions with related parties is given in Annexure-4 in Form No. AOC-2 and the same forms part of this report, please refer to note 25.13 of the notes to financial statements for the transactions with related parties.

All related party transactions are placed before the Audit Committee and omnibus approval is obtained for transactions which are of repetitive nature.

The policy on related party transactions as approved by the Board of Directors has been uploaded on the website of the Company, www.pitti.in.

Extract of Annual Return

Pursuant to the provisions of Section 92(3) and Section 134(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended, the Annual Return of the Company as on 31st March 2021 is available on the Company's website, www.pitti.in under the section 'Investor Desk'.

Secretarial Standards

During the year under review, your Company has complied with all the applicable secretarial standards. The same has also been confirmed by Secretarial Auditors of the Company.

Management Discussion and Analysis

The Management Discussion and Analysis Report on the operations of the Company as required under SEBI Listing Regulations is provided in a separate section and forms an integral part of this Report.

Corporate Governance

As per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, a detailed report on corporate governance, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

Auditors and Auditor's Report

Statutory Auditors

M/s. Laxminiwas & Co, Chartered Accountants were appointed as Statutory Auditors of the Company at the Annual General Meeting held on 6th September 2017 for a term of five years, subject to ratification by the Members at every Annual General Meeting (AGM). Pursuant to the notification dated 7th May 2018 issued by Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by Members at each AGM has been done away with. Accordingly, no such item has been considered in notice of the 37th AGM.

M/s. Laxminiwas & Co, Chartered Accountants have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Notes on financial statement referred to in the Auditor's Report are self explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

The Statutory Auditors of the Company have not reported any fraud under Section 143(12) of the Companies Act, 2013.

Cost Auditors

The Company is required to maintain cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013 and accordingly such accounts and records are maintained by the Company.

The Board of Directors, on the recommendation of Audit Committee has appointed M/s. S S Zanwar & Associates, Cost Accountants (Firm Registration No.100283) as the Cost Auditors to audit the cost accounts of the Company for the financial year 2021-22. As required under the Companies Act, 2013 a resolution seeking Member's ratification for the remuneration payable to the cost auditor forms part of the notice convening the 37th AGM.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Board has appointed Shri Ajay Kishen, Practicing Company Secretary (CP. No. 5146) to conduct Secretarial Audit for the Financial Year 2020-21. The Secretarial Audit Report for the financial year ended 31st March 2021 is annexed to this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Cautionary Statement

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

Acknowledgement

Your Directors wish to place on record their appreciation for dedicated service and contribution made by the employees of the Company at all levels. Your Directors would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from its customers, suppliers, bankers, financial institutions, government authorities, business partners and other stakeholders.

For and on behalf of the
Board of Directors

Sharad B Pitti
Chairman & Managing Director
DIN: 00078716

Place : Hyderabad
Date : 18th June 2021

Annexure-1

Annexure to the Directors' Report

[Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

(A) Conservation of Energy

(i) Steps taken or impact on conservation of energy

Upgradation of machines with latest technology by replacing old mechanical & electrical parts, connected multiple UPS in N+1 configuration to reduce overall load.

(ii) Steps taken by the Company for utilising alternate sources of energy

Entered into agreement with Tata Solar Power for 1MW solar plant at Aurangabad facility.

(iii) Capital investment on energy conservation equipment.

₹ 110.59 lakhs

(B) Technology Absorption

(i) Efforts made towards technology absorption

Replacing old gearbox, motor, electrical panel with latest technology servomotors with drive, PLC & HMI panel resulting in improved output per hour and reduction in overall consumption of energy.

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution

Product improvement & new product development led to increase in overall output capacity.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

a) the details of technology imported: Nil

b) the year of import: NA

c) whether the technology been fully absorbed: NA

d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

(iv) The expenditure incurred on Research and Development: NIL

(C) Foreign exchange earnings and outgo

₹ in lakhs

Particulars	2020-21	2019-20
Foreign exchange earnings	20,026.59	21,030.97
CIF value of imports	9,368.13	2,249.08
Expenditure in foreign currency	197.82	296.84

For and on behalf of the Board of Directors

Sharad B Pitti
Chairman & Managing Director
DIN: 00078716

Place : Hyderabad
Date : 18th June 2021

Annexure – 2

Particulars of Remuneration

[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year and percentage increase in the remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year

Name and Designation	Ratio of Remuneration to the median remuneration of the employees	Percentage increase in the remuneration
Shri Sharad B Pitti Chairman & Managing Director	36.08:1	31.25%
Shri Akshay S Pitti Vice-Chairman & Managing Director	36.08:1	34.18%
Shri N K Khandelwal President Corporate Resources & CFO	31.51:1	20.74%
Ms. Mary Monica Braganza Company Secretary & Compliance officer.	6.77:1	2.96%

The Non-Executive Directors of the Company are entitled to sitting fees as approved by the Board, hence the ratio of remuneration and percentage increase for Non-Executive Directors remuneration is not stated.

2. Percentage increase in the median remuneration of employees in the financial year was 66.35% because of new recruitments made during the year majorly in skilled categories in line with the business requirement.

3. Number of permanent employees on the rolls of the Company: There were 1159 employees on the rolls as on 31st March 2021.

4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

   The average percentage increase in the salaries of employees other than the managerial personnel in the financial year 2020-21 is 4.75% and the increase in the remuneration of managerial personnel is 32.70%. The reason for the difference is on account of full year impact of Executive Directors remuneration during the year Vs six month impact in the previous year due to revision in the salary of Executive Directors as per shareholders' approval on 19th September 2019 after a gap of seven years.

5. Affirmation that the remuneration is as per the remuneration policy of the Company.

   The Company affirms that the remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors

Sharad B Pitti
Chairman & Managing Director
DIN: 00078716

Place : Hyderabad
Date : 18th June 2021

Annexure – 3

Annual report on Corporate Social Responsibility Activities

[Pursuant to the Companies (Corporate Social Responsibility) Rules, 2014]

1. Brief outline on CSR Policy of the Company

Social and environmental responsibility has always been at the forefront of our operating philosophy and the Company has consistently contributed to socially responsible activities. CSR portraits the deep symbiotic relationship that the Company enjoys with the communities it is engaged with.

The Company's CSR Policy is in alignment with the provisions of the Companies Act, 2013. The activities undertaken include projects in urban and rural development, welfare activities, women empowerment, eradicating hunger, promoting health care and education. The CSR policy is available on the website of the Company, www.pitti.in.

2. Composition of CSR Committee

Sl. No	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri Sharad B Pitti	Chairman, Executive Director	1	1
2.	Shri Akshay S Pitti	Member, Executive Director	1	1
3.	Shri G Vijaya Kumar	Member, Independent, Non-Executive Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company.

Composition of the CSR Committee is shared above, the CSR Policy and the CSR projects as approved by the Board are available on the website of the Company, www.pitti.in.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable. The Company does not have an average CSR obligation of ₹ 10 Crore or more in the 3 immediately preceding financial years as specified in Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No	Financial Year	Amount available for set-off from preceding financial years	Amount required to be setoff for the financial year, if any
		NIL	

₹ in lakhs

6.		Average net profit of the Company as per Section 135(5)	2507.43
7.	a.	Two per cent of average net profit of the Company as per Section 135(5)	50.15
	b.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	NIL
	c.	Amount required to be set off for the financial year, if any	NIL
	d.	Total CSR obligation for the financial year (7a+7b-7c)	50.15

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

₹ in lakhs

Total Amount Spent for the Financial Year.	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
50.15	NIL	NIL	NIL	NIL	NIL

b. Details of CSR amount spent against ongoing projects for the financial year:

₹ in lakhs

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Project duration	Amount allocated for the project	Amount spent in the current financial Year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
NIL												

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

₹ in lakhs

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1.	Distribution of food grains to migrant workers and poor during Covid - 19 pandemic	Hunger, Poverty & Malnutrition	Yes	Telangana	Hyderabad	38.70	No	Badrivishal Pannalal Pitti Trust	NA Obtaining CSR Registration was mandated w.e.f 01-04-2021.
2.	Providing financial assistance to schools and education assistance to students.	Education	Yes	Telangana Maharashtra	Hyderabad Aurangabad	5.98	No	Badrivishal Pannalal Pitti Trust	
3.	Providing financial assistance to women and widows	Women Empowerment	Yes	Telangana	Hyderabad	4.97	No	Badrivishal Pannalal Pitti Trust	
4.	Providing health care by offering medical assistance to the needy.	Healthcare	Yes	Telangana	Hyderabad	0.50	No	Badrivishal Pannalal Pitti Trust	
	TOTAL					**50.15**			

d. Amount spent in Administrative Overheads - Nil

e. Amount spent on Impact Assessment, if applicable - Nil

f. Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ 50.15 lakhs

g. Excess amount for set off, if any

₹ in lakhs

Sl. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per Section 135(5)	50.15
(ii)	Total amount spent for the Financial Year	50.15
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

₹ in lakhs

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6)	Amount spent in the reporting financial year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years.
				Name of the Fund	Amount	Date of transfer	
Nil							

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

₹ in lakhs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project Duration	Total amount Allocated for the project	Amount spent on The project in the reporting financial year	Cumulative amount spent at the end of reporting financial year	Status of the project – Completed / Ongoing
Nil								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)

a.	Date of creation or acquisition of the capital asset(s)	NIL
b.	Amount of CSR spent for creation or acquisition of capital asset	NIL
c.	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc	Not applicable
d.	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	Not applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5)

Not applicable

Sharad B Pitti
Chairman & Managing Director,
Chairman - CSR Committee
DIN:00078716

Akshay S Pitti
Vice- Chairman & Managing Director,
Member - CSR Committee
DIN:00078760

G Vijaya Kumar
Independent Director,
Member - CSR Committee
DIN:00780356

Place: Hyderabad
Date: 18th June 2021

Annexure – 4

Form No. AOC-2

Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014

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

1. Details of contracts or arrangements or transactions not at arm's length basis.

   There were no contracts or arrangements or transactions entered into during the year ended 31st March 2021 which were not at arm's length basis.

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

   The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March 2021 are given below, please refer to note 25.13 of the notes to financial statements for the transactions with related parties.

Name of the related party and nature of relationship	Nature of con-tracts / arrange-ments	Duration of the contract / ar-rangements / transactions and salient terms	Amount ₹ in lakhs
Pitti Castings Private Limited Directors interested	Purchase and sale of goods & services	Ongoing [Purchase and sale of goods & services at arm's length. Advance, if any as per terms of contract are adjusted against the invoice.]	8909.22
Pitti Electrical Equipment Private Limited Directors interested	Purchase and sale of goods & services	Ongoing [Purchase and sale of goods & services at arm's length. Advance, if any as per terms of contract are adjusted against the invoice.]	638.86

For and on behalf of the Board of Directors

Sharad B Pitti
Chairman & Managing Director
DIN: 00078716

Place : Hyderabad
Date : 18th June 2021

Secretarial Audit Report

For the financial year ended on 31st March 2021

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To
The Members
Pitti Engineering Limited
(Formerly Pitti Laminations Limited)
Hyderabad

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pitti Engineering Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.;

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [Not applicable to the Company during the Audit period]

   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; [Not applicable to the Company during the Audit period]

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not applicable to the Company during the Audit period]

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not applicable to the Company during the Audit period]

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. [Not applicable to the Company during the Audit period]

   i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company are:

1. Factories Act, 1948
2. Payment of Wages Act, 1936, and rules made thereunder
3. The Minimum Wages Act, 1948, and rules made thereunder
4. Employee's State Insurance Act, 1948, and rules made thereunder
5. The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder
6. The Payment of Bonus Act, 1965, and rules made thereunder
7. Payment of Gratuity Act, 1972, and rules made thereunder
8. The Water (Prevention & Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975
9. Industrial Disputes Act, 1947
10. The Air (Prevention and Control of Pollution) Act, 1981
11. The Environment (Protection) Act, 1986
12. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
13. Contract Labour (Regulation and Abolition Act), 1970
14. Maternity Benefit Act, 1961
15. Child Labour (Prohibition and Regulation) Act, 1986
16. Industrial Employment (Standing Orders) Act, 1946
17. Employee's Compensation Act, 1976
18. Equal Remuneration Act, 1976
19. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice.

As per the minutes, the decisions at the Board Meetings were taken unanimously.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period of the Company no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Ajay Kishen
Practicing Company Secretary
Place: Hyderabad M.No: 6298 CP:5146
Date: 18th June 2021 UDIN: F006298C000485887

Note : This report is to be read with my letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

Annexure A

To
The Members
Pitti Engineering Limited
(Formerly Pitti Laminations Limited)
Hyderabad

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Ajay Kishen
Practicing Company Secretary
Place: Hyderabad M.No: 6298 CP:5146
Date: 18th June 2021

Report on Corporate Governance

Statement on Company's Philosophy on Code of Governance

Pitti Engineering Limited ("the Company") philosophy on Corporate Governance is led by a strong emphasis on transparency, accountability and integrity and the Company has been practicing these principles of Corporate Governance over the years. Your Company firmly believes that Corporate Governance is an important instrument of investor protection, and essentially a system by which Companies are directed and controlled by the management in the best interest of all stakeholders.

Board of Directors

Composition of Board

As on 31st March 2021, the Board has seven Directors, comprising five Independent Directors, (including one Woman Director) and two Promoter Executive Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations.

Meetings of the Board

Minimum four prescribed Board meetings are held every year. Additional meetings are held to address specific needs of the Company. In case of any exigency, emergency resolutions are passed by circulation. During the year under review, four meeting of the Directors were held on 25th June 2020, 12th August 2020, 30th October 2020 and 10th February 2021.

Due to the Covid-19 pandemic and lockdown restriction imposed by the Government, the gap between the meetings held on 10th February 2020 and 25th June 2020 exceeded 120 days but was held within extended time gap of 180 days granted by SEBI and MCA. The gap between all other meetings did not exceed 120 days.

The necessary quorum was present for all the meetings.

Detailed agenda containing management reports and other explanatory statements are circulated to the Board, the minimum information required to be made available to the Board as set out in Regulation 17 read with Part A of Schedule II of the SEBI Listing Regulations has been placed before the Board for its consideration. Such information is submitted either as part of the agenda papers in advance of the meetings or by way of presentations and discussions during the meetings.

Director's attendance record and their other Directorships / Committee memberships

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting and the number of Directorships and Committee Memberships / Chairmanships held by them as on 31st March 2021 is given below.

Name of the Director	Category	Number of Board Meetings attended during the year 2020-21	Whether attended last AGM held on 25.09.2020	Number of Directorships in other Companies	Number of Committees Membership (s)/ Chairmanship(s) held in other public companies*	Names of the other Listed entities where the person is Director & category of directorship
Shri Sharad B Pitti Chairman & Managing Director DIN 00078716	Promoter Executive Director	3	Yes	6	Nil	Nil
Shri Akshay S Pitti Vice-Chairman & Managing Director DIN 00078760	Promoter Executive Director	3	Yes	6	Nil	Nil
Shri N R Ganti DIN 00021592	Independent Non-Executive	4	Yes	Nil	Nil	Nil
Shri G Vijaya Kumar DIN 00780356	Independent Non-Executive	4	Yes	Nil	Nil	Nil
Shri M Gopalakrishna DIN 00088454	Independent Non-Executive	4	Yes	8	8 [Incl. 2 as Chairman]	1. Suven Life Sciences Ltd. Independent Director 2. Olectra Greentech Ltd. Independent Director 3. BGR Energy Systems Ltd. Independent Director 4. The Andhra Petrochemicals Ltd. Independent Director
Ms. Gayathri Ramachandran DIN 02872723	Independent Non-Executive	4	Yes	8	6 [Incl. 2 as Chairman]	1. SKIL Infrastructure Ltd. Independent Director 2. JPT Securities Ltd. Independent Director 3. KLG Capital Services Ltd. Independent Director
Shri S Thiagarajan DIN 02721001	Independent Non-Executive	4	Yes	Nil	Nil	Nil

* In accordance with Regulation 26 of the SEBI Listing Regulations, Membership(s) / Chairmanship(s) of only Audit Committees and Stakeholders' Relationship Committees in all other public limited companies have been considered.

Necessary disclosures regarding Directorship, Committee Membership / Chairmanship have been made by the Directors. The number of directorship(s), committee membership(s)/chairmanship(s) of all Directors is within the respective limits prescribed under the Companies Act, 2013 and the SEBI Listing Regulations.

None of the Directors are related to each other, except Shri Sharad B Pitti and Shri Akshay S Pitti.

Board's skills / expertise / competencies

The Board comprises of qualified members who bring the required skills, expertise and competence on the following matrix which allows the Company to carry its business efficiently.

- Governance and Board Services
- Business Understanding
- Risk/Legal/Regulatory Compliance
- Information Technology/Accounting/Financial Experience
- Industry/Sector knowledge
- Strategy development and implementation

The matrix setting out the skills/expertise/competence of the Board of Directors is as under:

Sl. No	Name of the Director	Category	Skills/Expertise/Competence of the Directors					
			Governance and Board Service	Business Understanding	Risk/Legal/ Regulatory Compliance	Information Technology/ Accounting/ Financial Experience	Industry/ Sector Knowledge	Strategy Development and Implementation
1	Shri Sharad B Pitti	Chairman & Managing Director	✓	✓	✓		✓	✓
2	Shri Akshay S Pitti	Vice-Chairman & Managing Director	✓	✓		✓	✓	✓
3	Shri N R Ganti	Non-Executive Independent Director	✓	✓	✓	✓		✓
4	Shri G Vijaya Kumar	Non-Executive Independent Director	✓	✓	✓	✓		
5	Shri M Gopalakrishna	Non-Executive Independent Director	✓	✓	✓		✓	✓

Sl. No	Name of the Director	Category	Skills/Expertise/Competence of the Directors					
			Governance and Board Service	Business Understanding	Risk/Legal/ Regulatory Compliance	Information Technology/ Accounting/ Financial Experience	Industry/ Sector Knowledge	Strategy Development and Implementation
6	Ms. Gayathri Ramachandran	Non-Executive Independent Director	✓	✓			✓	✓
7	Shri S Thiagarajan	Non-Executive Independent Director	✓	✓	✓	✓		✓

Meeting of the Independent Directors

During the year under review, a separate meeting of the Independent Directors was held on 24th June 2020 without the presence of Executives. The meeting was attended by all the Independent Directors. The Independent Directors discussed matters pertaining to the Company's affairs and reviewed the performance of Non-Independent Directors, the Chairman and the Board as a whole, and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board for effective functioning of the Board and performance of its duties.

Confirmation from the Board

The Board of Directors verified the veracity of declarations given by the Independent Directors and in the opinion of Board, the Independent Directors fulfil the conditions specified by the Companies Act, 2013 and SEBI Listing Regulations and are independent from the Management.

There has been no resignation of Independent Directors during the year.

Familiarisation programme

The Board members are provided with necessary documents, brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company, global business environment, business strategy and risks involved. Site visits to various plant locations are organised for the Independent Directors to enable them to understand and acquaint with the operations of the Company. The details of the familiarisation programme for Independent Directors is available on the website of the Company, www.pitti.in.

Governance policies

The Company in order to adhere to the ethical standards have adopted various codes and policies to carry out the duties in an ethical manner. Some of these codes and policies are:

- Code of conduct & ethics for Directors & senior management
- Code for Independent Directors
- Corporate social responsibility policy
- Remuneration policy
- Policy for preservation of documents
- Policy for determining the materiality of an event
- Dividend distribution policy
- Insider trading policy
- Code of practices and procedures for fair disclosure of unpublished price sensitive information
- Vigil mechanism / Whistle blower policy
- Policy and procedure of enquiry in case of leak of unpublished price sensitive information
- Policy for determining material subsidiaries
- Policy on related party transactions

The above policies are available on the website of the Company at www.pitti.in under the head Investors Desk.

Equity shares and convertible instruments held by Directors

The number of equity shares held by Executive and Non-Executive Directors as on 31st March 2021 is given below:

Name	Equity shares
Shri Sharad B Pitti	43,49,926
Shri Akshay S Pitti	42,28,414
Shri N R Ganti	1,600
Shri G Vijaya Kumar	20
Shri M Gopalakrishna	Nil
Ms. Gayathri Ramachandran	Nil
Shri S Thiagarajan	Nil

Committees of the Board

Audit Committee

The Audit Committee comprises entirely of Independent Directors. All members of the Audit Committee have accounting, financial and management expertise. The Chairman of the Committee attended the AGM held on 25th September 2020 to answer the shareholders queries.

During the year under review, the Committee met four times on the following dates:

25th June 2020, 12th August 2020, 30th October 2020 and 10th February 2021

Due to the Covid-19 pandemic and lockdown restriction imposed by the Government, the gap between the meetings held on 10th February 2020 and 25th June 2020 exceeded 120 days but was held within extended time gap of 180 days granted by SEBI and MCA. The gap between all other meetings did not exceed 120 days.

The below table gives the composition and attendance record of the Audit Committee

Name	Category	Position	Number of meetings	
			Held	Attended
Shri S Thiagarajan	Independent Director	Chairman	4	4
Shri N R Ganti	Independent Director	Member	4	4
Shri G Vijaya Kumar	Independent Director	Member	4	4

The Chief Financial Officer, Statutory Auditors, Internal Auditors are permanent invitees to the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

The terms of reference for the Audit Committee include the matters as specified in Section 177 of the Companies Act, 2013 and Regulation 18(3) of the SEBI Listing Regulations as follows:

a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommendation for appointment, re-appointment and terms of appointment of the statutory auditor and the fixation of audit fees.

c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

d) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

   i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of the Act;

   ii. Changes, if any, in accounting policies and practices and reasons for the same;

   iii. Major accounting entries involving estimates based on the exercise of judgment by management;

   iv. Significant adjustments made in the financial statements arising out of audit findings;

   v. Compliance with listing and other legal requirements relating to financial statements;

   vi. Disclosure of any related party transactions; and

   vii. Modified opinion(s) in the draft audit report.

e) Reviewing along with the management, the quarterly financial statements before submission to the Board for approval.

f) Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

g) Reviewing and monitory of the auditor's independence and performance, and effectiveness of audit process.

h) Approval of any subsequent modification of transactions of the listed entity with related parties.

i) Scrutiny of inter-corporate loans and investments.

j) Valuation of undertakings or assets of the listed entity, whenever it is necessary.

k) Evaluation of internal financial controls and risk management systems.

l) Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems.

m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

n) Discussion with internal auditors of any significant findings and follow up thereon.

o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

r) To review the functioning of the Whistle Blower mechanism.

s) Approval of appointment of chief financial officer after assessing the qualifications, experience & background, etc. of the candidate.

t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

u) Review of information by Audit Committee.

   i. Management discussion and analysis of financial condition and results of operations;

   ii. Statement of significant related party transactions (as defined by the audit committee), submitted by management;

   iii. Management letters / letters of internal control weaknesses issued by the statutory auditors;

   iv. Internal audit reports relating to internal control weaknesses;

v. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.

vi. Statement of deviations:

- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(7) of the SEBI Listing Regulations.

- Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus / notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

Nomination and Remuneration Committee

The Committee's composition is in compliance with the provisions of section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations. The Chairman of the Committee attended the AGM held on 25th September 2020 to answer the shareholders queries.

During the year under review, the Committee met three times on following dates.

24th June 2020, 4th August 2020 and 31st March 2021

The below table gives the composition and attendance record of the Nomination and Remuneration Committee.

Name	Category	Position	Number of meetings	
			Held	Attended
Shri M Gopalakrishna	Independent Director	Chairman	3	3
Ms.Gayathri Ramachandran	Independent Director	Member	3	3
Shri G Vijaya Kumar	Independent Director	Member	3	3

The terms of reference include the matters as specified in Section 178 of the Companies Act, 2013 and amended Regulation 19 of the SEBI Listing Agreement. The terms of reference to the Nomination and Remuneration Committee are as follows:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, key managerial personnel and other employees.

2. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors.

3. Devising a policy on diversity of Board of Directors.

4. Identifying persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.

5. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

6. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

7. Administer Employee Stock Option Schemes of the Company.

8. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

Performance evaluation criteria for Independent Directors

The performance evaluation criterion for Independent Directors is determined by the Nomination and Remuneration Committee. An indicative list of factors that were evaluated include participation in meetings and contribution by Directors, commitment, effective deployment of knowledge and skills, effective management of relationship with stakeholders, integrity and maintenance of confidentiality, independence of behaviour and judgment.

Remuneration Policy

The key objective of the Remuneration policy is to enable a framework that allows for competitive and fair rewards for the achievement of key deliverables and also align with practice in the industry and shareholders expectations.

The Policy on remuneration of Directors, Key Managerial Personnel and other employees of the Company is available on the website of the Company, www.pitti.in.

Remuneration of Directors

The details of remuneration to the Directors for the financial year ended 31st March 2021.

₹ in lakhs

Name	Salary	Benefits & Allowances	Sitting Fees	Total
Shri Sharad B Pitti	96.93	1.85	-	98.78
Shri Akshay S Pitti	93.59	5.19	-	98.78
Shri N R Ganti	-	-	3.50	3.50
Shri G Vijaya Kumar	-	-	6.25	6.25
Shri M Gopalakrishna	-	-	3.25	3.25
Ms. Gayathri Ramachandran	-	-	3.00	3.00
Shri S Thiagarajan	-	-	3.50	3.50

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company. Presently the Company does not have any scheme for grant of stock options either to the Directors or to the Employees of the Company. The services of the Chairman & Managing Director and Vice-Chairman & Managing Director are governed by the resolutions as approved by the Members in the general meeting. There is no separate provision for payment of severance fees and notice period for termination of services. There was no remuneration or commission paid to the Directors from the Subsidiary Company.

Criteria of making payments to non-executive directors:

The Non-Executive Directors of the Company would be paid sitting fees as approved by the Board of Directors within the permissible limits prescribed under the Companies Act, 2013 and rules framed thereunder for attending meetings of the Board and Committees thereof.

During the financial year 2020-21, the Non-Executive Directors were paid Sitting fee of ₹ 50,000 for attending each meeting of the Board of Directors and ₹ 25,000 for attending each meeting of the Committees. The Independent Directors were paid a fee of ₹ 25,000 each for the separate meeting of the Independent Directors.

Stakeholders Relationship Committee

The Committee's composition and terms of reference are in compliance with the provisions of section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations.

During the year under review, the Committee met on 1st February 2021.

The below table gives the composition and attendance record of the Stakeholders Relationship Committee.

Name	Category	Position	Number of meetings	
			Held	Attended
Ms. Gayathri Ramachandran	Independent Director	Chairman	1	-
Shri M Gopalakrishna	Independent Director	Member	1	1
Shri N R Ganti	Independent Director	Member	1	1
Shri S Thiagarajan	Independent Director	Member	1	1

The terms of reference include the matters as specified in Section 178 of the Companies Act, 2013 and amended Regulation 20 of the SEBI Listing Regulation. The terms of reference of Stakeholders Relationship Committee include:-

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, nonreceipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

2. Review of measures taken for effective exercise of voting rights by shareholders.

3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company.

5. Approve issue of the Company's duplicate share / debenture certificates.

6. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	2	2	Nil

Corporate Social Responsibility Committee

The Committee's composition and terms of reference are in compliance with the provisions of section 135 of the Companies Act, 2013.

Effective from 1st April 2021 a revised Corporate Social Responsibility Policy was adopted by the Board of Directors in line with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

During the year under review, the Committee met on 24th June 2020.

The below table gives the composition and attendance record of the Corporate Social Responsibility Committee

Name	Category	Position	Number of meetings	
			Held	Attended
Shri Sharad B Pitti	Promoter Executive Director	Chairman	1	1
Shri Akshay S Pitti	Promoter Executive Director	Member	1	1
Shri G Vijaya Kumar	Independent Director	Member	1	1

The terms of reference include the matters as specified in Section 135 of the Companies Act, 2013

a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as per the provisions of applicable laws.

b) Recommend the amount of expenditure to be incurred on CSR Activities.

c) Monitor the CSR Policy of the Company from time to time.

d) Formulate and recommend to the Board an Annual Action Plan in pursuance of the CSR policy.

Committee of Directors

The Committee of Directors conducts the business in respect of matters in the ordinary course of business not specifically reserved to be exercised by the Board, Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

The below table gives the composition and attendance record of the Committee of Directors.

Name	Category	Position	Number of meetings	
			Held	Attended
Shri Sharad B Pitti	Promoter Executive Director	Chairman	9	8
Shri Akshay S Pitti	Promoter Executive Director	Member	9	9
Shri G Vijaya Kumar	Independent Director	Member	9	8

General Body Meetings

Annual General Meetings

Year	Date & Time	Venue	Special Resolutions
2017-18	24.09.2018 4:00 pm	West Minister Hall, The Central Court Hotel, 6-1-71, Lakdikapool, Hyderabad 500 004	1. Approval in terms of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 to the continuation of Shri M Gopalakrishna (DIN:0088454) as an Independent Director for the period from 1st April 2019 to 21st September 2019. 2. Increase in borrowing limits of the Company. 3. Creation of security on the properties of the Company both present and future in favour of lenders.
2018-19	19.09.2019 2:30 pm	Hotel Taj Deccan Road No.1, Banjara Hills Hyderabad 500 034	1. Re-appointment of Shri N R Ganti as an Independent Director. 2. Re-appointment of Shri G Vijaya Kumar as an Independent Director. 3. Re-appointment of Shri M Gopalakrishna as an Independent Director. 4. Re-appointment of Ms. Gayathri Ramachandran as an Independent Director. 5. Re-appointment of Shri S Thiagarajan as an Independent Director.
2019-20	25.09.2020 4:00 pm	Through Video Conferencing / Other Audio-Visual Means	1. Approval of remuneration to Executive Directors who are promoters or members of promoter group.

Extra-ordinary General Meeting

Year	Date & Time	Venue	Special Resolutions
2018-19	11.04.2018 4:00 pm	West Minister Hall, The Central Court Hotel, 6-1-71, Lakdikapool, Hyderabad 500 004	1. Change in name of Company

Resolution passed by postal ballot:

No postal ballot was conducted during the year 2020-21. No special resolution is proposed to be passed through postal ballot.

Disclosures

a) Related party transactions

The Company's major related party transactions are generally with the promoters and the group companies. The related party transactions are entered into based on considerations of various factors such as business exigencies, synergy in operations, optimisation of market share, profitability, legal requirements, liquidity and capital resources.

All contracts / arrangements / transactions entered by the Company during the financial year with related parties are in the ordinary course of business and at an arm's length basis.

During the year, the Company has entered into transactions with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. The details of related party transactions are provided in Note 25.13 of the Notes to Financial Statements.

None of the transactions with any of related parties were in potential conflict with the Company's interest.

The Company's policy on related party transactions and dealing with related party transactions is put up on the website of the Company and can be accessed at www.pitti.in.

b) Details of Non-compliances

There were no non-compliances by the Company and no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital markets during the last three years.

c) Vigil mechanism / Whistle blower policy

The Company has adopted the whistle blower policy and has established necessary vigil mechanism as defined under Regulation 22 of the SEBI Listing Regulations for the Directors and Employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethical policy. The policy provides for adequate safeguards against victimisation of employees who avail of the mechanism. During the year under review, no personnel was denied access to the Audit Committee.

d) Subsidiary

The Company has one unlisted wholly owned subsidiary viz., Pitti Rail and Engineering Components Limited which was incorporated on 5th October 2020. The Subsidiary is not a material subsidiary in terms of SEBI Listing Regulations. The financial statements, significant transactions, investments and the minutes of the Board Meetings of the subsidiary Company are considered at the meetings of the Audit committee / Board of the Company as required under Regulation 24 of SEBI Listing Regulations.

The Company has framed a policy for determining material subsidiary and the same is available on website of the Company at www.pitti.in.

e) Commodity price risk or foreign exchange risk and hedging activities

The Company generally has a price variation clause with all its customers which broadly mitigates the commodity price risk. However, as the price variation clause is fixed on a quarterly basis, there is a risk on carrying inventory for the quarterly variance in the commodity price. During the year under review the Company has not undertaken any commodity hedging activities.

The Company is a net foreign exchange earner and thus faces foreign currency fluctuation risk. The Company tries to minimise the risk through natural hedge via foreign currency liabilities to the extent possible. For the balance, looking at the trend the Company may keep its position open or hedge the same. The Company reviews its foreign currency risks and evaluates the same on a periodic basis.

f) Utilisation of funds raised through preferential allotment or qualified institutions placement

During the year under review the Company has not raised any funds through preferential allotment or qualified institutions placement.

g) Certificate from Company Secretary in Practice with regard to disqualification of Directors

A Certificate from Shri Ajay Kishen, Practicing Company Secretary certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of the Company is annexed to this report.

h) Details of recommendation of any Committee of the Board which are not accepted by the Board.

The Board of Directors accepted all the recommendation(s) of the Committees of the Board during the financial year ended 31st March 2021.

i) Details of total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

(₹ in Lakhs)

Particulars	FY 2020-21
Audit fees	24.45
Tax audit fees	5.00
Certification fee / taxation matter	4.81

j) Disclosure of complaints received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year, no complaints were received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

k) Adoption of Mandatory and Non- Mandatory Requirements

Your Company has complied with all applicable mandatory requirements of the SEBI Listing Regulations. The Company also complies with the following non-mandatory requirements of Regulation 27 of the SEBI Listing Regulations:

The financial statements for the year ending 31st March 2021 do not contain any audit qualification. The internal auditor reports to the Audit Committee.

l) **The Disclosure of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and regulation 46 are as follows:**

Regulation	Particulars of Regulations	Compliance status (Yes/No/NA)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	NA
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance Requirements with respect to subsidiaries of listed entity	Yes
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management personnel	Yes
27	Other Corporate Governance Requirements	Yes
46	Disclosures on website	Yes

m) **Disclosure of accounting treatment**

The Financial Statements of the Company have been prepared in accordance with the Indian Accounting Standard (Ind As), notified under the Companies (Indian Accounting Standard) Rules, 2015 and the relevant provisions of Companies Act, 2013.

n) **Risk management**

Business risk evaluation and management is an ongoing process within the Company. The risk assessment and mitigation is periodically examined by the Board. The Board of Directors also reviews the reports of compliance to all applicable laws and regulations on a quarterly basis.

Means of Communication

Quarterly results and filings

The approved financial results are filed with the Stock Exchanges and are published in Business Line, a national level English newspaper as well as in Andhra Prabha, a regional language newspaper circulating in the state of Telangana. The financial results of the Company are also available on the websites of BSE Limited and National Stock Exchange of India Limited viz www.bseindia.com and www.nseindia.com.

All periodical compliance filings like the quarterly results, corporate governance report, shareholding pattern, quarterly compliances, official news releases and other corporate communication are made electronically in the BSE Listing Centre and NSE Electronic Application Processing System (NEAPS) and are also put on the Company's website.

Presentations to institutional investors / analysts

Presentations are made to institutional investors and financial analysts on the Company's financial results. These presentations and schedule of analyst or institutional investors meet are also put on the Company's website.

Website

The Company's website (www.pitti.in) contains a separate dedicated section 'Investors Desk' which gives information on shareholding pattern, financial results and other relevant information of interest to the investors. The Company's annual report is also available in downloadable form on the Company's website.

General Shareholder Information

Company Registration details

The Company is registered in the State of Telangana, India. The Corporate Identity Number allotted to the Company by the Ministry of Corporate Affairs is L29253TG1983PLC004141.

Annual General Meeting for the Financial Year 2020-21

Day & Date	:	Friday, 24th September 2021
Time	:	4.00 PM
Venue	:	The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated 5th May 2020 and 13th January 2021 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standards, the particulars of Directors seeking re-appointment at this AGM are given in the annexure to the notice of this AGM.

Financial Calendar

Financial Year	:	1st April to 31st March
Tentative calendar for declaration of results for quarter ending		
30th June 2021	:	on or before 14th August 2021
30th September 2021	:	on or before 14th November 2021
31st December 2021	:	on or before 14th February 2022
31st March 2022	:	on or before 30th May 2022
Dividend	:	No dividend for the FY 2020-21 is proposed
Book Closure (both days inclusive)	:	From 18th September 2021 to 24th September 2021

Listing information

The Company's equity shares are listed on the following Stock Exchanges:

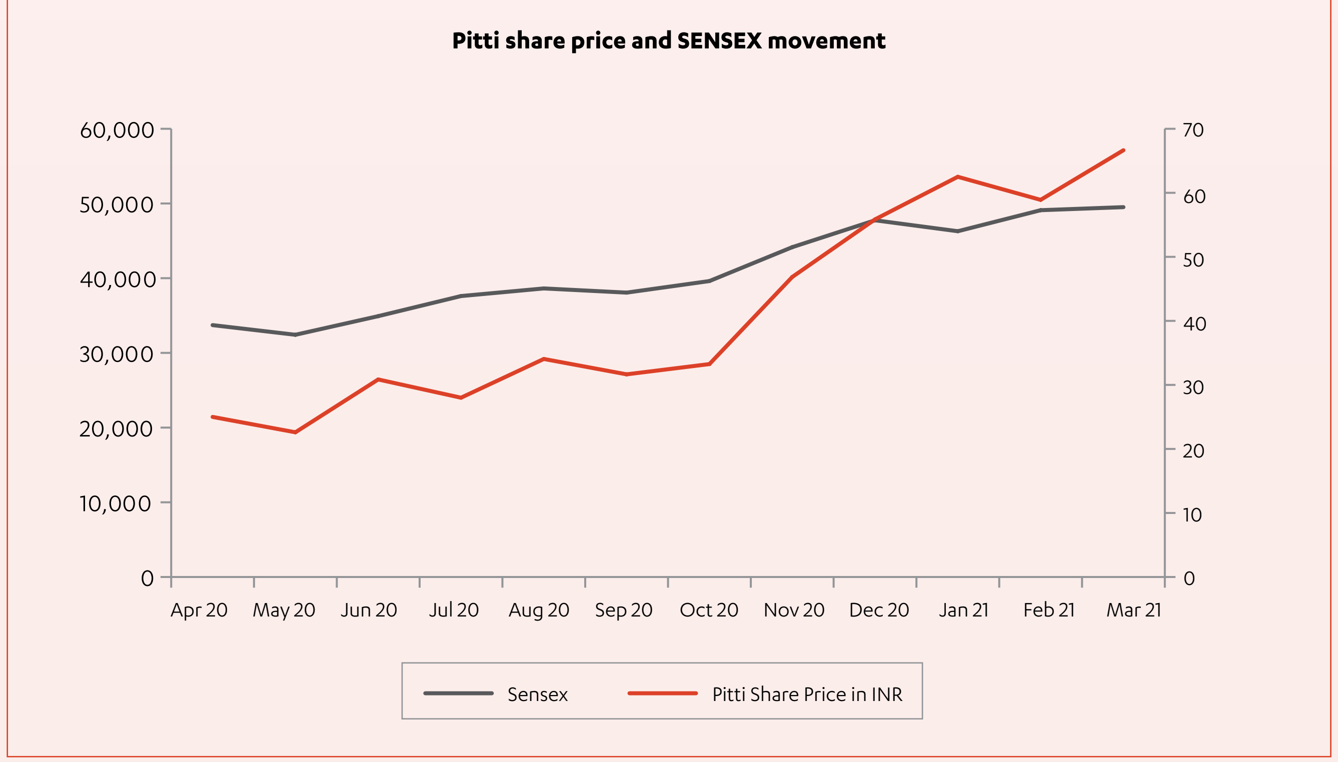
Name and address of the Stock Exchange	Stock Code
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	513519
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051	PITTIENG

The Company has paid the requisite annual listing fees to both the Stock Exchanges for financial year 2021-22. The securities of the Company have never been suspended from trading.

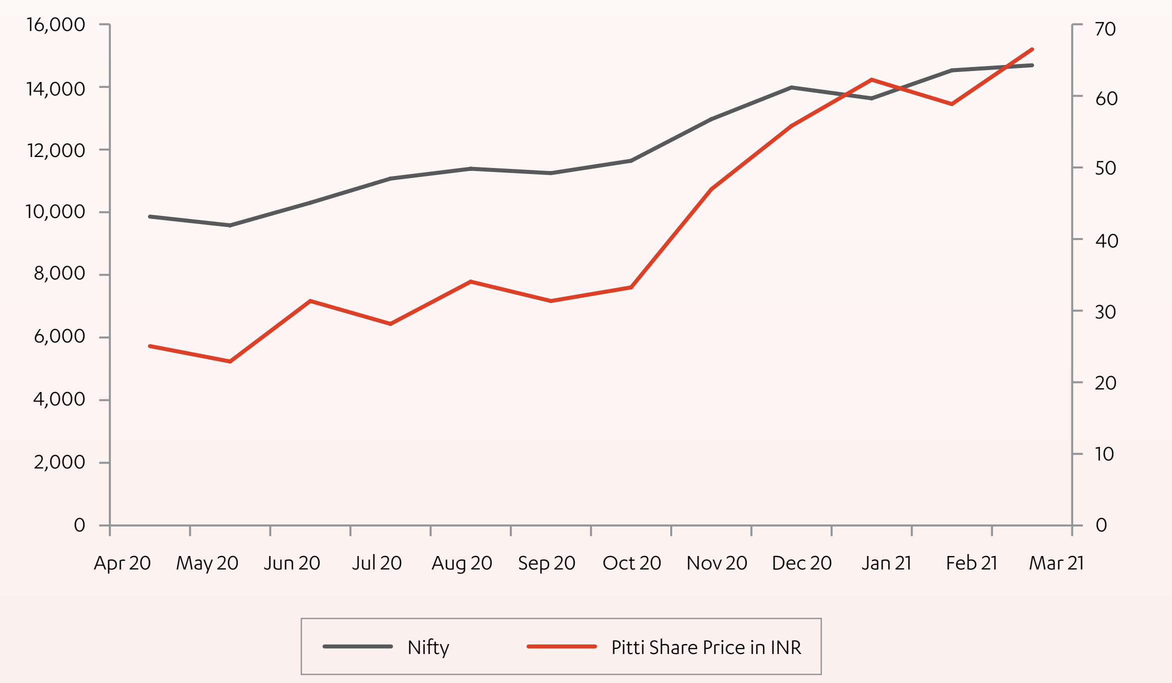
Stock market price data

Month	BSE Limited (BSE)			National Stock Exchange (NSE)		
	High price ₹	Low price ₹	Volume (Nos)	High price ₹	Low price ₹	Volume (Nos)
April 2020	28.50	20.40	44278	28.70	20.50	279639
May 2020	24.45	20.40	42109	24.65	20.25	170323
June 2020	37.50	23.80	89667	37.95	22.60	946086
July 2020	33.75	25.65	87576	32.70	26.10	648374
August 2020	40.40	23.05	707996	36.05	26.60	2448205
September 2020	37.40	29.80	2292542	37.80	29.50	5499408
October 2020	34.55	29.20	2215229	34.50	29.25	5425612
November 2020	49.00	35.25	2021162	49.05	35.50	5642613
December 2020	58.95	43.00	2219883	59.00	45.45	5392469
January 2021	71.15	54.30	2126154	71.30	55.00	6966188
February 2021	69.00	56.10	2175961	69.50	56.00	4122374
March 2021	78.00	54.10	2247330	76.75	53.05	5409522

Close share price performance in comparison to broad based indices –NSE Nifty and BSE Sensex



Pitti share price and NIFTY movement



Registrar and share transfer agents

XL Softech Systems Limited
Plot No. 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034
Ph: +91 40 23545913 / 14 / 15 Fax: +91 40 23553214
Email: xlfield@gmail.com

Share transfer system

The share transfer activities in respect of shares in physical mode are carried out by XL Softech Systems Limited. The shares lodged for transfer are processed and share certificates duly endorsed are returned within the stipulated time, subject to documents being valid and complete in all respects.

The Board has delegated the authority for approving share transfers and transmission to the share transfer committee. A summary of the approved transfers, transmissions etc are placed before the Board of Directors and Stakeholders' Relationship Committee from time to time as per the SEBI Listing Regulations.

The Registrar of the Company obtains from a Company Secretary in Practice half-yearly certificate to the effect that all certificates have been issued within thirty days of the date of lodgement of the transfer, sub-division, consolidation and renewal as required under SEBI Regulation 40(9) of the SEBI Listing Regulations. The said certificate is submitted by the Company to the Stock Exchanges.

Distribution of shareholding as on 31st March 2021

Shares held	No. of Shareholders	%	No. of Shares	%
Up to 5000	9,450	81.43	15,44,744	4.82
5001 to 10000	989	8.52	8,12,418	2.53
10001 to 20000	519	4.47	8,28,970	2.59
20001 to 30000	167	1.44	4,30,627	1.34
30001 to 40000	87	0.75	3,13,633	0.98
40001 to 50000	75	0.65	3,57,826	1.12
50001 to 100000	151	1.30	11,33,627	3.54
Above 100000	167	1.44	2,66,28,222	83.08
Total	**11,605**	**100.00**	**3,20,50,067**	**100.00**

Shareholding pattern as on 31st March 2021

Category	No of Shares	%
Promoters & Promoter group	1,90,00,627	59.28
Foreign portfolio investors	14,000	0.04
Financial institutions/Banks	200	0.00
Individuals	1,06,12,975	33.11
Bodies Corporate	10,76,331	3.36
NRI	4,74,490	1.48
Clearing Members	1,40,426	0.44
HUF	4,18,411	1.31
Directors and Relatives	1,620	0.01
IEPF Account	3,10,987	0.97
Total	**3,20,50,067**	**100.00**

Dematerialization of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 99.18% of the Company's equity share capital are dematerialised as on 31st March 2021. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE450D01021.

Mode of holding	No of Shares	%
NSDL	2,51,83,311	78.58
CDSL	66,03,100	20.60
Physical	2,63,656	0.82
Total	**3,20,50,067**	**100.00**

The annual custody /issuer fee for the financial year 2021-22 has been paid by the Company to Central Depository Services Limited and National Securities Depository Limited within the due date.

The Company confirms that the entire Promoter's holdings are in electronic form and the same is in line with the directions issued by SEBI.

SEBI has vide notification No. SEBI/LAD/NRO/GN/2018/24 dated 8th June 2018 made transfer of shares of listed companies to be mandatorily in demat mode only. Effective from 31st March 2019, the shares of the Company can be transferred only in dematerialised form, as per notification issued by SEBI. With a view to facilitate seamless transfer of shares in future and as advised by the Stock Exchanges, shareholders holding shares in physical form are requested to dematerialise their shareholding in the Company. Such shareholders may accordingly, get in touch with any Depository Participant having registration with SEBI to open a demat account.

The Shareholders who continue to hold shares in physical form are requested to dematerialise their shares at the earliest and avail of the various benefits of dealing in securities in electronic / dematerialised form.

Outstanding GDRs / ADRs / Warrants / Convertible Instruments and their impact on equity

The Company does not have any outstanding GDRs/ADRs /Convertible Instruments as on 31st March 2021.

Plant locations

The Company is operating at the following locations

Hyderabad - Plant II	Hyderabad - Plant IV	Aurangabad
Survey No.1837 & 1838, Jingoniguda Road, Nandigaon Village & Mandal Ranga Reddy District – 509 223, Telangana, India	Survey No.1837, Jingoniguda Road, Nandigaon Village & Mandal, Ranga Reddy District – 509 223 Telangana, India	Gut No.194, Limbe Jalgaon Village, Gangapur Mandal, Aurangabad District-431133 Maharashtra, India

Address for Correspondence

For shares held in physical form	For shares held in demat form
XL Softech Systems Limited 3, Sagar Society, Road No.2 Banjara Hills, Hyderabad – 500 034 Ph: +91 40 23545913 / 14 / 15 Fax: +91 40 23553214 Email: xlfield@gmail.com	To the Depository Participant

For query on Annual Report	For investor grievances
Ms. Mary Monica Braganza Company Secretary & Compliance officer Pitti Engineering Limited [Formerly Pitti Laminations Limited] 6-3-648/401, IV Floor Padmaja Landmark Somajiguda Hyderabad – 500 082 Ph: 040-23312774 Email: shares@pitti.in	Email: shares@pitti.in

Credit Ratings

Your Company has engaged the services of CARE Ratings Limited for rating of borrowings availed from the Banks to meet the business requirements. The present rating assigned for the Long term facilities is CARE BBB+ Outlook: Stable and for the Short term facilities CARE A2.

Unclaimed Dividend

Sections 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") mandates that companies transfer dividend that has remained unclaimed for a period of seven years from the unpaid dividend account to the Investors' Education and Protection Fund (IEPF). Further the rules mandate that the shares on which dividend has not been paid or claimed for seven consequent years or more be transferred to IEPF.

The below table provides the details of unclaimed dividends that would become eligible to be transferred to the IEPF on the dates mentioned below:

Financial Year	Date of Declaration	Due date for transfer
2013-14	22.09.2014	28.10.2021
2014-15 Interim	28.01.2015	05.03.2022
2014-15 Final	28.09.2015	03.11.2022

Those members who have not encashed their dividend for the aforesaid years are requested to claim it from the Company or XL Softech Systems Limited, the Registrars and Share Transfer Agents.

The details of the unpaid / unclaimed amounts lying with the Company is available on the website of the Company at www.pitti.in.

Unclaimed dividend and equity shares proposed for transfer to the Investor Education and Protection Fund

The Company has initiated necessary action for transfer of shares in respect of which dividend has not been paid or claimed by the members consecutively since 2013-14. Communication will be sent to the concerned Shareholders advising them to write to the Company or to XL Softech Systems Limited, the Registrars and Share Transfer Agents to claim their dividend. Notices in this regard will also be published in the Newspapers. Details of such unclaimed dividend and corresponding shares are available on the Company's website under the section 'Investor Desk'. Attention in particular is drawn that the unclaimed dividend for the financial year 2013-14 and the corresponding shares will be due for transfer to IEPF on 28th October 2021.

Unclaimed dividend and equity shares transferred to the Investor Education and Protection Fund

Pursuant to Section 124(5) of the Companies Act, 2013, the Company during the year under review, has credited the Unclaimed dividend of ₹ 2,84,804/- pertaining to the financial year 2012-13 to the Investor Education and Protection Fund (IEPF).

In accordance with the provisions of the Companies Act, 2013 the Company has transferred 20,291 equity shares on 23rd November 2020 to the credit of IEPF Authority during the year in respect of which dividend had not been paid or claimed by the members for seven consecutive years or more as on the cut-off date, i.e. 10th October 2020.

The Shareholders may claim their unclaimed dividend for the years prior to the financial year 2013-14 and the corresponding shares, from the IEPF Authority by making an online application to the IEPF authority in web form No. IEPF -5. This Form can be downloaded from the website of the IEPF Authority www.iepf.gov.in, the access link of which is also available on the Company's website www.pitti.in under the section 'Investor Desk'.

The voting rights on the shares transferred to IEPF Authority shall remain frozen till the rightful owner claims the shares.

Equity shares in the suspense account

In accordance with the requirement of Schedule V to the SEBI Listing Regulations, details of equity shares in suspense account are as follows:

Particulars	No. of shareholders	No. of shares
Aggregate number of shareholder and the outstanding shares lying in the unclaimed suspense account as on 1st April 2020	259	67200
Number of shareholders who approached the Company for transfer of shares from the unclaimed suspense account during the year	1	200
Number of shareholders to whom the shares were transferred from the unclaimed suspense account during the year	1	200
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 31st March 2021	258	67000

The voting rights on the shares outstanding in the suspense account shall remain frozen till the rightful owners claims the shares.

Compliance certificate of the Auditors

Certificate from the Company's Auditors M/s. Laxminiwas & Co, Chartered Accountants confirming compliance with conditions of Corporate Governance, as stipulated under Regulation 34 of the SEBI Listing Regulations is attached to this report.

Declaration

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct and Ethics for the year ended 31st March 2021.

For and on behalf of the Board of Directors

Sharad B Pitti
Chairman & Managing Director
DIN: 00078716

Place : Hyderabad
Date : 18th June 2021

Certificate of Non-Disqualification of Directors

[Pursuant to Regulation 34(3) read with Schedule V Para-C Sub clause (10) (i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members
Pitti Engineering Limited
[Formerly Pitti Laminations Limited]
Hyderabad.

I, Ajay Kishen, Practicing Company Secretary, has examined the relevant registers, records, forms returns and disclosures received form the Directors of PITTI ENGINEERING LIMITED (CIN: L29253TG1983PLC004141) having its Registered office at 4th Floor, Padmaja Landmark, Somajiguda, Hyderabad – 500 082, Telangana (hereinafter referred to as "the Company") produced before me by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verification (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanation furnished to me by the Company and its officers. I hereby certify the none of the Directors as stated below for the financial year ending on 31st March 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

Sl. No	DIN No.	Name of the Director	Date of Appointment in Company
1.	00078716	Shri Sharad Badrivishal Pitti	17-Sep-1983
2.	00078760	Shri Akshay Sharad Pitti	14-Oct-2004
3.	00021592	Shri Nagabhushan Rao Ganti	16-Oct-2002
4.	00780356	Shri Gummalla Vijaya Kumar	28-Aug-2006
5.	00088454	Shri Gopala Krishna Muddusetty	28-Jun-2007
6.	02872723	Ms. Gayathri Ramachandran	22-Sep-2014
7.	02721001	Shri Swaminathan Thiagarajan	24-Apr-2015

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Ajay Kishen
Practicing Company Secretary
M.No: 6298 CP:5146
UDIN: F006298C000485911

Place: Hyderabad
Date: 18th June 2021

Independent Auditors' Certificate on Corporate Governance

To
Members of Pitti Engineering Limited

We, Laxminiwas & Co, Chartered Accountants, the Statutory Auditors of Pitti Engineering Limited (formerly known as Pitti Laminations Limited). ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March, 2021, as stipulated in regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C and D of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

Management's Responsibilities:

The Compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the corporate governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibilities:

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

We have examined the books of accounts and other relevant records and documents maintained by the company for the purposes of providing reasonable assurance on compliance with Corporate Governance requirement by the company.

We have carried out an examination of the relevant records of the company in accordance with the Guidance Note on Certification of Corporate Governance ("the Guidance Note") issued by Institute of Chartered Accountants India "ICAI" and the Standards on Auditing ("SA"s) specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate as per the Guidance Note issued by ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

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 Related Services Engagements".

Opinion:

Based on our examination of relevant records and according to the information and explanations provided to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year ended 31st March 2021.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on Use:

This certificate is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update the Report for events and circumstances occurring after the date of this Certificate.

For Laxminiwas& Co.
Chartered Accountants
Firm Registration No: 011168S

Vijay Singh
Partner
Membership No: 221671
UDIN: 21221671AAAAJP8408

Place: Hyderabad
Date: 18th June 2021

CEO / CFO Certification

[Pursuant to Regulation 17(8) of SEBI (LODR) Regulations, 2015]

We, the undersigned, in our respective capacities as Chairman & Managing Director and President – Corporate Resources & CFO of Pitti Engineering Limited ('the Company ") to the best of our knowledge and belief certify that:

A. We have reviewed financial statements and the cash flow statement (Standalone and Consolidated) for the year ended 31st March 2021 and that to the best of our knowledge and belief, we state that:

   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   b) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. We further state that to the best of our knowledge and belief, no transactions are entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.

C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit committee that:

   a) there are no significant changes in internal controls over financial reporting during the year.

   b) there are no significant changes in accounting policies during the year and

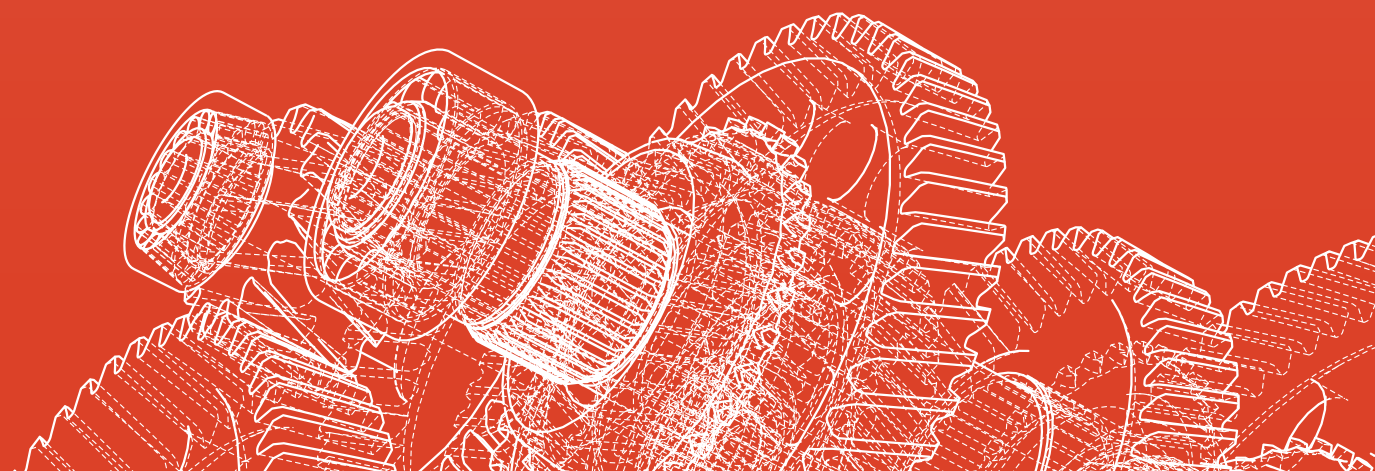
   c) there are no instances of significant fraud of which we have become aware.

Place: Hyderabad
Date : 18th June 2021

Sharad B Pitti
Chairman & Managing Director

N K Khandelwal
President – Corporate Resources & CFO

STANDALONE
FINANCIAL STATEMENTS



Independent Auditor's Report

To the Members of Pitti Engineering Limited
(Formerly known as Pitti Laminations Limited)

Report on the Audit of the Standalone financial statements

Opinion

We have audited the accompanying Standalone financial statements of Pitti Engineering Limited ("the Company") (formerly known as Pitti Laminations Limited) which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit & Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of Standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the independence requirements that are relevant to our audit of the Standalone financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements of the current period. We have determined that there are no Key audit matters to communicate in our report.

Information other than the Standalone financial statements and auditor's report thereon:

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, Management Discussion & Analysis and Corporate Governance Report, but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the Standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the company in accordance with Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone financial statements, Management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the financial reporting process of the company.

Auditor's Responsibilities for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone financial statements.

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

- Identify and assess the risks of material misstatement of the Standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone financial statements, including the disclosures, and whether the Standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended;

   (e) On the basis of the written representations received from the directors as on 31st March 2021, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.

   (g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of Section 197(16) of the Act, as amended :

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements – Refer Note 25.2 to the Standalone financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Laxminiwas & Co.**
Chartered Accountants
Firm's Registration Number: 011168S

Vijay Singh
Partner
Membership Number: 221671
UDIN: 21221671AAAAJL7822

Place: Hyderabad
Date: 18th June 2021

Annexure A to the Auditors' Report

(Referred to in paragraph 2 under 'Report on other legal and regulatory requirements' section of our report to the Members of Pitti Engineering Limited of even date)

(i). In respect of the Company's fixed assets :

a. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.

b. All the assets are physically verified by the Management during the year. No material discrepancies have been noticed on such verification.

c. According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds/ registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land & building which are free hold, are held in the name of the company as on the balance sheet date. In respect of Immovable properties of land & building that have been taken on lease and disclosed as fixed assets in the Standalone financial statements, the lease agreements are in the name of the Company.

(ii). The inventory has been physically verified by the management and third party auditor during the year. The discrepancies noticed on verification between the physical stocks and the book/records have been dealt properly within the books of accounts.

(iii). According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, para 3(iii) (a), (b) and (c) of the order are not applicable.

(iv). In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.

(v). The company has not accepted any deposits during the year and does not have any unclaimed deposits as at 31st March, 2021 and therefore the provisions of the clause 3 (v) of the order are not applicable to the Company.

(vi). We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii). According to the information and explanations given to us, in respect of statutory dues:

a) The company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Customs duty, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities,

b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service tax, Customs Duty, Cess and other material statutory dues in arrears as at 31st March 2021 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Service Tax which have not been deposited as at 31st March 2021 on account of dispute are given below:

Sl. No.	Nature of statute	Latest order reference	Status as per Company Payable/(receivable) Amount in ₹	Status
1	Service tax	Appeal No. 25823, 25615/2013	68,55,196	Still cases under stary granted status
2	Income Tax	Notice No. ITBA/AST/S/143(3)/2019-20	9,23,07,842	Appeal preferred by the Company is pending
3	Income tax	Notice No. ITBA/AST/S/143(3)/2021-22	5,14,100	Appeal preferred by the Company is pending
Total			**9,96,77,138**	

(viii). According to the information and explanation given to us, the Company has not defaulted in repayment of dues to bank and financial institutions as at balance sheet date.

(ix). The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) however company has taken term loans during the year, according to the information and explanation given to us, the money raised by way of term loans were applied for the purpose for which it was raised.

(x). To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi). In our opinion and according to the information and explanations give to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii). In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii). According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone financial statements as required by the applicable accounting standards.

(xiv). According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, Para 3(xiv) of the order is not applicable.

(xv). According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi). The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **Laxminiwas & Co.**
Chartered Accountants
Firm's Registration Number: 011168S

Vijay Singh
Partner
Membership Number: 221671
UDIN: 21221671AAAAJL7822

Place: Hyderabad
Date: 18th June 2021

Annexure - B to the Auditors' Report

Referred to in paragraph 1 (f) under "Report on other Legal and Regulatory Requirements section of our report to the members of Pitti Engineering Limited of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Pitti Engineering Limited ("the Company") (formerly known as Pitti Laminations Limited) as of 31st March 2021 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and issued by Institute of Chartered accountants of India and the standards on auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone financial statements.

Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Laxminiwas & Co.**
Chartered Accountants
Firm's Registration Number: 011168S

Vijay Singh
Partner
Membership Number: 221671
UDIN: 21221671AAAAJL7822

Place: Hyderabad
Date: 18th June 2021

Balance Sheet

as at 31st March 2021

₹ in lakhs

Particulars	Notes	As at 31.03.2021	As at 31.03.2020
ASSETS			
NON-CURRENT ASSETS			
(a) Property, plant and equipment	2A	19,283.66	21,173.57
(b) Capital work-in-progress		113.53	825.85
(c) Intangible Assets	2B	1,807.10	1,133.48
(d) Right of use of Assets	2C	7,395.14	2,423.07
(e) Financial Assets			
(i) Investments	3A	1,646.00	1,641.00
(ii) Loans	3B	20.11	19.43
(iii) Term Deposit Accounts	3C	485.18	160.19
(f) Other non-current assets	4	768.10	401.13
TOTAL NON - CURRENT ASSETS		**31,518.82**	**27,777.72**
CURRENT ASSETS			
(a) Inventories	5	15,722.09	12,650.16
(b) Financial Assets			
(i) Investments	6A	1.07	0.96
(ii) Trade receivables	6B	17,176.93	13,938.09
(iii) Cash and Cash equivalents	6C	891.30	1,485.62
(iv) Other financial assets	6D	39.26	142.74
(c) Assets held for sale	2A	262.00	262.00
(d) Other current assets	7	4,496.29	3,351.70
TOTAL CURRENT ASSETS		**38,588.94**	**31,831.27**
TOTAL ASSETS		**70,107.76**	**59,608.99**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	8	1,602.92	1,602.92
(b) Other equity	9	21,978.58	19,177.14
TOTAL EQUITY		**23,581.50**	**20,780.06**
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	10A	5,057.42	4,386.19
(ii) Provision for Lease Liability	10B	5,148.63	2,320.69
(iii) Others		0.72	0.36
(b) Other Long Term Liabilities		385.00	1,685.00
(c) Provisions	11	685.02	493.46
(d) Deferred tax liabilities(net)	12	1,007.49	1,106.88
TOTAL NON-CURRENT LIABILITIES		**12,284.28**	**9,992.58**
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	13A	18,478.72	15,661.85
(ii) Trade payables	13B		
Dues to micro and small enterprises		249.78	70.24
Dues to others		10,278.96	9,601.16
(iii) Other financial liabilities	13C	2,355.07	2,338.44
(iv) Provision for Lease liability	13D	1,227.80	304.74
(b) Other current liabilities	14	328.95	202.36
(c) Provisions	15	318.71	292.88
(d) Income tax liabilities (net)	16	1,003.99	364.68
TOTAL CURRENT LIABILITIES		**34,241.98**	**28,836.35**
TOTAL EQUITY AND LIABILITIES		**70,107.76**	**59,608.99**
Significant accounting policies and notes on accounts	1 to 25		

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

for **Laxminiwas & Co**
Chartered Accountants
Firm's Registration
Number:011168S

Sharad B Pitti
Chairman & Managing
Director
DIN:00078716

G Vijaya Kumar
Director
DIN:00780356

Vijay Singh
Partner

M. No:221671

Mary Monica Braganza
Company Secretary &
Compliance Officer
M. No:F5532

N. K. Khandelwal
President - Corporate
Resources & CFO
M. No: 074967

Place : Hyderabad
Date : 18th June 2021

Place : Hyderabad
Date : 18th June 2021

Statement of Profit & Loss

for the year ended 31st March 2021

₹ in lakhs

Particulars	Notes	For the Year 2020-21	For the Year 2019-20
INCOME			
Revenue from operations	17A	51,099.19	51,809.35
Other Operating revenue	17B	717.52	696.94
Total Revenue from Operations		**51,816.71**	**52,506.29**
Other income	18	2,049.93	367.45
TOTAL REVENUE		**53,866.64**	**52,873.74**
EXPENSES			
Cost of Materials consumed	19	34,693.07	33,383.46
Purchase of stock-in-trade		-	361.95
Changes in inventories of work-in-process, finished goods and scrap	20	(1,166.00)	715.67
Employee benefits expenses	21	5,609.64	5,454.79
Finance costs	22	2,960.02	3,411.54
Depreciation and amortization expenses	2A, 2B & 2C	3,038.17	2,742.00
Other expenses	23	4,875.08	4,818.78
TOTAL EXPENSES		**50,009.98**	**50,888.19**
Profit before tax		**3,856.66**	**1,985.55**
TAX EXPENSES	24		
(a) Current tax		1,098.34	524.85
(b) Tax relating to earlier years		(20.13)	(42.59)
(c) Reversal of MAT Credit		-	372.45
(d) Deferred tax		(99.39)	(578.66)
TOTAL TAX EXPENSES		**978.82**	**276.05**
Profit for the period		**2,877.84**	**1,709.50**
Other Comprehensive Income			
(i) Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit (liability)/assets		(76.48)	(24.74)
Change in fair value of non-current investment		-	-
Change in fair value of current investment		0.08	(1.09)
(ii) Items that will be reclassified subsequently to profit or loss			
Total other comprehensive income		**(76.40)**	**(25.83)**
Total Comprehensive Income		**2,801.44**	**1,683.67**
Earnings per Equity Share of Face Value of ₹ 5/- each	25.1		
(a) Basic		**8.98**	**5.42**
(b) Diluted		**8.98**	**5.42**
Significant accounting policies and notes on accounts	1 to 25		

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

for **Laxminiwas & Co**
Chartered Accountants
Firm's Registration
Number:011168S

Sharad B Pitti
Chairman & Managing
Director
DIN:00078716

G Vijaya Kumar
Director
DIN:00780356

Vijay Singh
Partner

M. No:221671

Mary Monica Braganza
Company Secretary &
Compliance Officer
M. No:F5532

N. K. Khandelwal
President - Corporate
Resources & CFO
M. No: 074967

Place : Hyderabad
Date : 18th June 2021

Place : Hyderabad
Date : 18th June 2021

Statement of Changes in Equity

for the year ended 31st March 2021

(a) Equity Share Capital

₹ in lakhs

Particulars	Note No.	
Balance as at 1st April 2019		1,491.81
Changes in equity share capital during the year	8 (a)	111.11
Balance as at 31st March 2020		1,602.92
Balance as at 1st April 2020		1,602.92
Changes in equity share capital during the year	8 (a)	-
Balance as at 31st March 2021		1,602.92

(b) Other Equity

₹ in lakhs

Paticulars	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of other comprehensive income	Total Other Equity
Balance as on 1st April 2019	6,217.57	750.48	8,466.71	(91.90)	261.72	15,604.58
Profit and loss during period	-	-	1,709.50	-	-	1,709.50
Premium on Shares issued during the year	1,888.89	-	-	-	-	1,888.89
Fair Valuation of investments	-	-	-	(1.09)	-	(1.09)
Actuarial Gain / Loss	-	-	-	-	(24.74)	(24.74)
Balance as on 31st March 2020	**8,106.46**	**750.48**	**10,176.21**	**(92.99)**	**236.98**	**19,177.14**
Balance as on 1st April 2020	8,106.46	750.48	10,176.21	(92.99)	236.98	19,177.14
Profit and loss during period	-	-	2,877.84	-	-	2,877.84
Premium on Shares issued during the year	-	-	-	-	-	-
Fair Valuation of investments	-	-	-	0.08	-	0.08
Actuarial Gain Loss	-	-	-	-	(76.48)	(76.48)
Balance as on 31st March 2021	**8,106.46**	**750.48**	**13,054.05**	**(92.91)**	**160.50**	**21,978.58**

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

for **Laxminiwas & Co**
Chartered Accountants
Firm's Registration
Number:011168S

Sharad B Pitti
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N. K. Khandelwal
President - Corporate
Resources & CFO
M. No: 074967

Place : Hyderabad
Date : 18th June 2021

Place : Hyderabad
Date : 18th June 2021

Cash Flow Statement

for the year ended 31st March 2021

₹ in lakhs

Particulars	Year 2020-21		Year 2019-20	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax	3,856.66		1,985.55	
Adjusted for				
Depreciation	3,038.17		2,742.00	
Interest Income	(80.43)		(72.01)	
Credit Risk Impaired	4.06		3.21	
Credit Risk Allowance	2.52		-	
Loss / (Profit) on sale of fixed assets (net)	159.93		(2.08)	
Re-measurement gains/(losses) on employee defined benefit plans	(76.48)		(24.74)	
Re-measurement gains/(losses) on Investments	0.08		(1.09)	
Unrealised foreign exchange differences	(538.98)		233.32	
Finance Costs	2,960.02	9,325.55	3,411.54	8,275.70
Operating Profit before Working Capital changes		**9,325.55**		**8,275.70**
Working Capital changes adjusted for				
Trade & Other financial and non financial assets	(4,151.95)		3,886.76	
Inventories	(3,071.93)		(2,622.84)	
Trade Payables and other financial and non finacial liabilities	1,903.82		(1,657.82)	
		(5,320.06)		**(393.90)**
Cash generated from operations		**4,005.49**		**7,881.80**
Taxes Paid		(575.31)		(991.99)
Cash Flow before extraordinary items		**3,430.18**		**6,889.81**
Net Cash Flow From Operating Activities - (A)		**3,430.18**		**6,889.81**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Property, Plant & equipment and intangibles		(3,291.59)		(2,323.57)
Advances to Property, Plant & equipment and intangibles		(358.96)		62.88
ROU Assets as per IND AS 116		(3,229.81)		(2,613.72)
Proceeds from sale of fixed assets		70.67		28.97
Loss on current financial assets measured at FVTPL		(5.11)		1.09
Advance received for Assets held for sale		-		285.00
Interest income received		182.62		0.10
Net Cash used in Investing Activities - (B)		**(6,632.18)**		**(4,559.25)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital	-		2,000.00	
Proceeds from issue of share warrants	-		(500.00)	
Finance charges	(2,624.79)		(3,120.30)	
Cash Payments for Principal portion of lease liability	(320.91)		(315.46)	
Cash Payments for interest portion of lease liability	(11.71)		(11.71)	
Working Capital Borrowings	2,816.87		437.64	
Funds for long term use	(1,300.00)		-	
Long Term Funds (Term Loans from finacial institutions and other unsecured loans)	837.68		(1,546.08)	
Long Term Funds (Funds from Promoters and Promoters Group converted to Share Capital)	-		(1,470.00)	

Cash Flow Statement

for the year ended 31st March 2021

₹ in lakhs

Particulars	Year 2020-21		Year 2019-20	
Long Term Deposits received	0.36		0.36	
Term Deposit Accounts with financial institutions	(324.99)		(160.19)	
Lease Liability	3,751.00		2,625.43	
		2,823.51		**(2,060.31)**
Net Cash used in Finance Activities - (C)		**2,823.51**		**(2,060.31)**
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		**(378.49)**		**270.25**
Opening Balance in Cash and Cash Equivalents		**412.16**		**141.91**
Closing Balance in Cash and Cash Equivalents		**33.67**		**412.16**
Components of cash and cash equivalents:				
Cash on hand		18.22		16.61
Balances with banks				
On current accounts		0.75		12.63
On EEFC accounts		5.93		371.27
On unpaid dividend account		8.77		11.65
Total cash and cash equivalents		**33.67**		**412.16**

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

for **Laxminiwas & Co**
Chartered Accountants
Firm's Registration
Number:011168S

Sharad B Pitti
Chairman & Managing
Director
DIN:00078716

G Vijaya Kumar
Director
DIN:00780356

Vijay Singh
Partner

M. No:221671

Place : Hyderabad
Date : 18th June 2021

Mary Monica Braganza
Company Secretary &
Compliance Officer
M. No:F5532

N. K. Khandelwal
President - Corporate
Resources & CFO
M. No: 074967

Place : Hyderabad
Date : 18th June 2021

Notes to Financial Statements

for the year ended 31st March 2021

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1. Corporate Information

Pitti Engineering Limited (Formerly Pitti Laminations Limited) ("the Company") is a public Company incorporated in India. The registered office of the Company is located at 4th floor Padmaja Landmark, Somajiguda, Hyderabad – 500082, Telangana, India. Its shares are listed on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

The Company is engaged in the manufacturing of engineering products of Iron and Steel including electrical steel laminations, stator & rotor core assemblies, sub-assemblies, pole assemblies, die-cast rotors, press tools and high precision machining of various metal components.

1.2. Basis of Preparation and Presentation

The financial statements of the Company have been prepared in accordance with Indian Accounting standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies Accounting Standard (Amendment Rules 2016).

Company's financial statements are presented in Indian rupees (₹), which is also its functional currency and all values are rounded to the nearest lakh (₹ 00,000), except when otherwise indicated.

1.3. Preparation of Financial Statements

(a) Basis of Accounting

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of Companies Act,2013.

The Financial statements have been prepared on historical cost basis except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2.

(b) Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The management believes that the estimates used in preparation of financial statements are prudent and reasonable.

Estimates and underlying assumptions are reviewed at each reporting date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future period is effected.

(c) Estimation of uncertainties relating to the global health pandemic from COVID-19

During the quarter1 (April to June'20), the novel corona virus (Covid-19) affected public health. In response, Governments across the globe imposed lockdown which disrupted worldwide economic activity including India. Accordingly, the Central and State Governments issued directives for lockdown closure of all activities for specified periods effecting the operations of the Company and thus impacting the sales and profitability during the year. The Company continuously monitored the situation and took necessary actions in response to the developments to minimize the impact and safeguard its assets and people. The Company evaluated the prevailing situation to assess the impact on the financial statements for the year ended 31st March 2021 and is confident of recoverability of the assets including receivables, investments, property plant and equipment, intangible assets, assets held for sale and estimates no material impact.

(d) Current/ Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle

(ii) Held primarily for the purpose of trading

(iii) Expected to be realized within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being

Notes to Financial Statements

for the year ended 31st March 2021

exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

1.4. Property, Plant and Equipment

Freehold land is measured at cost and not depreciated. All other items of property, plant and equipment (includes Tools and Dies) are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes GST eligible for credit / setoff.

Such cost includes the cost of replacing part of the plant and equipment, costs of dismantling and removing the item and restoring the site on which it is located and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the same were depreciated separately based on their specific useful lives.

All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

The Company records a provision for dismantling cost towards Plant and Machinery wherever applicable. Dismantling costs are provided at the present value of future expenditure using the current pre-tax rate expected to be incurred to fulfil dismantling obligation and are recognized as part of the cost of the underlined asset. Any change in the present value of expenditure other than unwinding of discount on the provision is reflected as adjustment to the provision and the corresponding asset. The change in the provision due to the unwinding of discount is recognized in the statement of profit and loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

All identifiable Revenue expenses including interest incurred in respect of various projects / expansion, net of income earned during the project development stage prior to its intended use, are considered as pre – operative expenses and disclosed under Capital Work-in-Progress.

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital Advances" under other non-current assets.

Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

'Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Property, Plant and Equipment is provided on straight-line method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013. Building constructed on leasehold land is depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of the land is beyond the life of the building. Any Capital Expenditure costing ₹ 5,000 or less are treated as a Revenue Expenditure and recognized in the statement of profit and loss in the year in which it is incurred.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the assets where the useful life estimated by management is different from the Act details are given below:

Notes to Financial Statements

for the year ended 31st March 2021

Category of asset	Estimated useful lives as assessed by the Management	Useful lives as per Schedule II to the Act
Factory Building	5-30 years	30 years
Leasehold Building	8-28 years	30 years
Furniture & Fixtures	2-10 years	10 years
Patterns, Match Plates	6-10 years	15 years
Plant & Machinery	2-10 years	15 years
Electricals	2-10 years	10 years
Office Equipment	5-10 years	5 years
Lab & Test Equipment	3-10 years	10 years
Other Miscellaneous Equipment	2-25 years	15 years
Vehicles-Motor Cycle	10 years	10 years
Vehicles-Motor Cars	2-8 years	8 years
Computers – Servers	6 years	6 years
Computers – Desktops	3 years	3 years

The useful life of each tool has been estimated in number of strokes; hence Depreciation has also been done on the number of strokes made by each tool during the year. However, if any tool wears out or gets obsolete before expiry of the estimated life, the remaining value of the tool is depreciated during that year.

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible assets are stated at cost or acquisition less accumulated amortization and impairment loss, if any.

Intangible assets including software is amortized over their estimated useful life on straight line basis from the date they are available for intended use, subject to impairment test.

The estimated useful life and the amortization period of the intangible assets are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

Development expenditures on an individual product/project are recognized as an intangible asset when the Company can demonstrate, the technical feasibility of completing the intangible asset so that the asset will be available for use or sale, its intention to complete and use or sell the asset, its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the availability to measure reliably the expenditure during development.

Product development cost are amortized on a straight-line basis over a period of 60 months.

Subsequent cost

Subsequent costs incurred for replacement of a major component of an asset are included in the asset’s carrying cost or recognized as a separate asset, as appropriate. The carrying values of the replaced components are recognized to statement of Profit and Loss when replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Gains or losses arising from de-recognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

1.5. Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.

The control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognised over the time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the Company is entitled to in exchange of transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

(a) Interest income

Notes to Financial Statements

for the year ended 31st March 2021

Interest Income from financial asset is recognized when it is probable that the economic benefits flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

(b) Dividend income

Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(c) Other income

Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

Income from export incentives under Foreign Trade Policy relating to Merchandise Exports from India Scheme (MEIS), duty drawback, premium on sale of import licenses, and lease license fee are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Income arising out of Investment Incentives under the Telangana State Industrial Development and Entrepreneur Advancement (T-IDEA) Incentive Scheme and Maharashtra Government's Package Scheme of Incentives (PSI) 2013 for the investments made by Company in Plant-4 in Hyderabad and Aurangabad plant is recognized on sanction from the competent authorities.

1.6. Investments

Investments are classified into current and non-current investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as non-current investments. However, that part of long term investments which are expected to be realized within twelve months from Balance Sheet date is also presented under "Current Investment" under "Current portion of long term investments" in consonance with the current / non-current classification of Schedule III of the Act.

Equity investments are stated at fair value.

1.7. Inventories

(a) Inventories include raw material, work in progress, finished goods, scrap and stores, spares and consumables and is carried at the weighted average cost or net realizable value whichever is lower.

(b) The cost of inventories is computed to include all cost of purchases, cost of conversion, standard overheads and other related cost incurred in bringing the inventories to their present condition.

(c) Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

1.8. Foreign Currency Transactions and Balances

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

Foreign exchange differences arising on foreign currency borrowings is disclosed under finance cost, other than on 'Borrowing costs' in accordance with Ind AS 23, which is directly attributable to the acquisition, construction, or production of a qualifying asset forming part of the cost of the asset.

Net gain or loss on foreign currency translations on trade receivables and trade payables is classified under other income or other expenses as the case may be.

(a) Initial Recognition

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit and Loss.

(b) Measurement of foreign currency items at the Balance Sheet date

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognized in the Statement of Profit and Loss. Non-Monetary assets are recorded at the rates prevailing on the date of the transaction.

(c) Derivative Financial Instruments and Hedge Accounting

The Company enters into forward contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments.

At the inception of a forward contract, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such forward contracts are initially recognised at fair value on the date on which a such contract is entered into and are also subsequently measured at fair value. Forward contracts are carried as Financial Assets when the fair value is positive and as Financial Liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedge which is recognised in Other Comprehensive Income and later to Statement of Profit and Loss when the hedged item affects profit or loss or is treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a Non-Financial Assets or Non-Financial liability.

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the period in which the exchange rates change. Any Profit or Loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period.

1.9. Employee Benefits

Defined Contribution Plan

Contribution as per Employee's Provident Funds and Miscellaneous Provisions Act, 1952 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

Defined Benefit Plan

Gratuity: In accordance with applicable Indian Laws, the Company provides gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The gratuity plan provides a lump sum payment to vested employees, at retirement, or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date.

Leave Encashment: In accordance with applicable Indian Laws, the Company provides Encashment of Leave, a defined benefit plan (Leave Encashment Plan) covering all employees. Liability with regard to Leave Encashment Plan is accrued based on actuarial valuation at the Balance Sheet date.

Measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

(i) The date of the plan amendment or curtailment, and

(ii) The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine Settlements; and

(ii) Net interest expense or income

1.10. Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost, if any.

Borrowing costs, which are directly attributable to the acquisition/construction or production of a qualifying asset, till the time such assets are ready for intended use, are capitalized as part of the costs of such assets. Other Borrowing costs are recognized as expenses in the year in which they are incurred.

1.11. Leases

The Company as a lessee:

As per Ind AS 116, the Company has recognized lease liabilities and corresponding equivalent right-of-use assets. The Company's lease asset classes primarily consist of leases for Land, Buildings, Plant & Machinery and Vehicles. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) The contract involves the use of an identified asset.

(ii) The Company has substantially all the economic benefits from use of the asset through the period of the lease and

(iii) The Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Company recognizes the lease payments as an operating expense.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and

Notes to Financial Statements

for the year ended 31st March 2021

lease liabilities includes these options when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

1.12. Impairment

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13. Earnings Per Share

The basic earnings per share ('EPS') is computed by dividing the net profit after tax for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit after tax for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

1.14. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chairman and Managing Director and Vice Chairman and Managing Director have been identified as the Chief Operating Decision Maker. Refer note 25.11 for the segment information presented.

1.15. Provisions And Contingencies

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources, and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

The expenses relating to a provision is presented in the Statement of Profit & Loss net of any reimbursement.

1.16. Taxation

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Company has adopted and effected the reduced corporate tax rate permitted under section 115BAA of the Income Tax Act, 1961 as per the Taxation Laws (Amendment) Ordinance, 2019. The tax calculations for the year ended 31st March 2021 have been made accordingly.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised.

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

1.17. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(i) Debt instruments at amortized cost

(ii) Debt instruments at fair value through other comprehensive income (FVTOCI)

(iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

(iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt Instruments at Amortized Cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows,

And

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

(i) The rights to receive cash flows from the asset have expired, or

(ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) The Company has transferred substantially all the risks and rewards of the asset, or

Notes to Financial Statements

for the year ended 31st March 2021

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company uses expected credit loss model, for evaluating impairment of financial assets other than those measured at sale value through profit and loss. Expected credit losses are measured through a loss allowance at an amount equal to :

- The twelve months expected credit losses (expected credit losses that result from those default events on the financial instrument but are possible within twelve months after the reporting date.) : or

- Full life time expected credit losses (expected credit losses that result from those default events over the life of the financial instrument).

For trade receivables, the Company applies simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables at every reporting date the existing trade receivables are reviewed and accordingly required credit loss is recognized in books.

For other assets (other than trade receivables), the Company uses twelve months expected credit loss to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full life time expected credit loss is used.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and Borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2.

1.18. Non-Current Assets Held For Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification.

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are presented separately in the balance sheet.

Notes to Financial Statements

for the year ended 31st March 2021

NOTE: 2A

PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS AND ASSETS HELD FOR SALE

₹ in lakhs

Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 01.04.2020	ADDITIONS	ADJUSTMENTS	As at 31.03.2021	As at 01.04.2020	FOR THE YEAR	FOR RESERVES	ADJUSTMENTS	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020
TANGIBLE ASSETS											
Land	716.86	-	-	716.86	-	-	-	-	-	716.86	716.86
Factory Building											
- on Own premises	3,795.97	139.58		3,935.55	762.75	119.17	-	-	881.92	3,053.63	3,033.22
- on Lease hold Property	1,298.02	-	-	1,298.02	639.74	59.98	-	-	699.72	598.30	658.28
Plant & Equipment	24,353.71	2,180.19	2,828.94	23,704.96	11,751.19	1,670.77	-	476.37	12,945.59	10,759.37	12,602.52
Tools	4,023.78	222.59	149.27	4,097.10	414.54	130.93		8.85	536.62	3,560.48	3,609.24
Patterns, Match plates & Mould Box	244.43	124.70	-	369.13	35.34	35.83		-	71.17	297.96	209.09
Office Equipment	287.98	8.36	3.35	292.99	156.21	32.79	-	2.69	186.31	106.68	131.77
Furniture & Fixtures	177.61	2.48	6.91	173.18	136.02	5.40	-	6.36	135.06	38.12	41.59
Other-Computers	337.56	41.63	19.68	359.51	294.42	24.52	-	18.84	300.10	59.41	43.14
Vehicles	755.52	50.35	136.76	669.11	365.66	74.86	-	126.26	314.26	354.85	389.86
Less : Assets held for Sale (Land and Building)	(453.04)			(453.04)	(191.04)			-	(191.04)	(262.00)	(262.00)
Sub Total	**35,538.40**	**2,769.88**	**3,144.91**	**35,163.37**	**14,364.83**	**2,154.25**	**-**	**639.37**	**15,879.71**	**19,283.66**	**21,173.57**
Capital Work In Progress	825.85	4,352.27	5,064.59	113.53						113.53	825.85
NOTE: 2B											
INTANGIBLE ASSETS											
Computer Software	757.56	10.98	-	768.54	520.63	63.00	-	-	583.63	184.91	236.93
Product Development Expenses	1,072.77	1,013.87	-	2,086.64	176.22	288.23	-	-	464.45	1,622.19	896.55
Sub Total	**1,830.33**	**1,024.85**	**-**	**2,855.18**	**696.85**	**351.23**	**-**	**-**	**1,048.08**	**1,807.10**	**1,133.48**
Total	**37,368.73**	**3,794.73**	**3,144.91**	**38,018.55**	**15,061.68**	**2,505.48**	**-**	**639.37**	**16,927.79**	**21,090.76**	**22,307.05**
NOTE: 2C											
RIGHT OF USE OF ASSETS											
Land	227.69	-	-	227.69	17.88	17.88	-	-	35.76	191.93	209.81
Building	2,272.14	-	-	2,272.14	119.59	119.59	-	-	239.18	2,032.96	2,152.55
Plant and Machinery	-	5,442.02	-	5,442.02	-	351.17	-	-	351.17	5,090.85	-
Vehicles	69.10	62.74	25.06	106.78	27.59	24.85	-	25.06	27.38	79.40	41.51
Computers	44.79	-	44.79	-	25.59	19.20	-	44.79	-	-	19.20
Subtotal	**2,613.72**	**5,504.76**	**69.85**	**8,048.63**	**190.65**	**532.69**	**-**	**69.85**	**653.49**	**7,395.14**	**2,423.07**
Grand Total	**39,982.45**	**9,299.49**	**3,214.76**	**46,067.18**	**15,252.33**	**3,038.17**	**-**	**709.22**	**17,581.28**	**28,485.90**	**24,730.12**
Previous Year	35,300.65	4,754.24	72.44	39,982.45	12,555.55	2,742.00	-	45.22	15,252.33	24,730.12	22,745.10

During the current year ₹ 2.50 lakhs interest on term loan is capitalized for plant & machinery items for the loan taken from Tata Capital Financial Services (interest rate @ 13% p.a.) and from Kotak Mahindra Bank Limited (interest rate @ 9.15% p.a.)

Notes to Financial Statements

for the year ended 31st March 2021

NOTE 3A : INVESTMENTS

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Trade investment		
Investment with Pitti Castings Private Ltd (Unquoted)		
a. **Equity Shares**	408.00	408.00
(40,80,000 equity shares at face value ₹ 10/-each, previous year 40,80,000)		
Presented as per Fair Market Value as per Ind AS Requirement		
b. **Redeemable Preferential shares**	1,233.00	1,233.00
(1,23,30,000 Preferential shares (non-cumulative non-participative redeemable) at face value ₹ 10/-each)		
Investment with Pitti Rail and Components Ltd (Wholly Owned Subsidiary) (Unquoted)		
(50,000 equity shares at face value ₹ 10/-each, previous year NIL)	5.00	-
Presented as per Fair Market Value as per Ind AS Requirement		
TOTAL	**1,646.00**	**1,641.00**

NOTE 3B : LOANS

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Unsecured, considered good		
Deposits:		
Rent	17.19	16.49
With suppliers	2.92	2.94
TOTAL	**20.11**	**19.43**

NOTE 3C : TERM DEPOSIT ACCOUNTS

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Unsecured, considered good		
Term Deposits with Finacial Institutions	485.18	160.19
TOTAL	**485.18**	**160.19**

NOTE 4 : OTHER NON-CURRENT ASSETS

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Unsecured, considered good		
Capital Advance for Fixed Assets	598.29	239.33
Prepaid Exp - Rent Deposts Ind AS	39.63	41.99
Gold Coins	1.49	1.49
Deposits:		
With Govt. bodies	128.69	118.32
TOTAL	**768.10**	**401.13**

Notes to Financial Statements

for the year ended 31st March 2021

NOTE 5 : INVENTORIES

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
(At lower of cost or Net realisable value)		
Raw material	7,436.22	4,509.52
Material in Transit	26.46	1,455.73
Work in process	2,072.74	2,040.09
Finished goods	4,237.20	3,361.63
Stores and spares	1,601.32	1,192.82
Scrap	348.15	90.37
TOTAL	**15,722.09**	**12,650.16**

NOTE 6A : INVESTMENTS

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Investment in Equity Shares		
I. **Quoted**		
Development Credit Bank Ltd.	1.03	0.95
Face Value 1,000 Equity Shares of ₹ 10/- each		
Presented as per Fair Market Value as per Ind AS Requirement		
II. **Unquoted**		
Saraswat Co-operative Bank Ltd.	0.01	0.01
50 Equity Shares of ₹ 10/- each (Unquoted)		
SVC Co-operative Bank Ltd	0.03	-
100 Equity Shares of ₹ 10/- each (Unquoted)		
TOTAL	**1.07**	**0.96**

NOTE 6B : TRADE RECEIVABLES

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
(Secured, considered good)*		
Overdue Outstanding for a period exceeding six months	-	-
Others	-	-
TOTAL	**-**	**-**
(Unsecured, considered good)		
Overdue Outstanding for a period exceeding six months	170.02	485.99
Others	17,094.28	13,549.96
TOTAL	**17,264.30**	**14,035.95**
Significant increase in Credit Risk	(83.31)	(94.65)
TOTAL	**(83.31)**	**(94.65)**
Credit Impaired	(4.06)	(3.21)
TOTAL	**(4.06)**	**(3.21)**
GRAND TOTAL	**17,176.93**	**13,938.09**

*Sales against Letter of Credit

Notes to Financial Statements

for the year ended 31st March 2021

NOTE 6C : CASH AND CASH EQUIVALENTS

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Cash on Hand	18.22	16.61
Balances with banks		
Current Accounts	0.75	12.63
EEFC Accounts	5.93	371.27
Unclaimed dividend account (Refer note a)	8.77	11.65
Cash & Cash equivalents	**33.67**	**412.16**
Other bank balances		
Term Deposit Accounts (Refer note b)	857.63	1,073.46
TOTAL	**891.30**	**1,485.62**

Note:

a) During the year an amount of ₹ 2.85 lakhs final dividend for the year 2012-13 [previous year ₹ 8.14 lakhs for the year 2011-12 (including unclaimed Demand Drafts)] (final dividend) was transferred to Investor Education and Protection Fund (IEPF)

b) Term Deposits are held as Margins for LC/BGs

NOTE 6D : OTHER FINANCIAL ASSETS

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Interest Accrued on Deposits	38.08	75.95
EMD Amount	1.18	66.79
TOTAL	**39.26**	**142.74**

NOTE 7 : OTHER CURRENT ASSETS

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
(Unsecured and considered good)		
Advances to:		
Material suppliers/contractors	584.03	1,259.58
Central excise, Sales tax,GST etc.,	1,510.09	1,429.44
Export Incentive Receivables	205.01	127.24
Others*	1,824.81	238.69
Income Tax and other taxes	47.37	68.30
Employees	1.54	2.40
Prepaid expenses	323.44	226.05
TOTAL	**4,496.29**	**3,351.70**

* ₹ 1624.59 lakhs for Industrial Promotion Subsidy (IPS) receivable from the Goverment of Maharashtra for the mega unit set up at Aurangabad under the Package Scheme of Incentive - 2013, and ₹ 200.22 lakhs amount receivable from Telangana Goverment towards Telangana State Industrial Development and Entrepreneur Advancement (T-IDEA) Incentive Scheme.

Notes to Financial Statements

for the year ended 31st March 2021

NOTE 8 : EQUITY SHARE CAPITAL

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Authorised Capital		
6,00,00,000 (Previous Year 6,00,00,000) Equity Shares of ₹ 5/- each (Previous Year ₹ 5/- each)	3,000.00	3,000.00
TOTAL	**3,000.00**	**3,000.00**
Issued, Subscribed and Paid up	1,602.50	1,602.50
3,20,50,067 (Previous year 3,20,50,067) Equity shares of ₹ 5/- each (Previous Year ₹ 5/- each)		
8,300 (Previous year 8,300) Equity Shares forfeited of ₹ 5/- each (Previous year of ₹ 5/- each)	0.42	0.42
TOTAL	**1,602.92**	**1,602.92**

Notes

(a) Reconciliation of equity shares

Particulars	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Issued, subscribed and paid-up capital		
At the beginning of the period	1,602.50	1,491.39
Issued during the period	-	111.11
At the closing of the period	**1,602.50**	**1,602.50**

(b) Details of Shareholders holding more than 5% equity shares in the Company

Name of the shareholder	As at 31.03.2021		As at 31.03.2020	
	%	No. of shares	%	No. of shares
Shri Sharad B Pitti	13.57	43,49,926	12.23	39,20,306
Shri Akshay S Pitti	13.19	42,28,414	12.04	38,60,211
Smt Madhuri S Pitti	5.49	17,58,620	5.48	17,58,620
Pitti Electrical Equipment Pvt Ltd	26.98	86,46,667	26.97	86,46,667

Rights, preferences and restrictions attached to shares :

The Company has only one class of equity shares having a par value of ₹ 5/- each and the holder of the equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the share holders in the Annual General Meeting except in the case of interim dividend. In the event of liquidation of the Company the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held.

During the previous year the Company has allotted 22,22,222 equity shares of ₹ 5 each at a price of ₹ 90/- (including a premium of ₹ 85/- per share) on conversion of warrants to the persons belonging to Promoter / Promoter Group.

Notes to Financial Statements

for the year ended 31st March 2021

NOTE 9 : OTHER EQUITY

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Securities Premium		
At the beginning of the year	8,106.46	6,217.57
Add: during the period	-	1,888.89
At the closing of the period	**8,106.46**	**8,106.46**
General Reserve		
At the beginning of the year	750.48	750.48
Less: adjustment as per Schedule -II of Companies Act, 2013	-	-
Add: Transferred from P&L Account during the year	-	-
At the closing of the period	**750.48**	**750.48**
Surplus in the Statement of Profit and Loss		
At the beginning of the year	10,320.20	8,636.53
Retained Earnings (Ind AS Adj)	-	-
Add : Profit/(Loss) for the period	2,801.44	1,683.67
Less : Interim & Proposed dividend (inclusive of tax)		
Less : Transferred to general reserve during the year	-	-
Net Surplus in the Statement of Profit and Loss	**13,121.64**	**10,320.20**
TOTAL	**21,978.58**	**19,177.14**

NOTE 10 A : BORROWINGS

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
A. Secured Loans		
Term Loans from Banks (Refer Note a)	1,248.25	1,428.53
Term Loans from others (Refer Note b)	1,211.84	1,851.28
Sub total	**2,460.09**	**3,279.81**
Vehicle Loans		
From Lenders (Refer Note c)	87.33	106.38
Sub total	**87.33**	**106.38**
Total - A	**2,547.42**	**3,386.19**
B. Unsecured loans		
From Others (Refer Note d)	2,510.00	1,000.00
Total - B	**2,510.00**	**1,000.00**
TOTAL - (A+B)	**5,057.42**	**4,386.19**

Terms and conditions of loans and security

a) Term loans from Banks

₹ in lakhs

Secured loans	Long term loans		Term loan instalments due less than 12 months		Repayment terms	Security
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020		
Term loans	752.83	1428.53	1,032.05	1,030.00	Quarterly instalments payable over a remaining period of 2 to 6 years	Refer Note 1
WCTL/GECL	495.42	-	334.58	-	Monthly instalments payable over a remaining period of 6 years	Refer Note 2
Total (a)	**1,248.25**	**1,428.53**	**1,366.63**	**1,030.00**		

Notes to Financial Statements

for the year ended 31st March 2021

b) Term loans from Others

₹ in lakhs

Secured loans	Long term loans		Term loan instalments due less than 12 months		Repayment terms	Security
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020		
Term loans	909.01	1851.28	376.73	659.38	Monthly/quarterly instalments payable over remaining period of 3 to 6 years.	Refer Note 3
WCTL/GECL	302.83	-	13.17	-	Monthly instalments payable over remaining period of 6 years.	
Total (b)	**1,211.84**	**1,851.28**	**3,89.90**	**659.38**		
Total (a+b)	**2,460.09**	**3,279.81**	**1,756.53**	**1,689.38**		

c) Vehicle loans are secured by hypothecation of vehicles funded by respective Lenders. Vehicle loans are repayable in monthly instalments till December 2025.

d) Unsecured loans ₹ 2,510 lakhs (previous year ₹ 1,000 lakhs) brought in by the promoters and promoters group as subordinate debt to the secured debt.

Note:

1. Pari passu first charge on present and future fixed assets of the Company and pari passu second charge on present and future current assets of the Company.
   State Bank of India (SBI) is having exclusive charge on immovable properties of the promoters and pledge of 19,44,530 shares of promoters holding on the loan amount of ₹ 17.94 crores. Further SBI loan amount is guaranteed by the promoters of the Company, and these are repayable at an interest rate of 4% above 6 months MCLR.
2. Pari passu second charge on present and future fixed assets and current assets of the Company along with other working capital lenders in consortium and these are repayable at an interest rate of 1year MCLR.
3. Exclusive charge on assets to the extent funded by the respective financial institutions. These loans are guaranteed by the promoters of the company.

Note: All the above term debt carry interest rate in the range of 7.40% to 13.50% p.a.

NOTE: 10B PROVISION FOR LEASE LIABILITY

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Povision for Lease Liability	5,148.63	2,320.69
TOTAL	**5,148.63**	**2,320.69**

NOTE: 11 PROVISIONS

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Provision for Gratuity	211.63	67.17
Provision for Leave encashment	29.71	23.32
Provision for Dismantling of PPE	443.68	402.97
TOTAL	**685.02**	**493.46**

Notes to Financial Statements

for the year ended 31st March 2021

Note: 12 DEFERRED TAX LIABILITIES (NET)

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
At the beginning of the year	1,106.88	1,685.54
Provision for the year	(99.39)	(578.66)
Closing balance	**1,007.49**	**1,106.88**

NOTE: 13A BORROWINGS

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Working capital borrowings from Banks (Secured) (a)	17,003.72	13,342.72
Working capital borrowings from Others	-	994.13
Inter Corporate Deposit	1,475.00	1,325.00
TOTAL	**18,478.72**	**15,661.85**

Note:

(a) Working capital facilities are availed at interest rate ranging from 8.70% p.a to 10.75% p.a which are secured on a pari-passu first charge basis against hypothecation of inventory (stocks), trade receivables and all other current assets both present and future, pari passu second charge on movable and immovable properties of the Company both present and future, pledge of 19,44,530 shares owned by promoters and secured by way of personal guarantee of the promoters of the Company.

NOTE 13B : TRADE PAYABLES

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Dues to micro enterprises and small enterprises*	249.78	70.24
Dues to others	10,278.96	9,601.16
TOTAL	**10,528.74**	**9,671.40**

Note:

The information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises on the basis of information available with the Company on records.

(Refer Note 25.17)

* The amount mentioned is principal only.

NOTE 13C : OTHER FINANCIAL LIABILITIES

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Unclaimed Dividend	8.77	11.65
Interest accrued*	68.00	79.47
Sales Tax (Deferral) due less than 12 months	-	59.90
Term loan instalments due less than 12 months	1,756.53	1,689.38
Vehicle loan instalments due less than 12 months	71.57	67.79
Others	450.20	430.25
TOTAL	**2,355.07**	**2,338.44**

* The amount includes ₹ Nil current year (Previous year ₹ Nil) towards Interest payable to MSMED Vendors.

Notes to Financial Statements

for the year ended 31st March 2021

NOTE 13 D : PROVISION FOR LEASE LIABILITY

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Provision for Lease Liability	1,227.80	304.74
TOTAL	**1,227.80**	**304.74**

NOTE 14 : OTHER CURRENT LIABILITIES

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Advances from Customers	189.88	59.12
Other Liabilities	139.07	143.24
TOTAL	**328.95**	**202.36**

NOTE 15 : PROVISIONS

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Provision for employee benefits :		
Provision for Gratuity	5.34	25.47
Provision for Bonus	216.62	201.49
Provision for Leave encashment	96.75	65.92
TOTAL	**318.71**	**292.88**

NOTE 16 : INCOME TAX LIABILITIES (NET)

	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Provision for taxation (net)	1,003.99	364.68
TOTAL	**1,003.99**	**364.68**

NOTE 17A : REVENUE FROM OPERATIONS

	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
Sales & Services:		
Sale of Products	50,833.61	51,171.83
Sale of Scrap	5,137.79	4,421.51
Sale of Traded Goods	-	449.99
Sale of Tools	312.83	889.30
Job work & Service Income	634.33	731.36
Gross Sales & Services (inclusive of GST)	**56,918.56**	**57,663.99**
Less : GST	(5,481.18)	(5,431.38)
Net Sales & Services	**51,437.38**	**52,232.61**
Sale of Products	46,251.43	46,706.43
Sale of Scrap	4,354.59	3,747.50
Sale of Traded Goods	-	383.13
Sale of Tools	265.11	761.23
Job work & Service Income	566.25	634.32

Notes to Financial Statements

for the year ended 31st March 2021

	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
Net Sales & Services	**51,437.38**	**52,232.61**
Less : Discounts to Customers	(338.19)	(423.26)
Revenue from Sales & Services	**51,099.19**	**51,809.35**

NOTE 17B : OTHER OPERATING REVENUE

	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
Export incentives and others	717.52	696.94
Total	**717.52**	**696.94**
Total Revenue from Operations (A+B)	**51,816.71**	**52,506.29**

NOTE 18 : OTHER INCOME

	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
Interest on Deposits	80.43	72.01
Profit on Sale of Asset	-	2.08
Industrial Incentive	1,653.70	171.11
Forex gain on Export Receivables and Imports Payables	217.76	
Other Misc. Receipts	98.04	122.25
Dividend Income	0.00	0.00
TOTAL	**2,049.93**	**367.45**

NOTE 19 : COST OF MATERIAL CONSUMED

	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
Opening stock	5,965.25	2,802.86
Add: Purchases	36,190.50	36,545.85
Less : Material in Transit	(26.46)	(1,455.73)
Less: Closing stock	(7,436.22)	(4,509.52)
Consumption	**34,693.07**	**33,383.46**

NOTE 20: CHANGES IN INVENTORIES OF WORK-IN-PROCESS, FINISHED GOODS AND SCRAP

	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
A. Opening stocks:		
Work-in-process	2,040.09	2,280.43
Finished goods	3,361.63	3,911.25
Scrap	90.37	16.08
Total - A	**5,492.09**	**6,207.76**
B. Closing stocks:		
Work-in-process	2,072.74	2,040.09
Finished goods	4,237.20	3,361.63
Scrap	348.15	90.37
Total - B	**6,658.09**	**5,492.09**
C. (Increase)/Decrease in stocks (A-B)	**(1,166.00)**	**715.67**

Notes to Financial Statements

for the year ended 31st March 2021

NOTE 21 : EMPLOYEE BENEFIT EXPENSE

	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
Employees remuneration and benefits	4,877.78	4,851.31
Employees settlement expenses	19.05	-
Contribution to PF/ESI	259.02	272.97
Gratuity expenses	47.84	32.41
Remuneration to Directors	192.83	137.79
Staff welfare expenses	213.12	160.31
TOTAL	**5,609.64**	**5,454.79**

NOTE 22 : FINANCE COSTS

	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
Interest on Term Loans	520.01	517.77
Interest on Working Capital	1,914.32	1,828.01
Interest on Income Tax	67.07	24.84
Bank Charges	426.07	776.48
Forex Loss/(Gain) (net)	32.55	264.44
TOTAL	**2,960.02**	**3,411.54**

NOTE 23 : OTHER EXPENSES

	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
Consumption of Stores, Spares, Tools & Dies	1,128.05	1,231.15
Power & fuel	620.34	631.03
Repairs & Maintenance :		
Plant	31.05	92.42
Building	4.14	9.15
Vehicles	11.56	17.66
Other Assets	106.96	85.06
Loss on Sale/Scrap of Fixed Assets	159.93	-
Credit Risk Impaired	4.06	3.21
Credit Risk Allowance	2.52	-
Other Selling & Distribution expenses	396.33	319.54
Packing Cost	739.88	755.99
Carriage outwards	327.71	302.05
Travelling & Conveyance	282.23	360.76
Insurance	140.72	105.79
Rent	3.88	1.80
Rates & Taxes (Excluding Taxes on Income)	94.54	124.66
Director's Sitting Fees	19.50	16.05
Remuneration to auditors :		
Audit Fee	24.20	22.00
Tax Audit Fee	5.00	5.00
Certification Fee /Taxation matter	4.81	4.62
Communication Expenses	36.37	36.19
Professional consultancy	387.17	345.49

Notes to Financial Statements

for the year ended 31st March 2021

	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
CSR Expenses	50.15	39.33
Miscellaneous Expenses	293.98	309.83
TOTAL	**4,875.08**	**4,818.78**

NOTE 24 : TAX EXPENSES

	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
Current tax	1,098.34	524.85
Taxes on Earlier Years	(20.13)	(42.59)
Reversal of MAT Credit	-	372.45
Deferred (credit)/expenses	(99.39)	(578.66)
TOTAL	**978.82**	**276.05**

NOTE 25: NOTES ON ACCOUNTS

25.1. Earnings per share (EPS) from continuing operations

Particulars	For the Year 2020-21	For the Year 2019-20
Earnings		
Profit for the period (₹ in lakhs)	2,877.84	1,709.50
Shares		
Number of shares at the beginning of the period	3.20.50.067	29,827,845
Add: Shares issued during the period	-	22,22,222
Total number of equity shares outstanding at the end of the period	3,20,50,067	3,20,50,067
Weighted average number of equity shares outstanding during the period	3,20,50,067	3,15,40,049
Earnings per share of par value ₹ 5/- Basic (₹)	8.98	5.42
Earnings per share of par value ₹ 5/- Diluted (₹)	8.98	5.42

25.2. Contingent Liabilities& Commitment

Particulars	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
(a) Contingent Liabilities-Claims against the Company not acknowledged as debts:		
(i) Service Tax liability for which appeals preferred by the Company is pending with CESTAT, Bangalore for the FY 2008-09 to 2011-12 up to December, 2011.	68.55*	68.55*
(ii) Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax, Hyderabad for the AY 2017-18.	923.08*	923.08*
(iii) Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax, Hyderabad for the AY 2018-19.	5.14*	-
(b) Commitments		
(i) Bank guarantees	1,154.69	1,108.61
(ii) Estimated amount of liability on account of Capital Commitments	1,889.03	2,568.73
(iii) Towards Industrial Promotion Subsidy (IPS) (Mega) for New Unit under package scheme of incentive – 2013 from Maharashtra Govt. (Subject to satisfaction of conditions attached to grant)	1,624.59	-

* No provision is considered since the Company expects favorable decision.

Notes to Financial Statements

for the year ended 31st March 2021

25.3. Employee Benefit Plans

AS per Indian Accounting Standard 19 – "Employee Benefits", the disclosures as defined are given below :

A) Defined Benefit Plan

A summary of the Gratuity & Leave Encashment plans are as follows

Assumptions	Gratuity Plan 2020-21	Gratuity Plan 2019-20	Leave Encashment Plan 2020-21	Leave Encashment Plan 2019-20
Discount Rate	6.80%	6.80%	6.80 %	6.80%
Rate of increase in Compensation levels	2% p.a.	2% p.a.	2% p.a.	2% p.a.
Rate of Return on Plan Assets	6.80%	6.80%	0%	0%
Expected Average remaining working lives of employees (years)	25 yrs	25 yrs	25 yrs	25 yrs

Changes in Present Value of Obligations	Gratuity Plan ₹ in lakhs 2020-21	Gratuity Plan ₹ in lakhs 2019-20	Leave Encashment Plan ₹ in lakhs 2020-21	Leave Encashment Plan ₹ in lakhs 2019-20
Present Value of Obligation as at the beginning of the year	305.98	251.16	89.24	71.80
Interest Cost	20.81	19.21	5.48	5.49
Current Service Cost	41.54	29.69	37.22	17.44
Benefits paid	(7.08)	(17.79)	(17.37)	(21.24)
Actuarial (gain)/ loss on obligations	69.57	23.71	11.89	15.75
Present Value of Obligation as at the end of the year	430.82	305.98	126.46	89.24
Amount to be recognized in Balance Sheet				
Present Value of Obligation as at the end of the year	430.82	305.98	126.46	89.24
Fair Value of Plan Assets as at the end of the year	213.85	213.36	-	-
Funded Status	(216.97)	(92.64)	(126.46)	(89.24)
Net Asset / (Liability) Recognized in Balance Sheet	(216.97)	(92.64)	(126.46)	(89.24)
Expenses Recognized in the Statement of Profit and Loss				
Current Service Cost	41.54	29.69	37.22	17.44
Past Service Cost	-	-	-	-
Interest Cost	20.81	19.21	5.48	5.49
Expected Return on Plan Assets	(7.59)	(15.46)	-	-
Net actuarial (gain)/ loss recognized in the year	69.57	23.71	11.89	15.75
Expenses Recognized in the Statement of Profit & Loss	124.33	57.15	54.58	38.68

Sensitivity Analysis – Gratuity Plan

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

Particulars	Gratuity Plan As at 31.03.2021 ₹ in lakhs Decrease	Gratuity Plan As at 31.03.2021 ₹ in lakhs Increase	Gratuity Plan As at 31.03.2020 ₹ in lakhs Decrease	Gratuity Plan As at 31.03.2020 ₹ in lakhs Increase
Change in Rate of discount (Delta effect of +/-1%)	472.08	395.47	336.76	279.71
Change in Rate of Salary Growth (Delta effect of +/-1%)	387.64	480.89	272.75	345.34
Change in Rate of Attrition (Delta effect of +/-1%)	397.34	460.89	280.15	329.15
Change in Mortality Rate (Delta effect of +/-10%)	430.01	431.62	305.38	306.59

Notes to Financial Statements
for the year ended 31st March 2021

Sensitivity Analysis – Leave Encashment Plan

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

Particulars	Leave Encashment Plan			
	As at 31.03.2021 ₹ in lakhs		As at 31.03.2020 ₹ in lakhs	
	Decrease	Increase	Decrease	Increase
Change in Rate of discount (Delta effect of +/-1%)	141.14	114.23	99.73	80.52
Change in Rate of Salary Growth (Delta effect of +/-1%)	109.43	147.39	77.04	104.28
Change in Rate of Attrition (Delta effect of +/-1%)	110.86	140.25	77.94	99.23
Change in Mortality Rate (Delta effect of +/-10%)	126.15	126.77	89.03	89.46

B) **Defined Contribution Plan**

Contribution to Defined Contribution plan, recognized as expense for the year is as under:

Description	2020-21 ₹ in lakhs	2019-20 ₹ in lakhs
Employer Contribution to ESI	29.85	37.29
Employer Contribution to PF	206.95	220.14
Employer Contribution to pension scheme	21.94	15.54
Labor welfare fund	0.28	-
Total	**259.02**	**272.97**

25.4. Details of consumption of Raw Material

Description	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
Imported	5,385.55	1,729.93
Indigenous	29,307.52	31,653.53
TOTAL	**34,693.07**	**33,383.46**

25.5. Stock and Turnover of Manufactured and Traded goods

Description	Turnover ₹ in lakhs	Closing Inventory (FG) ₹ in lakhs	Opening Inventory (FG) ₹ in lakhs
Sale of Products	**50,532.94**	**4,237.20**	**3,361.63**
	(50,791.90)	(3,361.63)	(3,911.25)
Sale of Services	**566.25**	**-**	**-**
	(634.32)	-	-
Traded Goods	**-**	**-**	**-**
	(383.13)	-	-
TOTAL	**51,099.19**	**4,237.20**	**3,361.63**
	(51,809.35)	(3,361.63)	(3,911.25)

Note: Figures in brackets represent previous year's figures 2019-20.

Notes to Financial Statements
for the year ended 31st March 2021

25.6. Stock of Work in process

Description	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
Work/Material in process	2,072.74	2,040.09
TOTAL	**2,072.24**	**2,040.09**

25.7. CIF Value of Imports

Particulars	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
Capital goods	3,187.00	528.45
Raw Materials	6,121.74	1,519.43
Stores and Spares	59.39	118.97
Traded Goods	-	82.23
TOTAL	**9,368.13**	**2,249.08**

25.8. Earnings in Foreign Currency

Particulars	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
FOB value of Exports	20,026.59	21,030.97

25.9. Expenditure in Foreign Currency

Particulars	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
Travelling and others	197.82	296.84
Total	**197.82**	**296.84**

25.10. Disclosure as per Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

(i) Details of investment made are given in Note 3A &25.13

(ii) There are no guarantees issued by your Company in accordance with section 186 of the Companies Act, 2013 read with rules issued there under

25.11. Segment Reporting

Segments are identified in line with Indian Accounting Standards (Ind AS) 108 "Operating Segments", taking into consideration the internal organization and management structure.

Operating Segments are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assesses it performance and for which discreet information is available.

The operating segment of the Company is identified to be manufacturing of "Engineering Products of Iron and Steel" and the CODM reviews business performance at an overall Company level as one segment. Hence no separate disclosure is provided.

Notes to Financial Statements

for the year ended 31st March 2021

Information by Geographies

In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of assets.

a) Revenue from External Customers

Sl. No	Segment Revenue	For the Year 2020-21 ₹ in lakhs	For the Year 2019-20 ₹ in lakhs
a)	India	33,803.08	31,709.59
b)	Outside India	20,063.56	21,164.15
	TOTAL	**53,866.64**	**52,873.74**

b) Assets

Segment Assets	Carrying amount of Assets	
	As at 31.03.2021 ₹ in lakhs	As at 31.03.2020 ₹ in lakhs
India	61,873.21	52,056.32
Outside India	8,234.55	7,552.67
TOTAL	**70,107.76**	**59,608.99**

c) Revenue from Major Customers

Details of single external customer from whom the Company receives more than 10% of the revenue

Revenue from four customers of the Company, having more than 10% of the total revenue aggregating to ₹ 27,593.95 lakhs

25.12. Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

₹ in lakhs

Fair value hierarchy				
Particulars	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
31-March-21				
Financial Asset				
Investment in equity instruments	1,647.07	1.03	1,641.04	5.00
Security Deposits	17.19	-	-	17.19
Financial Liability				
Borrowings	5,057.42	-	-	5,057.42
Total	**6,721.68**	**1.03**	**1,641.04**	**5,079.61**
31-March-20				
Financial Asset				
Investment in equity instruments	1,641.96	0.95	1,641.01	-
Security Deposits	16.49	-	-	16.49
Financial Liability				
Borrowings	4,386.19	-	-	4,386.19
Total	**6,044.64**	**0.95**	**1,641.01**	**4,402.68**

Notes to Financial Statements

for the year ended 31st March 2021

25.13. Related party disclosures:

List of Related parties:

Wholly Owned Subsidiary

i. Pitti Rail and Engineering Components Limited

Directors

i. Shri Sharad B Pitti*

ii. Shri Akshay S Pitti*

iii. Shri N.R. Ganti

iv. Shri G. Vijaya Kumar#

v. Shri M. Gopalakrishna

vi. Ms. Gayathri Ramachandran

vii. Shri S. Thiagarajan

Relatives of Directors* with whom transactions have taken place

i. Smt Madhuri S Pitti

ii. Smt Radhika A Pitti

Key Managerial Personnel

i. Shri N. K. Khandelwal

ii. Ms. Mary Monica Braganza

Companies in which Directors* having interest with whom transactions have taken place

i. Pitti Castings Private Limited

ii. Pitti Electrical Equipment Private Limited,

iii. Pitti Components Limited

iv. Pitti Trade and Investments Private Limited

Entities in which Directors*# having interest with whom transaction shave taken place

i. Badrivishal Pannalal Pitti Trust

A. Transactions/balances outstanding with related parties:

(1) For the Financial Year 2020-21

₹ in lakhs

Sl. No	Transactions / Outstanding balances	Wholly Owned Subsidiary (Pitti Rail and Engineering Components Limited)	Directors/ Relatives	Director's interest in Company/Entities	Key Managerial Personnel	Total
1	Remuneration	-	207.87	-	99.77	307.64
2	Rent / Lease Expenses	-	268.53	-	-	268.53
3	Rent / Lease Income	0.70	-	1.50	-	2.20
4	Purchases of goods & services	-	-	8,982.47	-	8,982.47
5	Sales of goods & services	-	-	565.61	-	565.61
6	Unsecured Loan - received	-	3,660.00	-	-	3,660.00
7	Unsecured Loan – repaid	-	1,150.00	-	-	1,150.00
8	Inter Corporate Deposits – received	-	-	1,150.00	-	1,150.00
9	Inter Corporate Deposits – repaid	-	-	2,150.00	-	2,150.00
10	Donations for CSR	-	-	50.15	-	50.15
11	Interest paid	-	-	161.02	-	161.02
12	Rent Deposit Received	0.36	-	-	-	0.36
13	Investment made	5.00	-	-	-	5.00
14	Amount payable at the year end	0.36	2,554.21	144.30	7.78	2,706.65
15	Amount receivable at the year end	-	60.23	519.88	-	580.11
16	Investments at the year end	5.00	-	1,641.00	-	1,646.00

Notes to Financial Statements

for the year ended 31st March, 2021

(2) For the previous Financial Year 2019-20

₹ in lakhs

Sl. No	Transactions / Outstanding balances	Directors/ Relatives	Director's interest in Company/Entities	Key Managerial Personnel	Total
1	Remuneration	152.83	-	85.86	238.69
2	Rent / Lease Expenses	254.66	-	-	254.66
3	Rent / Lease Income	-	1.12	-	1.12
4	Purchases of goods & services	-	10,798.19	-	10,798.19
5	Sales of goods & services	-	516.49	-	516.49
6	Unsecured Loan - received	200.00	200.00	-	400.00
7	Unsecured Loan – repaid	960.00	200.00	-	1,160.00
8	Inter Corporate Deposits – received	-	1,000.00	-	1,000.00
9	Inter Corporate Deposits – repaid	-	710.00	-	710.00
10	Monies Received against Warrants	750.00	750.00	-	1,500.00
11	Warrants converted to Share Capital	1,000.00	1,000.00	-	2,000.00
12	Donations for CSR	-	39.34	-	39.34
13	Interest paid	-	46.02	-	46.02
14	Rent Deposit Received	-	0.36	-	0.36
15	Amount payable at the year end	10.04	1,831.46	2.89	1,844.39
16	Amount receivable at the year end	60.23	1,037.46	-	1,097.69
17	Investments at the year end	-	1,641.00	-	1,641.00

B) Disclosure pursuant to regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Transaction with promoter / promoter group holding more than 10% of the share capital of the Company.

₹ in lakhs

Name	Transaction / Outstanding Balance	For the year 2020-21	For the year 2019-20
Shri Sharad B Pitti	Remuneration	96.93	69.72
	Lease rental	92.05	86.58
	Unsecured loans Received	175.00	200.00
	Unsecured loans Repaid	175.00	200.00
	Interest on unsecured loan	2.56	-
	Amount payable at the year end	13.48	4.49
	Amount receivable (Rent deposit) at the year end	20.21	20.21
Shri Akshay S Pitti	Remuneration	95.90	68.07
	Unsecured loans Received	3,485.00	-
	Unsecured loans Repaid	975.00	760.00
	Interest on unsecured loan	58.58	-
	Amount payable at the year end	2512.46	4.62
Pitti Electrical Equipment Private Limited	Purchase of goods	638.86	68.40
	Inter corporate deposits received	-	1,000.00
	Inter corporate deposits repaid	1,000.00	710.00
	Interest on inter corporate deposits	80.15	46.02
	Amount payable at the year end	112.72	1,080.71

Notes to Financial Statements

for the year ended 31st March, 2021

25.14. Deferred Tax

₹ in lakhs

Sl. No	Particulars	Deferred Tax (Liability)/ Asset as at 01.04.2020	Current Year charge (Debit)	Deferred Tax (Liability)/ Asset as at 31.03.2021
1	Difference between Depreciation as per Co's Act. & as per IT Act.	(1,982.41)	2.14	(1,980.27)
2	Others	875.53	97.25	972.78
	Deferred Tax Net	**(1,106.88)**	**99.39**	**(1,007.49)**

25.15. The Company has provided for cess as specified in section 441 A of the Companies Act, 1956 and in the absence of any notification by the Central Govt. the Company could not deposit the same with the appropriate authority.

25.16. The assessment for impairment of assets has taken place at the end of reporting period as per guidelines laid down in IND AS 36, 'Impairment of assets'. For the assets having recoverable amount less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the resulting impairment loss is recognised in profit or loss.

25.17. Micro, Small and Medium Enterprises Development Act, 2006

Disclosure required as per section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act) is given below:

₹ in lakhs

Sl. No	Description	Year 2020-21	Year 2019-20
1	Principal amounts due to suppliers under MSMED	249.78	70.24
2	Interest accrued and due to suppliers covered under MSMED on the above amount, unpaid	-	-
3	Payment made to suppliers (with Interest) beyond the appointed day during the year.	-	-
4	Interest paid to suppliers covered under MSMED	-	-
5	Interest due & Payable to suppliers covered under MSMED Act., towards payments already made.	-	-

The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with Company.

25.18. Right of Use of Assets

For the Financial Year 2020-21

₹ in lakhs

Particulars	Category of ROU Assets					Total
	Land	Building	Plant & Machinery	Vehicles	Computers	
Balance as on 1st April 2020	209.81	2,152.55	-	41.51	19.20	2,423.07
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-
Additions/Adjustments	-	-	5,442.02	62.74	-	5,504.76
Deletions/Adjustments	-	-	-	-	-	-
Depreciation	17.88	119.59	351.17	24.85	19.20	532.69
Balance as on 31st March 2021	**191.93**	**2,032.96**	**5,090.85**	**79.40**	**-**	**7,395.14**

For the Previous Financial Year 2019-20

₹ in lakhs

Particulars	Category of ROU Assets				Total
	Land	Building	Vehicles	Computers	
Balance as on 1st April 2019	209.81	2,152.55	41.51	19.20	2,423.07
Reclassified on account of adoption of Ind AS 116	227.69	2,272.14	69.10	44.79	2,613.72
Additions/Adjustments	-	-	-	-	-
Deletions/Adjustments	-	-	-	-	-
Depreciation	17.88	119.59	27.59	25.59	190.65
Balance as on 31st March 2020	**209.81**	**2,152.55**	**41.51**	**19.20**	**2,423.07**

Notes to Financial Statements

for the year ended 31st March, 2021

25.19. Letters have been written for confirmation of debit and credit balances pertaining to debtors and creditors and reply from certain parties are awaited.

25.20. Financial and derivative instruments:

₹ in lakhs

Description	As at 31.03.2021	As at 31.03.2020
Forward Contracts	4,077.31	7,267.31

All financial and forward contracts entered into by the Company are for hedging purpose only.

25.21. Statutory Auditor's remuneration

₹ in lakhs

Sl. No	Description	Year 2020-21	Year 2019-20
1	Statutory Audit	24.20	22.00
2	Tax Audit	5.00	5.00
3	Certification fee / Taxation matter	4.81	4.62

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

for **Laxminiwas & Co**
Chartered Accountants
Firm's Registration
Number:011168S

Sharad B Pitti
Chairman & Managing
Director
DIN:00078716

G Vijaya Kumar
Director
DIN:00780356

Vijay Singh
Partner

M. No:221671

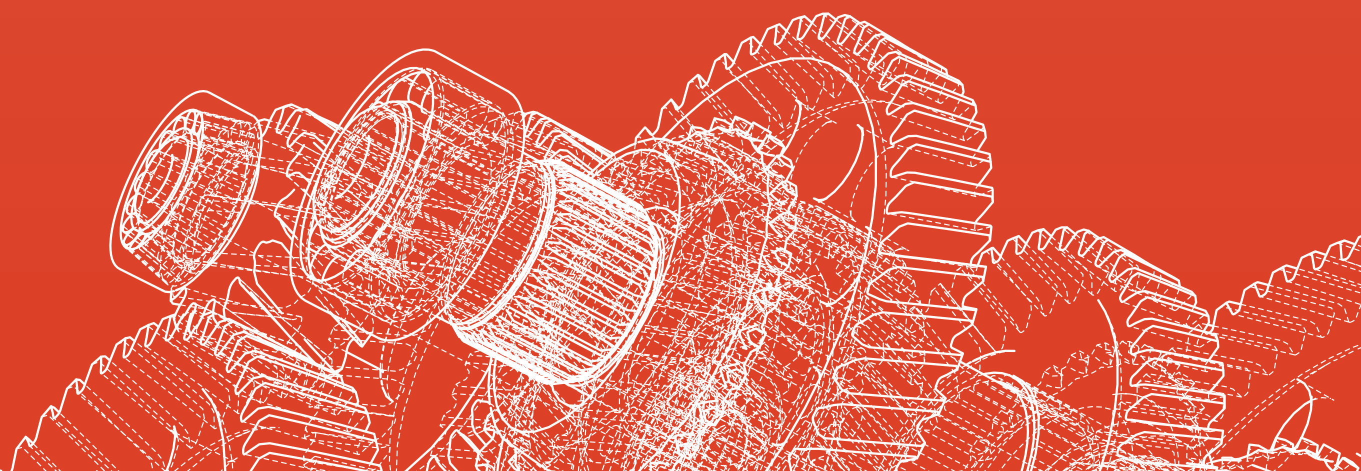
Mary Monica Braganza
Company Secretary &
Compliance Officer
M. No:F5532

N. K. Khandelwal
President - Corporate
Resources & CFO
M. No: 074967

Place : Hyderabad
Date : 18th June 2021

Place : Hyderabad
Date : 18th June 2021

CONSOLIDATED
FINANCIAL STATEMENTS



Independent Auditor's Report

To the Members of **Pitti Engineering Limited**
[Formerly known as Pitti Laminations Limited]

Report on Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Pitti Engineering Limited which includes joint operations (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated balance sheet as at 31st March 2021, the consolidated statement of Profit and Loss, including the other comprehensive income statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information here in after referred to as ("the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act, of the consolidated state of affairs of the Company as at 31st March 2021, their consolidated profit, changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under the section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules issued there under, 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 on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone financial statements of the current period. We have determined that there are no Key audit matters to communicate in our report.

Information other than the financial statements and auditor's report thereon:

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Director's Report, but does not include the Consolidated financial statements and our auditor's report thereon.

Our opinion on the Consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with Ind AS and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for Audit of Consolidated Financial Statements:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, then 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 entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 the those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss, consolidated Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account;

   d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting standards ("IND AS") specified under Section 133 of the Act, read with relevant rules issued there under.

   e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March,2021 from being appointed as a director in terms of Section 164 (2) of the Act;

   f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's report in accordance with the requirements of Section 197(16) of the Act, as amended:

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25.2 to the financial statements;

      ii) The Company does not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses; and

      iii) There has been no delay in transferring amounts, required to be transferred to the Inverstor Education and Protection Fund by the Company.

For **Laxminiwas & Co.**
Chartered Accountants
Firm's Registration Number: 011168S

Vijay Singh
Partner
Membership Number: 221671
UDIN: 21221671AAAAJM9153

Place: Hyderabad
Date: 18th June 2021

Annexure - A to the Auditors' Report

Referred to in paragraph 1(f) under "Report on other Legal and Regulatory Requirement of our report to the members of Pitti Engineering Limited of even date.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Pitti Engineering Limited ("the Company") as of 31st March 2021, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and issued by Institute of Chartered accountants of India and the standards on auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company and its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Laxminiwas & Co.**
Chartered Accountants
Firm's Registration Number: 011168S

Vijay Singh
Partner
Membership Number: 221671
UDIN: 21221671AAAAJM9153

Place: Hyderabad
Date: 18th June 2021

Consolidated Balance Sheet

as at 31st March 2021

₹ in lakhs

Particulars	Notes	As at 31.03.2021
ASSETS		
NON-CURRENT ASSETS		
(a) Property, plant and equipment	2A	19,283.66
(b) Capital work-in-progress		113.53
(c) Intangible Assets	2B	1,807.10
(d) Right of use of Assets	2C	7,412.55
(e) Financial Assets		
(i) Investments	3A	1,641.00
(ii) Loans	3B	19.84
(iii) Term Deposit Accounts	3C	485.18
(f) Other non-current assets	4	768.37
TOTAL NON - CURRENT ASSETS		**31,531.23**
CURRENT ASSETS		
(a) Inventories	5	15,722.09
(b) Financial Assets		
(i) Investments	6A	1.07
(ii) Trade receivables	6B	17,176.93
(iii) Cash and Cash equivalents	6C	894.41
(iv) Other financial assets	6D	39.26
(c) Assets held for sale	2A	262.00
(d) Other current assets	7	4,496.29
TOTAL CURRENT ASSETS		**38,592.05**
TOTAL ASSETS		**70,123.28**
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	8	1,602.92
(b) Other equity	9	21,976.36
TOTAL EQUITY		**23,579.28**
LIABILITIES		
NON-CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	10 A	5,057.42
(ii) Provision for Lease Liability	10 B	5,166.63
(iii) Others		0.36
(b) Other Long Term Liabilities		385.00
(c) Provisions	11	685.02
(d) Deferred tax liabilities(net)	12	1,007.34
TOTAL NON-CURRENT LIABILITIES		**12,301.77**
CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Borrowings	13A	18,478.72
(ii) Trade payables	13B	
Dues to micro and small enterprises		249.78
Dues to others		10,278.96
(iii) Other financial liabilities	13C	2,355.32
(iv) Provision for Lease liability	13D	1,227.80
(b) Other current liabilities	14	328.95
(c) Provisions	15	318.71
(d) Income tax liabilities (net)	16	1,003.99
TOTAL CURRENT LIABILITIES		**34,242.23**
TOTAL EQUITY AND LIABILITIES		**70,123.28**
Significant accounting policies and notes on accounts	1 to 25	

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

for **Laxminiwas & Co**
Chartered Accountants
Firm's Registration
Number:011168S

Sharad B Pitti
Chairman & Managing
Director
DIN:00078716

G Vijaya Kumar
Director
DIN:00780356

Vijay Singh
Partner

M. No:221671

Mary Monica Braganza
Company Secretary &
Compliance Officer
M. No:F5532

N. K. Khandelwal
President - Corporate
Resources & CFO
M. No: 074967

Place : Hyderabad
Date : 18th June 2021

Place : Hyderabad
Date : 18th June 2021

Consolidated Statement of Profit & Loss

for the year ended 31st March 2021

₹ in lakhs

Particulars	Notes	For the Year 2020-21
INCOME		
Revenue from operations	17A	51,099.19
Other Operating revenue	17B	717.52
Total Revenue from Operations		**51,816.71**
Other income	18	2,049.23
TOTAL REVENUE		**53,865.94**
EXPENSES		
Cost of Materials consumed	19	34,693.07
Purchase of stock-in-trade		-
Changes in inventories of work-in-process, finished goods and scrap	20	(1,166.00)
Employee benefits expenses	21	5,609.64
Finance costs	22	2,960.81
Depreciation and amortization expenses	2A, 2B & 2C	3,038.68
Other expenses	23	4,875.46
TOTAL EXPENSES		**50,011.66**
Profit before tax		**3,854.28**
TAX EXPENSES	24	
(a) Current tax		1,098.34
(b) Tax relating to earlier years		(20.13)
(c) Reversal of MAT Credit		-
(d) Deferred tax		(99.54)
TOTAL TAX EXPENSES		**978.67**
Profit for the period		**2,875.61**
Other Comprehensive Income		
(i) Items that will not be reclassified subsequently to profit or loss		
Remeasurement of the net defined benefit (liability)/assets		(76.48)
Change in fair value of non-current investment		-
Change in fair value of current investment		0.08
(ii) Items that will be reclassified subsequently to profit or loss		
Total other comprehensive income		**(76.40)**
Total Comprehensive Income		**2,799.21**
Earnings per Equity Share of Face Value of ₹ 5/- each	25.1	
(a) Basic		**8.97**
(b) Diluted		**8.97**
Significant accounting policies and notes on accounts	1 to 25	

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

for **Laxminiwas & Co**
Chartered Accountants
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M. No: 074967

Place : Hyderabad
Date : 18th June 2021

Consolidated Statement of Changes in Equity

for the year ended 31st March 2021

(a) Equity Share Capital

₹ in lakhs

Particulars	Note No.	
Balance as at 1st April 2019		1,491.81
Changes in equity share capital during the year	8 (a)	111.11
Balance as at 31st March 2020		1,602.92
Balance as at 1st April 2020		1,602.92
Changes in equity share capital during the year	8 (a)	-
Balance as at 31st March 2021		1,602.92

(b) Other Equity

₹ in lakhs

Paticulars	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of other comprehensive income	Total Other Equity
Balance as on 1st April 2019	6,217.57	750.48	8,466.71	(91.90)	261.72	15,604.58
Profit and loss during period	-	-	1,709.50	-	-	1,709.50
Premium on Shares issued during the year	1,888.89	-	-	-	-	1,888.89
Fair Valuation of investments	-	-	-	(1.09)	-	(1.09)
Actuarial Gain / Loss	-	-	-	-	(24.74)	(24.74)
Balance as on 31st March 2020	**8,106.46**	**750.48**	**10,176.21**	**(92.99)**	**236.98**	**19,177.14**
Balance as on 1st April 2020	8,106.46	750.48	10,176.21	(92.99)	236.98	19,177.14
Profit and loss during period	-	-	2,875.61	-	-	2,875.61
Premium on Shares issued during the year	-	-	-	-	-	-
Fair Valuation of investments	-	-	-	0.08	-	0.08
Actuarial Gain Loss	-	-	-	-	(76.48)	(76.48)
Balance as on 31st March 2021	**8,106.46**	**750.48**	**13,051.82**	**(92.91)**	**160.50**	**21,976.35**

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

for **Laxminiwas & Co**
Chartered Accountants
Firm's Registration
Number:011168S

Vijay Singh
Partner

M. No:221671

Place : Hyderabad
Date : 18th June 2021

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N. K. Khandelwal
President - Corporate
Resources & CFO
M. No: 074967

Place : Hyderabad
Date : 18th June 2021

Consolidated Cash Flow Statement

for the year ended 31st March 2021

₹ in lakhs

Particulars	Year 2020-21	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	3,854.28	
Adjusted for		
Depreciation	3,038.68	
Interest Income	(80.43)	
Credit Risk Impaired	4.06	
Credit Risk Allowance	2.52	
Loss / (Profit) on sale of fixed assets (net)	159.93	
Re-measurement gains/(losses) on employee defined benefit plans	(76.48)	
Re-measurement gains/(losses) on Investments	0.08	
Unrealised foreign exchange differences	(538.98)	
Finance Costs	2,960.81	9,324.47
Operating Profit before Working Capital changes		**9,324.47**
Working Capital changes adjusted for		
Trade & Other financial and non financial assets	(4,410.23)	
Inventories	(3,071.93)	
Trade Payables and other financial and non finacial liabilities	1,904.07	
		(5,578.09)
Cash generated from operations		**3,746.38**
Taxes Paid		(575.31)
Cash Flow before extraordinary items		**3,171.07**
Net Cash Flow From Operating Activities - (A)		**3,171.07**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & equipment and intangibles		(3,291.58)
Advances to Property, Plant & equipment and intangibles		(358.96)
ROU Assets as per IND AS 116		(3,247.73)
Proceeds from sale of fixed assets		70.67
Loss on current financial assets measured at FVTPL		(0.11)
Advance received for Asseets held for sale		-
Interest income received		182.62
Net Cash used in Investing Activities - (B)		**(6,645.09)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	
Proceeds from issue of share warrants	-	
Finance charges	(2,625.58)	
Cash Payments for Principal portion of lease liability	(320.91)	
Cash Payments for interest portion of lease liability	(11.71)	
Working Capital Borrowings	2,816.87	
Funds for long term use	(1,300.00)	
Long Term Funds (Term Loans from finacial institutions and other unsecured loans)	837.68	
Long Term Funds (Funds from Promoters and Promoters Group converted to Share Capital)	-	
Long Term Deposits received	-	
Term Deposit Accounts with financial institutions	(324.99)	
Lease Liability	3,769.00	
		2,840.36

Consolidated Cash Flow Statement

for the year ended 31st March 2021

₹ in lakhs

Particulars	Year 2020-21
Net Cash used in Finance Activities - (C)	**2,840.36**
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	**(633.66)**
Opening Balance in Cash and Cash Equivalents	**670.44**
Closing Balance in Cash and Cash Equivalents	**36.78**
Components of cash and cash equivalents:	
Cash on hand	18.27
Balances with banks	
On current accounts	3.81
On EEFC accounts	5.93
On unpaid dividend account	8.77
Total cash and cash equivalents	**36.78**

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

for **Laxminiwas & Co**
Chartered Accountants
Firm's Registration
Number:011168S

Vijay Singh
Partner

M. No:221671

Place : Hyderabad
Date : 18th June 2021

Sharad B Pitti
Chairman & Managing
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Director
DIN:00780356

N. K. Khandelwal
President - Corporate
Resources & CFO
M. No: 074967

Place : Hyderabad
Date : 18th June 2021

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1. CORPORATE INFORMATION

The Consolidated financial statements comprise financial statements of Pitti Engineering Limited (Formerly Pitti Laminations Limited) ("the Holding Company " or "The Company") which is a public Company and it's wholly owned subsidiary "Pitti Rail and Engineering Components Limited" which is incorporated in India during the FY 2020-21. The registered office of the Group is located at 4th floor Padmaja Landmark, Somajiguda, Hyderabad – 500082, Telangana, India. The shares of the holding company are listed on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

The Group is engaged in the manufacturing of engineering products of iron and steel including electrical steel laminations, stator & rotor core assemblies, sub-assemblies, pole assemblies, die-cast rotors, press tools and high precision machining of various metal components including Railways.

1.2 BASIS OF PREPARATION AND PRESENTATION

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies Accounting Standard (Amendment Rules 2016).

The Consolidated financial statements of the Group are presented in Indian rupees (₹), which is also its functional currency and all values are rounded to the nearest lakh (₹ 00,000), except when otherwise indicated.

1.3 Priniciples of Consolidation

(a) The financial statements of the Holding Company and its subsidiaries are combined on a line-by-line basis by adding together like-items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intragroup transactions.

(b) Profits or losses resulting from intra-group transactions that are recognised in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.

(c) The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(d) The carrying amount of the parent's investment in each subsidiary is offset (eliminated) against the parent's portion of equity in each subsidiary.

1.4. Preparation of Consolidated Financial Statements

(a) Basis of Accounting

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of Companies Act,2013.

The Consolidated financial statements comprises of Pitti Engineering Limited (Formerly Pitti Laminations Limited) and its wholly owned subsidiary Pitti Rail and Engineering Components Limited , being the entity that it controls. Control is assessed in accordance with the requirement of Ind AS 110 –Consolidated financial statements. These financial statements for the year ended 31st March 2021 are the first consolidated financials, during the year the Holding company has acquired business of Pitti Rail and Engineering Components Limited therefore comparative figures as per Ind AS not required to be presented.

The Consolidated financial statements have been prepared on historical cost basis except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these Consolidated financial statements is determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2.

(b) Significant accounting judgments, estimates and assumptions

The preparation of the Group's Consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The management believes that the estimates used in preparation of Consolidated financial statements are prudent and reasonable.

Estimates and underlying assumptions are reviewed at each reporting date. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future period is effected.

(c) Estimation of uncertainties relating to the global health pandemic from COVID-19

During the quarter 1 (April to June'20), the novel coronavirus (Covid-19) affected public health. In response, Governments across the globe, imposed lockdown which disrupted worldwide economic activity

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

including India. Accordingly, the Central and State Governments issued directives for lockdown closure of all activities for specified periods effecting the operations of the Group and thus impacting the sales and profitability during the year. The Group continuously monitored the situation and took necessary actions in response to the developments to minimize the impact and safeguard its assets and people. The Group evaluated the prevailing situation to assess the impact on the consolidated financial statements for the year ended 31st March 2021 and is confident of recoverability of the assets including receivables, investments, property plant and equipment, intangible assets, assets held for sale and estimates no material impact.

(d) Current/ Non-Current Classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

(i) Expected to be realized or intended to be sold or consumed in normal operating cycle

(ii) Held primarily for the purpose of trading

(iii) Expected to be realized within twelve months after the reporting period, or

(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period, or

(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

1.4. Property, Plant and Equipment

Freehold land is measured at cost and not depreciated. All other items of property, plant and equipment (includes Tools and Dies) are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes GST eligible for credit / setoff.

Such cost includes the cost of replacing part of the plant and equipment, costs of dismantling and removing the item and restoring the site on which it is located and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the same were depreciated separately based on their specific useful lives.

All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

The Group records a provision for dismantling cost towards Plant and Machinery wherever applicable. Dismantling costs are provided at the present value of future expenditure using the current pre-tax rate expected to be incurred to fulfil dismantling obligation and are recognized as part of the cost of the underlined asset. Any change in the present value of expenditure other than unwinding of discount on the provision is reflected as adjustment to the provision and the corresponding asset. The change in the provision due to the unwinding of discount is recognized in the statement of profit and loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

All identifiable Revenue expenses including interest incurred in respect of various projects / expansion, net of income earned during the project development stage prior to its intended use, are considered as pre – operative expenses and disclosed under Capital Work-in-Progress.

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as "Capital Advances" under other non-current assets.

Property, plant and equipment are eliminated from Consolidated financial statements, either on disposal or when retired from active use. Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

'Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Property, Plant and Equipment is provided on straight-line method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013. Building constructed on leasehold land is depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of the land is beyond the life of the building. Any Capital Expenditure costing ₹ 5,000 or less are treated as a Revenue Expenditure and recognized in the statement of profit and loss in the year in which it is incurred.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the assets where the useful life estimated by management is different from the Act details are given below:

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

Category of Asset	Estimated useful lives as assessed by the Management	Useful lives as per Schedule II to the Act
Factory Building	5-30 years	30 years
Leasehold Building	8-28 years	30 years
Furniture & Fixtures	2-10 years	10 years
Patterns, Match Plates	6-10 years	15 years
Plant & Machinery	2-10 years	15 years
Electricals	2-10 years	10 years
Office Equipment	5-10 years	5 years
Lab & Test Equipment	3-10 years	10 years
Other Miscellaneous Equipment	2-25 years	15 years
Vehicles-Motor Cycle	10 years	10 years
Vehicles-Motor Cars	2-8 years	8 years
Computers – Servers	6 years	6 years
Computers – Desktops	3 years	3 years

The useful life of each tool has been estimated in number of strokes; hence Depreciation has also been done on the number of strokes made by each tool during the year. However, if any tool wears out or gets obsolete before expiry of the estimated life, the remaining value of the tool is depreciated during that year.

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably.

Intangible assets are stated at cost or acquisition less accumulated amortization and impairment loss, if any.

Intangible assets including software is amortized over their estimated useful life on straight line basis from the date they are available for intended use, subject to impairment test.

The estimated useful life and the amortization period of the intangible assets are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

Development expenditures on an individual product/project are recognized as an intangible asset when the Group can demonstrate, the technical feasibility of completing the intangible asset so that the asset will be available for use or sale, its intention to complete and use or sell the asset, its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the availability to measure reliably the expenditure during development.

Product development cost are amortized on a straight-line basis over a period of 60 months.

Subsequent cost

Subsequent costs incurred for replacement of a major component of an asset are included in the asset's carrying cost or recognized as a separate asset, as appropriate. The carrying values of the replaced components are recognized to statement of Profit and Loss when replaced.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Gains or losses arising from de-recognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

1.5. REVENUE RECOGNITION

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.

The control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognised over the time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the Group is entitled to in exchange of transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government). Consideration is due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

(a) Interest income

Interest Income from financial asset is recognized when it is probable that the economic benefits flow to the Group and

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for the year ended 31st March 2021

the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

(b) Dividend income

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

(c) Other income

Revenue in respect of other income is recognized when a reasonable certainty as to its realization exists.

Income from export incentives under Foreign Trade Policy relating to Merchandise Exports from India Scheme (MEIS), duty drawback, premium on sale of import licenses, and lease license fee are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Income arising out of Investment Incentives under the Telangana State Industrial Development and Entrepreneur Advancement (T-IDEA) Incentive Scheme and Maharashtra Government's Package Scheme of Incentives (PSI) 2013 for the investments made by Group in Plant-4 in Hyderabad and Aurangabad plant is recognized on sanction from the competent authorities.

1.6. Investments

Investments are classified into current and non-current investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as non-current investments. However, that part of long term investments which are expected to be realized within twelve months from Balance Sheet date is also presented under "Current Investment" under "Current portion of long term investments" in consonance with the current / non-current classification of Schedule III of the Act.

Equity investments are stated at fair value.

1.7. Inventories

(a) Inventories include raw material, work in progress, finished goods, scrap and stores, spares and consumables and is carried at the weighted average cost or net realizable value whichever is lower.

(b) The cost of inventories is computed to include all cost of purchases, cost of conversion, standard overheads and other related cost incurred in bringing the inventories to their present condition.

(c) Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

1.8. Foreign Currency Transactions and Balances

Items included in the Consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates ('functional currency'). The Consolidated financial statements are presented in Indian Rupee (INR), which is the Group's functional and presentation currency.

Foreign exchange differences arising on foreign currency borrowings is disclosed under finance cost, other than on 'Borrowing costs' in accordance with Ind AS 23, which is directly attributable to the acquisition, construction, or production of a qualifying asset forming part of the cost of the asset.

Net gain or loss on foreign currency translations on trade receivables and trade payables is classified under other income or other expenses as the case may be.

(a) Initial Recognition

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit and Loss.

(b) Measurement of foreign currency items at the Balance Sheet date

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date, not covered by forward exchange contracts, are translated at year end rates. The resultant exchange differences are recognized in the Statement of Profit and Loss. Non-Monetary assets are recorded at the rates prevailing on the date of the transaction.

(c) Derivative Financial Instruments and Hedge Accounting:

The Group enters into forward contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments.

At the inception of a forward contract, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such forward contracts are initially recognised at fair value on the date on which a such contract is entered into and are also subsequently measured at fair value. Forward contracts are carried as Financial Assets when the fair value is positive and as Financial Liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss, except for the effective portion of cash flow hedge which is recognised in Other Comprehensive Income and later to Statement of

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for the year ended 31st March 2021

Profit and Loss when the hedged item affects profit or loss or is treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a Non-Financial Assets or Non-Financial liability.

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the period in which the exchange rates change. Any Profit or Loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period.

1.9. Employee Benefits

Defined Contribution Plan

Contribution as per Employee's Provident Funds and Miscellaneous Provisions Act, 1952 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

Defined Benefit Plan

Gratuity: In accordance with applicable Indian Laws, the Group provides gratuity, a defined benefit retirement plan (the Gratuity Plan) covering eligible employees. The gratuity plan provides a lump sum payment to vested employees, at retirement, or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Group. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date.

Leave Encashment: In accordance with applicable Indian Laws, the Group provides Encashment of Leave, a defined benefit plan (Leave Encashment Plan) covering all employees. Liability with regard to Leave Encashment Plan is accrued based on actuarial valuation at the Balance Sheet date.

Measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

(i) The date of the plan amendment or curtailment, and

(ii) The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine Settlements; and

(ii) Net interest expense or income

1.10. Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost, if any.

Borrowing costs, which are directly attributable to the acquisition/ construction or production of a qualifying asset, till the time such assets are ready for intended use, are capitalized as part of the costs of such assets. Other Borrowing costs are recognized as expenses in the year in which they are incurred.

1.11. Leases

The Group as a lessee:

As per Ind AS-116, the Group has recognized lease liabilities and corresponding equivalent right-of-use assets. The Group's lease asset classes primarily consist of leases for Land, Buildings, Plant & Machinery and Vehicles. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(i) The contract involves the use of an identified asset.

(ii) The Group has substantially all the economic benefits from use of the asset through the period of the lease and

(iii) The Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short-term and low-value leases, the Group recognizes the lease payments as an operating expense.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life

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for the year ended 31st March 2021

of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

1.12. Impairment

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

1.13. Earnings Per Share

The basic earnings per share ('EPS') is computed by dividing the net profit after tax for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit after tax for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed to be converted as of the beginning of the year, unless they have been issued at a later date.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

1.14. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chairman and Managing Director and Vice Chairman and Managing Director have been identified as the Chief Operating Decision Maker. Refer note 25.11 for the segment information presented.

1.15. Provisions and Contingencies

The Group creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources, and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

The expenses relating to a provision is presented in the Statement of Profit & Loss net of any reimbursement.

1.16. Taxation

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The Group has adopted and effected the reduced corporate tax rate permitted under section 115BAA of the Income Tax Act, 1961 as per the Taxation Laws (Amendment) Ordinance, 2019. The tax calculations for the year ended 31st March 2021 have been made accordingly.

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for the year ended 31st March 2021

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised.

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

1.17. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial Recognition and Measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(i) Debt instruments at amortized cost

(ii) Debt instruments at fair value through other comprehensive income (FVTOCI)

(iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

(iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt Instruments at Amortized Cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows,

And

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

(i) The rights to receive cash flows from the asset have expired, or

(ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) The Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of Financial Assets

In accordance with Ind AS 109, the Group uses expected credit loss model, for evaluating impairment of financial assets other than those measured at sale value through profit and loss. Expected credit losses are measured through a loss allowance at an amount equal to :

- The twelve months expected credit losses (expected credit losses that result from those default events on the financial instrument but are possible within twelve months after the reporting date.) : or

- Full life time expected credit losses (expected credit losses that result from those default events over the life of the financial instrument).

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

For trade receivables, the Group applies simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables at every reporting date the existing trade receivables are reviewed and accordingly required credit loss is recognized in books.

For other assets (other than trade receivables), the Group uses twelve months expected credit loss to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full life time expected credit loss is used.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and Borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these Consolidated financial statements is determined on such basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2.

1.18. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification.

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are presented separately in the balance sheet.

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

NOTE: 2A

PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS AND ASSETS HELD FOR SALE

₹ in lakhs

Particulars	GROSS BLOCK				DEPRECIATION					NET BLOCK
	As at 01.04.2020	ADDITIONS	ADJUSTMENTS	As at 31.03.2021	As at 01.04.2020	FOR THE YEAR	FOR RESERVES	ADJUSTMENTS	As at 31.03.2021	As at 31.03.2021
TANGIBLE ASSETS										
Land	716.86	-	-	716.86	-	-	-	-	-	716.86
Factory Building										
- on Own premises	3,795.97	139.58		3,935.55	762.75	119.17	-	-	881.92	3,053.63
- on Lease hold Property	1,298.02	-	-	1,298.02	639.74	59.98	-	-	699.72	598.30
Plant & Equipment	24,353.71	2,180.19	2,828.94	23,704.96	11,751.19	1,670.77	-	476.37	12,945.59	10,759.37
Tools	4,023.78	222.59	149.27	4,097.10	414.54	130.93		8.85	536.62	3,560.48
Patterns, Match plates & Mould Box	244.43	124.70	-	369.13	35.34	35.83		-	71.17	297.96
Office Equipment	287.98	8.36	3.35	292.99	156.21	32.79	-	2.69	186.31	106.68
Furniture & Fixtures	177.61	2.48	6.91	173.18	136.02	5.40	-	6.36	135.06	38.12
Other-Computers	337.56	41.63	19.68	359.51	294.42	24.52	-	18.84	300.10	59.41
Vehicles	755.52	50.35	136.76	669.11	365.66	74.86	-	126.26	314.26	354.85
Less : Assets held for Sale (Land and Building)	(453.04)			(453.04)	(191.04)			-	(191.04)	(262.00)
Sub Total	**35,538.40**	**2,769.88**	**3,144.91**	**35,163.37**	**14,364.83**	**2,154.25**	**-**	**639.37**	**15,879.71**	**19,283.66**
Capital Work In Progress	825.85	4,352.27	5,064.59	113.53						113.53
NOTE: 2B										
INTANGIBLE ASSETS										
Computer Software	757.56	10.98	-	768.54	520.63	63.00	-	-	583.63	184.91
Product Development Expenses	1,072.77	1,013.87	-	2,086.64	176.22	288.23			464.45	1,622.19
Sub Total	**1,830.33**	**1,024.85**	**-**	**2,855.18**	**696.85**	**351.23**	**-**	**-**	**1,048.08**	**1,807.10**
Total	**37,368.73**	**3,794.73**	**3,144.91**	**38,018.55**	**15,061.68**	**2,505.48**	**-**	**639.37**	**16,927.79**	**21,090.76**
NOTE: 2C										
RIGHT OF USE OF ASSETS										
Land	227.69	-		227.69	17.88	17.88			35.76	191.93
Building	2,272.14	17.92	-	2,290.06	119.59	120.10	-	-	239.69	2050.37
Plant and Machinery	-	5,442.02	-	5,442.02		351.17			351.17	5,090.85
Vehicles	69.10	62.74	25.06	106.78	27.59	24.85		25.06	27.38	79.40
Computers	44.79	-	44.79	-	25.59	19.20		44.79	-	-
Subtotal	**2,613.72**	**5,522.68**	**69.85**	**8,066.55**	**190.65**	**533.20**	**-**	**69.85**	**654.00**	**7,412.55**
Grand Total	**39,982.45**	**9,317.41**	**3,214.76**	**46,085.10**	**15,252.33**	**3,038.68**	**-**	**709.22**	**17,581.79**	**28,503.31**

During the current year ₹ 2.50 lakhs interest on term loan is capitalized for plant & machinery items for the loan taken from Tata Capital Financial Services (interest rate is 13% p.a.) and from Kotak Mahindra Bank Limited (interest rate @ 9.15% p.a.)

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for the year ended 31st March 2021

NOTE 3A : INVESTMENTS

	As at 31.03.2021 ₹ in lakhs
Trade investment	
Investment with Pitti Castings Private Ltd (Unquoted)	
a. Equity Shares	408.00
(40,80,000 equity shares at face value ₹10/-each, previous year 40,80,000)	
Presented as per Fair Market Value as per Ind AS Requirement	
b. Redeemable Preferential shares	1,233.00
(1,23,30,000 Preferential shares (non-cumulative non-participative redeemable) at face value ₹10/- each)	
TOTAL	**1,641.00**

NOTE 3B : LOANS

	As at 31.03.2021 ₹ in lakhs
Unsecured, considered good	
Deposits:	
Rent	16.92
With suppliers	2.92
TOTAL	**19.84**

NOTE 3C : TERM DEPOSIT ACCOUNTS

	As at 31.03.2021 ₹ in lakhs
Unsecured, considered good	
Term Deposits with Finacial Institutions	485.18
TOTAL	**485.18**

NOTE 4 : OTHER NON CURRENT ASSETS

	As at 31.03.2021 ₹ in lakhs
Unsecured, considered good	
Capital Advance for Fixed Assets	598.29
Prepaid Exp - Rent Deposts Ind AS	39.90
Gold Coins	1.49
Deposits:	
With Govt. bodies	128.69
TOTAL	**768.37**

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for the year ended 31st March 2021

NOTE 5 : INVENTORIES

	As at 31.03.2021 ₹ in lakhs
(At lower of cost or Net realisable value)	
Raw material	7,436.22
Material in Transit	26.46
Work in process	2,072.74
Finished goods	4,237.20
Stores and spares	1,601.32
Scrap	348.15
TOTAL	**15,722.09**

NOTE 6A : INVESTMENTS

	As at 31.03.2021 ₹ in lakhs
Investment in Equity Shares	
I. Quoted	
Development Credit Bank Ltd.	1.03
Face Value 1,000 Equity Shares of ₹10/- each	
Presented as per Fair Market Value as per Ind AS Requirement	
II. Unquoted	
Saraswat Co-operative Bank Ltd.	0.01
50 Equity Shares of ₹10/- each (Unquoted)	
SVC Co-operative Bank Ltd	0.03
100 Equity Shares of ₹10/- each (Unquoted)	
TOTAL	**1.07**

NOTE 6B : TRADE RECEIVABLES

	As at 31.03.2021 ₹ in lakhs
(Secured, considered good)*	
Overdue Outstanding for a period exceeding six months	-
Others	-
TOTAL	**-**
(Unsecured, considered good)	
Overdue Outstanding for a period exceeding six months	170.02
Others	17,094.28
TOTAL	**17,264.30**
Significant increase in Credit Risk	(83.31)
TOTAL	**(83.31)**
Credit Impaired	(4.06)
TOTAL	**(4.06)**
GRAND TOTAL	**17,176.93**

*Sales against Letter of Credit

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

NOTE 6C : CASH AND CASH EQUIVALENTS

	As at 31.03.2021 ₹ in lakhs
Cash on Hand	18.27
Balances with banks	
Current Accounts	3.81
EEFC Accounts	5.93
Unclaimed dividend account (Refer note a)	8.77
Cash & Cash equivalents	**36.78**
Other bank balances	
Term Deposit Accounts (Refer note b)	857.63
TOTAL	**894.41**

Note:

a) During the year an amount of ₹2.85 lakhs final dividend for the year 2012-13 (previous year ₹8.14 lakhs for the year 2011-12 (including unclaimed Demand Drafts)) (final dividend) was transferred to Investor Education and Protection Fund (IEPF).

b) Term Deposits are held as Margins for LC/BGs.

NOTE 6D : OTHER FINANCIAL ASSETS

	As at 31.03.2021 ₹ in lakhs
Interest Accrued on Deposits	38.08
EMD Amount	1.18
TOTAL	**39.26**

NOTE 7 : OTHER CURRENT ASSETS

	As at 31.03.2021 ₹ in lakhs
(Unsecured and considered good)	
Advances to:	
Material suppliers/contractors	584.03
Central excise, Sales tax,GST etc.,	1,510.09
Export Incentive Receivables	205.01
Others*	1,824.81
Income Tax and other taxes	47.37
Employees	1.54
Prepaid expenses	323.44
TOTAL	**4,496.29**

* ₹ 1624.59 lakhs for Industrial Promotion Subsidy (IPS) receivable from the Goverment of Maharashtra for the mega unit set up at Aurangabad under the Package Scheme of Incentive - 2013, and ₹ 200.22 lakhs amount receivable from Telangana Goverment towards Telangana State Industrial Development and Entrepreneur Advancement (T-IDEA) Incentive Scheme.

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

NOTE 8 : EQUITY SHARE CAPITAL

	As at 31.03.2021 ₹ in lakhs
Authorised Capital	
6,00,00,000 (Previous Year 6,00,00,000) Equity Shares of ₹5/- each (Previous Year ₹5/- each)	3,000.00
TOTAL	**3,000.00**
Issued, Subscribed and Paid up	1,602.50
3,20,50,067 (Previous year 2,98,27,845) Equity shares of ₹5/- each (Previous Year ₹5/- each)	
8,300 (Previous year 8,300) Equity Shares forfeited of ₹5/- each (Previous year of ₹5/- each)	0.42
TOTAL	**1,602.92**

Notes

(a) Reconciliation of equity shares

Particulars	As at 31.03.2021 ₹ in lakhs
Issued, subscribed and paid-up capital	
At the beginning of the period	1,602.50
Issued during the period	-
At the closing of the period	**1,602.50**

(b) Details of Shareholders holding more than 5% equity shares in the Company

Name of the shareholder	As at 31.03.2021	
	%	No. of shares
Shri Sharad B Pitti	13.57	43,49,926
Shri Akshay S Pitti	13.19	42,28,414
Smt Madhuri S Pitti	5.49	17,58,620
Pitti Electrical Equipment Pvt Ltd	26.98	86,46,667

Rights, preferences and restrictions attached to shares :

The Company has only one class of equity shares having a par value of ₹5/- each and the holder of the equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to approval of the share holders in the Annual General Meeting except in the case of interim dividend. In the event of liquidation of the Company the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held.

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

NOTE 9 : OTHER EQUITY

	As at 31.03.2021 ₹ in lakhs
Securities Premium	
At the beginning of the year	8,106.46
Add: during the period	-
At the closing of the period	**8,106.46**
General Reserve	
At the beginning of the year	750.48
Less: adjustment as per Schedule -II of Companies Act, 2013	-
Add: Transferred from P&L Account during the year	-
At the closing of the period	**750.48**
Surplus in the Statement of Profit and Loss	
At the beginning of the year	10,320.20
Retained Earnings (Ind AS Adj)	-
Add : Profit/(Loss) for the period	2,799.22
Less : Interim & Proposed dividend (inclusive of tax)	
Less : Transferred to general reserve during the year	-
Net Surplus in the Statement of Profit and Loss	**13,119.42**
TOTAL	**21,976.36**

NOTE 10 A : BORROWINGS

	As at 31.03.2021 ₹ in lakhs
A. Secured Loans	
Term Loans from Banks (Refer Note a)	1,248.25
Term Loans from others (Refer Note b)	1,211.84
Sub total	**2,460.09**
Vehicle Loans	
From Lenders (Refer Note c)	87.33
Sub total	**87.33**
Total - A	**2,547.42**
B. Unsecured loans	
From Others (Refer Note d)	2,510.00
Total - B	**2,510.00**
TOTAL - (A+B)	**5,057.42**

a) Term loans from Banks

₹ in lakhs

Secured loans	Long term loans As at 31.03.2021	Term loan instalments due less than 12 months As at 31.03.2021	Repayment terms	Security
Term loans	752.83	1,032.05	Quarterly instalments payable over a remaining period of 2 to 6 years	Refer Note 1
WCTL/GECL	495.42	334.58	Monthly instalments payable over a remaining period of 6 years	Refer Note 2
Total (a)	**1,248.25**	**1,366.63**		

b) Term loans from Others

₹ in lakhs

Secured loans	Long term loans As at 31.03.2021	Term loan instalments due less than 12 months As at 31.03.2021	Repayment terms	Security
Term loans	909.01	376.73	Monthly/quarterly instalments payable over remaining period of 3 to 6 years.	Refer Note 3
WCTL/GECL	302.83	13.17	Monthly instalments payable over remaining period of 6 years	
Total (b)	**1,211.84**	**389.90**		
Total (a+b)	**2,460.09**	**1,756.53**		

c) Vehicle loans are secured by hypothecation of vehicles funded by respective lenders. Vehicle loans are repayable in monthly instalments till December 2025.

d) Unsecured loans ₹ 2,510 lakhs (previous year ₹ 1,000 lakhs) brought in by the promoters and promoters group as subordinate debt to the secured debt.

Note:

1. Pari passu first charge on present and future fixed assets of the Company and pari passu second charge on present and future current assets of the Company.
   State Bank of India (SBI) is having exclusive charge on immovable properties of the promoters and pledge of 19,44,530 shares of promoters holding on the loan amount of ₹ 17.94 crores. Further SBI loan amount is guaranteed by the promoters of the Company, and these are repayable at an interest rate of 4% above 6 months MCLR.
2. Pari passu second charge on present and future fixed assets and current assets of the Company along with other working capital lenders in consortium and these are repayable at an interest rate of 1year MCLR.
3. Exclusive charge on assets to the extent funded by the respective financial institutions. These loans are guaranteed by the promoters of the company.

Note: All the above term debt carry interest rate in the range of 7.40% to 13.50% p.a.

Note: 10B : PROVISION FOR LEASE LIABILITY

	As at 31.03.2021 ₹ in lakhs
Povision for Lease Liability	5,166.63
TOTAL	**5,166.63**

Note: 11 : PROVISIONS

	As at 31.03.2021 ₹ in lakhs
Provision for Gratuity	211.63
Provision for Leave encashment	29.71
Provision for Dismantling of PPE	443.68
TOTAL	**685.02**

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

Note: 12 : DEFERRED TAX LIABILITIES (NET)

	As at 31.03.2021 ₹ in lakhs
At the beginning of the year	1,106.88
Provision for the year	(99.54)
CLOSING BALANCE	**1,007.34**

Note: 13A : BORROWINGS

	As at 31.03.2021 ₹ in lakhs
Working capital borrowings from Banks (Secured) (a)	17,003.72
Working capital borrowings from Others	-
Inter Corporate Deposit	1,475.00
TOTAL	**18,478.72**

Note:

(a) Working capital facilities are availed at interest rate ranging from 8.70% p.a to 10.75% p.a which are secured on a pari-passu first charge basis against hypothecation of inventory (stocks), trade receivables and all other current assets both present and future, pari passu second charge on movable and immovable properties of the Company both present and future, pledge of 19,44,530 shares owned by promoters and secured by way of personal guarantee of the promoters of the Company.

NOTE 13B : TRADE PAYABLES

	As at 31.03.2021 ₹ in lakhs
Dues to micro enterprises and small enterprises*	249.78
Dues to others	10,278.96
TOTAL	**10,528.74**

Note:

The information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises on the basis of information available with the Company on records.

(Refer Note 25.17)

* The amount mentioned is principal only.

NOTE 13C : OTHER FINANCIAL LIABILITIES

	As at 31.03.2021 ₹ in lakhs
Unclaimed Dividend	8.77
Interest accrued*	68.00
Term loan instalments due less than 12 months	1,756.53
Vehicle loan instalments due less than 12 months	71.57
Others	450.45
TOTAL	**2,355.32**

* The amount includes ₹ Nil current year towards Interest payable to MSMED Vendors.

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

NOTE 13 D : PROVISION FOR LEASE LIABILITY

	As at 31.03.2021 ₹ in lakhs
Provision for Lease Liability	1,227.80
TOTAL	**1,227.80**

NOTE 14 : OTHER CURRENT LIABILITIES

	As at 31.03.2021 ₹ in lakhs
Advances from Customers	189.88
Other Liabilities	139.07
TOTAL	**328.95**

NOTE 15 : PROVISIONS

	As at 31.03.2021 ₹ in lakhs
Provision for employee benefits :	
Provision for Gratuity	5.34
Provision for Bonus	216.62
Provision for Leave encashment	96.75
TOTAL	**318.71**

NOTE 16 : INCOME TAX LIABILITIES (NET)

	As at 31.03.2021 ₹ in lakhs
Provision for taxation (net)	1,003.99
TOTAL	**1,003.99**

NOTE 17A : REVENUE FROM OPERATIONS

	For the Year 2020-21 ₹ in lakhs
Sales & Services:	
Sale of Products	50,833.61
Sale of Scrap	5,137.79
Sale of Traded Goods	-
Sale of Tools	312.83
Job work & Service Income	634.33
Gross Sales & Services (inclusive of GST)	**56,918.56**
Less : GST	(5,481.18)
Net Sales & Services	**51,437.38**
Sale of Products	46,251.43
Sale of Scrap	4,354.59
Sale of Traded Goods	-
Sale of Tools	265.11
Job work & Service Income	566.25

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

	For the Year 2020-21 ₹ in lakhs
Net Sales & Services	**51,437.38**
Less : Discounts to Customers	(338.19)
Revenue from Sales & Services	**51,099.19**

NOTE 17B : OTHER OPERATING REVENUE

	For the Year 2020-21 ₹ in lakhs
Export incentives and others	717.52
Total	**717.52**
Total Revenue from Operations (A+B)	**51,816.71**

NOTE 18 : OTHER INCOME

	For the Year 2020-21 ₹ in lakhs
Interest on Deposits	80.43
Industrial Incentive	1,653.70
Forex gain on Export Receivables and Imports Payables	217.76
Other Misc. Receipts	97.34
Dividend Income	0.00
TOTAL	**2,049.23**

NOTE 19 : COST OF MATERIAL CONSUMED

	For the Year 2020-21 ₹ in lakhs
Opening stock	5,965.25
Add: Purchases	36,190.50
Less : Material in Transit	(26.46)
Less: Closing stock	(7,436.22)
Consumption	**34,693.07**

NOTE 20: CHANGES IN INVENTORIES OF WORK-IN-PROCESS, FINISHED GOODS AND SCRAP

	For the Year 2020-21 ₹ in lakhs
A. Opening stocks:	
Work-in-process	2,040.09
Finished goods	3,361.63
Scrap	90.37
Total - A	**5,492.09**
B. Closing stocks:	
Work-in-process	2,072.74
Finished goods	4,237.20
Scrap	348.15
Total - B	**6,658.09**

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

C. (Increase)/Decrease in stocks (A-B)	**(1,166.00)**

NOTE 21 : EMPLOYEE BENEFIT EXPENSE

	For the Year 2020-21 ₹ in lakhs
Employees remuneration and benefits	4,877.78
Employees settlement expenses	19.05
Contribution to PF/ESI	259.02
Gratuity expenses	47.84
Remuneration to Directors	192.83
Staff welfare expenses	213.12
TOTAL	**5,609.64**

NOTE 22 : FINANCE COSTS

	For the Year 2020-21 ₹ in lakhs
Interest on Term Loans	520.01
Interest on Working Capital	1,914.32
Interest on Rent Deposits	0.01
Interest on Lease Liabilities	0.78
Interest on Income Tax	67.07
Bank Charges	426.07
Forex Loss/(Gain) (net)	32.55
TOTAL	**2,960.81**

NOTE 23 : OTHER EXPENSES

	For the Year 2020-21 ₹ in lakhs
Consumption of Stores, Spares, Tools & Dies	1,128.05
Power & fuel	620.34
Repairs & Maintenance :	
Plant	31.05
Building	4.14
Vehicles	11.56
Other Assets	106.96
Loss on Sale/Scrap of Fixed Assets	159.93
Credit Risk Impaired	4.06
Credit Risk Allowance	2.52
Other selling & Distribution expenses	396.33
Packing Cost	739.88
Carriage outwards	327.71
Travelling & Conveyance	282.23
Insurance	140.72
Rent	3.18
Rates & Taxes (Excluding Taxes on Income)	94.86
Director's Sitting Fees	19.50
Remuneration to auditors :	
Audit Fee	24.45
Tax Audit Fee	5.00

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

	For the Year 2020-21 ₹ in lakhs
Certification Fee /Taxation matter	4.81
Communication Expenses	36.37
Professional consultancy	387.43
CSR Expenses	50.15
Miscellaneous Expenses	294.23
TOTAL	**4,875.46**

NOTE 24 : TAX EXPENSES

	For the Year 2020-21 ₹ in lakhs
Current tax	1,098.34
Taxes on Earlier Years	(20.13)
Deferred (credit)/expenses	(99.54)
TOTAL	**978.67**

NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS

25.1 Earnings per share (EPS) from continuing operations

Particulars	For the Year 2020-21
Earnings	
Profit for the period (₹ in lakhs)	2,875.61
Shares	
Number of shares at the beginning of the period	3,20,50,067
Add: Shares issued during the period	-
Total number of equity shares outstanding at the end of the period	3,20,50,067
Weighted average number of equity shares outstanding during the period	3,20,50,067
Earnings per share of par value ₹ 5/- Basic (₹)	8.97
Earnings per share of par value ₹ 5/- Diluted (₹)	8.97

25.2 Contingent Liabilities& Commitment

Particulars	As at 31.03.2021 ₹ in lakhs
(a) Contingent Liabilities - Claims against the Company not acknowledged as debts:	
(i) Service Tax liability for which appeals preferred by the Company is pending with CESTAT, Bangalore for the FY 2008-09 to 2011-12 up to December, 2011.	68.55*
(ii) Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax, Hyderabad for the AY 2017-18.	923.08*
(iii) Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax, Hyderabad for the AY 2018-19.	5.14*
(b) Commitments	
(i) Bank guarantees	1,154.69
(ii) Estimated amount of liability on account of Capital Commitments	1,889.03
(iii) towards Industrial Promotion Subsidy (IPS) (Mega) for New Unit under package scheme of incentive – 2013 from Maharashtra Govt. (Subject to satisfaction of conditions attached to grant)	1,624.59

* No provision is considered since the Company expects favorable decision.

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

25.3 Employee Benefit Plans

AS per Indian Accounting Standard 19 – "Employee Benefits", the disclosures as defined are given below :

A) Defined Benefit Plan

A summary of the Gratuity & Leave Encashment plans are as follows

Assumptions	Gratuity Plan 2020-21	Leave Encashment Plan 2020-21
Discount Rate	6.80%	6.80 %
Rate of increase in Compensation levels	2% p.a.	2% p.a.
Rate of Return on Plan Assets	6.80%	0%
Expected Average remaining working lives of employees (years)	25 yrs	25 yrs

Changes in Present Value of Obligations	Gratuity Plan ₹ in lakhs 2020-21	Leave Encashment Plan ₹ in lakhs 2020-21
Present Value of Obligation as at the beginning of the year	305.98	89.24
Interest Cost	20.81	5.48
Current Service Cost	41.54	37.22
Benefits paid	(7.08)	(17.37)
Actuarial (gain)/ loss on obligations	69.57	11.89
Present Value of Obligation as at the end of the year	430.82	126.46
Amount to be recognized in Balance Sheet		
Present Value of Obligation as at the end of the year	430.82	126.46
Fair Value of Plan Assets as at the end of the year	213.85	-
Funded Status	(216.97)	(126.46)
Net Asset / (Liability) Recognized in Balance Sheet	(216.97)	(126.46)
Expenses Recognized in the Statement of Profit and Loss		
Current Service Cost	41.54	37.22
Past Service Cost	-	-
Interest Cost	20.81	5.48
Expected Return on Plan Assets	(7.59)	-
Net actuarial (gain)/ loss recognized in the year	69.57	11.89
Expenses Recognized in the Statement of Profit & Loss	124.33	54.58

Sensitivity Analysis – Gratuity Plan

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

Particulars	Gratuity Plan As at 31.03.2021 ₹ in lakhs	
	Decrease	Increase
Change in Rate of discount (Delta effect of +/-1%)	472.08	395.47
Change in Rate of Salary Growth (Delta effect of +/-1%)	387.64	480.89
Change in Rate of Attrition (Delta effect of +/-1%)	397.34	460.89
Change in Mortality Rate (Delta effect of +/-10%)	430.01	431.62

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

Sensitivity Analysis – Leave Encashment Plan

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

Particulars	Leave Encashment Plan As at 31.03.2021 ₹ in lakhs	
	Decrease	Increase
Change in Rate of discount (Delta effect of +/-1%)	141.14	114.23
Change in Rate of Salary Growth (Delta effect of +/-1%)	109.43	147.39
Change in Rate of Attrition (Delta effect of +/-1%)	110.86	140.25
Change in Mortality Rate (Delta effect of +/-10%)	126.15	126.77

B) Defined Contribution Plan

Contribution to Defined Contribution plan, recognized as expense for the year is as under:

Description	2020-21 ₹ in lakhs
Employer Contribution to ESI	29.85
Employer Contribution to PF	206.95
Employer Contribution to pension scheme	21.94
Labour welfare fund	0.28
Total	**259.02**

25.4. Details of consumption of Raw Material

Description	For the Year 2020-21 ₹ in lakhs
Imported	5,385.55
Indigenous	29,307.52
TOTAL	**34,693.07**

25.5. Stock and Turnover of Manufactured and Traded goods

Description	Turnover ₹ in lakhs	Closing Inventory (FG) ₹ in lakhs	Opening Inventory (FG) ₹ in lakhs
Sale of Products	50,532.94	4,237.20	3,361.63
Sale of Services	566.25	-	-
TOTAL	**51,099.19**	**4,237.20**	**3,361.63**

25.6 Stock of Work in process

Description	As at 31.03.2021 ₹ in lakhs
Work/Material in process	2,072.74
TOTAL	**2,072.24**

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

25.7 CIF Value of Imports

Particulars	For the Year 2020-21 ₹ in lakhs
Capital goods	3,187.00
Raw Materials	6,121.74
Stores and Spares	59.39
TOTAL	**9,368.13**

25.8 Earnings in Foreign Currency

Particulars	For the Year 2020-21 ₹ in lakhs
FOB value of Exports	20,026.59

25.9 Expenditure in Foreign Currency

Particulars	For the Year 2020-21 ₹ in lakhs
Travelling and others	197.82
Total	**197.82**

25.10. Disclosure as per Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

(i) Details of investment made are given in Note 3A &25.13

(ii) There are no guarantees issued by your Group in accordance with section 186 of the Companies Act, 2013 read with rules issued there under

25.11. Segment Reporting

Segments are identified in line with Indian Accounting Standards (Ind AS) 108 "Operating Segments", taking into consideration the internal organization and management structure.

Operating Segments are components of the Group whose operating results are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assesses it performance and for which discreet information is available.

The operating segment of the Group is identified to be manufacturing of "Engineering Products of Iron and Steel" and the CODM reviews business performance at an overall Group level as one segment. Hence no separate disclosure is provided.

Information by Geographies

In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of assets.

a) Revenue from External Customers:

Sl. No	Segment Revenue	For the Year 2020-21 ₹ in lakhs
a)	India	33,802.38
b)	Outside India	20,063.56
	TOTAL	**53,865.94**

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

b) **Assets:**

Segment Assests	Carrying amount of Assets As at 31.03.2021 ₹ in lakhs
India	61,888.73
Outside India	8,234.55
TOTAL	**70,123.28**

c) **Revenue from Major Customers**

Details of single external customer from whom the Company receives more than 10% of the revenue

Revenue from four customers of the Company, having more than 10% of the total revenue aggregating to ₹ 27,593.95 lakhs

25.12. Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

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

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

₹ in lakhs

Particulars	Fair value hierarchy			
	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
31-March-21				
Financial Asset				
Investment in equity instruments	1,642.07	1.03	1,641.04	-
Security Deposits	16.92	-	-	16.92
Financial Liability				
Borrowings	5,057.42	-	-	5,057.42
Total	**6,716.41**	**1.03**	**1,641.04**	**5,074.34**

25.13. Related party disclosures:

List of Related parties:

Wholly Owned Subsidiary

i. Pitti Rail and Engineering Components Limited

Directors

i. Shri Sharad B Pitti*

ii. Shri Akshay S Pitti*

iii. Shri N.R. Ganti

iv. Shri G. Vijaya Kumar#

v. Shri M. Gopalakrishna

vi. Ms. Gayathri Ramachandran

vii. Shri S. Thiagarajan

Relatives of Directors* with whom transactions have taken place

i. Smt Madhuri S Pitti

ii. Smt Radhika A Pitti

Key Managerial Personnel

i. Shri N. K. Khandelwal

ii. Ms. Mary Monica Braganza

Companies in which Directors* having interest with whom transactions have taken place

i. Pitti Castings Private Limited

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

ii. Pitti Electrical Equipment Private Limited,

iii. Pitti Components Limited

iv. Pitti Trade and Investments Private Limited

Entities in which Directors*# having interest with whom transactions have taken place

i. Badrivishal Pannalal Pitti Trust

A. Transactions/balances outstanding with related parties:

(1) For the Financial Year 2020-21

₹ in lakhs

Sl. No	Transactions / Outstanding balances	Directors/ Relatives	Director's interest in Group/Entities	Key Managerial Personnel	Total
1	Remuneration	207.87	-	99.77	307.64
2	Rent / Lease Expenses	268.53	-	-	268.53
3	Rent / Lease Income	-	1.50	-	1.50
4	Purchases of goods & services	-	8,982.47	-	8982.47
5	Sales of goods & services	-	565.61	-	565.61
6	Unsecured Loan - received	3,660.00	-	-	3660.00
7	Unsecured Loan – repaid	1,150.00	-	-	1150.00
8	Inter Corporate Deposits – received	-	1,150.00	-	1150.00
9	Inter Corporate Deposits – repaid	-	2,150.00	-	2150.00
10	Donations for CSR	-	50.15	-	50.15
11	Interest paid	-	161.02	-	161.02
12	Amount payable at the year end	2,554.21	144.30	7.78	2706.29
13	Amount receivable at the year end	60.23	519.88	-	580.11
14	Investments at the year end	-	1,641.00	-	1641.00

B. Disclosure pursuant to regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Transaction with promoter / promoter group holding more than 10% of the share capital of the Company.

₹ in lakhs

Name	Transaction / Outstanding balance	For the year 2020-21
Shri Sharad B Pitti	Remuneration	96.93
	Lease rental	92.05
	Unsecured loans Received	175.00
	Unsecured loans Repaid	175.00
	Interest on unsecured loan	2.56
	Amount payable at the year end	13.48
	Amount receivable (Rent deposit) at the year end	20.21
Shri Akshay S Pitti	Remuneration	95.90
	Unsecured loans Received	3,485.00
	Unsecured loans Repaid	975.00
	Interest on unsecured loan	58.58
	Amount payable at the year end	2512.46
Pitti Electrical Equipment Private Limited	Purchase of goods	638.86
	Inter corporate deposits received	-
	Inter corporate deposits repaid	1,000.00
	Interest on inter corporate deposits	80.15
	Amount payable at the year end	112.72

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

25.14. Deferred Tax

₹ in lakhs

Sl. No	Particulars	Deferred Tax (Liability)/ Asset as at 01.04.2020	Current Year charge (Debit)	Deferred Tax (Liability)/ Asset as at 31.03.2021
1	Difference between Depreciation as per Co's Act. & as per IT Act.	(1,982.41)	27.68	(1,954.73)
2	Others	875.53	71.86	947.39
	Deferred Tax Net	**(1,106.88)**	**99.54**	**(1,007.34)**

25.15. The Group has provided for cess as specified in section 441 A of the Companies Act, 1956 and in the absence of any notification by the Central Govt. the Group could not deposit the same with the appropriate authority.

25.16. The assessment for impairment of assets has taken place at the end of reporting period as per guidelines laid down in IND AS 36, 'Impairment of assets'. For the assets having recoverable amount less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the resulting impairment loss is recognised in profit or loss.

25.17. Micro, Small and Medium Enterprises Development Act, 2006

Disclosure required as per section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act) is given below:

₹ in lakhs

Sl. No	Description	Year 2020-21
1	Principal amounts due to suppliers under MSMED	249.78
2	Interest accrued and due to suppliers covered under MSMED on the above amount, unpaid	-
3	Payment made to suppliers (with Interest) beyond the appointed day during the year.	-
4	Interest paid to suppliers covered under MSMED	-
5	Interest due & Payable to suppliers covered under MSMED Act., towards payments already made.	-

The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with Group.

25.18. Additional information as required by paragraph 2 of the general instructions for preparation of consolidated Statements to Schedule III to the Companies Act, 2013

₹ in lakhs

Particulars	As at 31st March 2021		Year ended 31st March 2021					
	Net Assets i,e Total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share of total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of other comprehensive income	Amount	As a % of total comprehensive income	Amount
Parent								
Pitti Engineering Limited	100%	23,581.50	100%	2,877.84	100%	(76.40)	100%	2,801.44
Subsidiary								
Pitti Rail & Engineering Components Limited	0%	2.78	0%	(2.23)	0%	-	0%	(2.23)
Total Elimination	0%	5.00	0%	-	0%	-	0%	-
Total	**100%**	**23,579.28**	**100%**	**2,875.61**	**100%**	**(76.40)**	**100%**	**2,799.21**

Consolidated Notes to Financial Statements

for the year ended 31st March 2021

25.19 RIGHT OF USE OF ASSETS

For the Financial Year 2020-21

₹ in lakhs

Particulars	Category of ROU Assets					Total
	Land	Building	Plant & Machinery	Vehicles	Computers	
Balance as on 1st April, 2020	2 09.81	2,152.55	-	41.51	19.20	2423.07
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-
Additions/Adjustments	-	17.92	5442.02	62.74	-	5522.68
Deletions/Adjustments	-	-	-	-	-	-
Depreciation	17.88	120.10	351.17	24.85	19.2	533.20
Balance as on 31st March, 2021	**191.93**	**2,050.37**	**5090.85**	**79.4**	**-**	**7412.55**

25.20. Letters have been written for confirmation of debit and credit balances pertaining to debtors and creditors and reply from certain parties are awaited.

25.21. Financial and derivative instruments:

₹ in lakhs

Description	As at 31.03.2021
Forward Contracts	4,077.31

All financial and forward contracts entered into by the Group are for hedging purpose only.

25.22. Statutory Auditor's remuneration

₹ in lakhs

Sl. No	Description	Year 2020-21
1	Statutory Audit	24.45
2	Tax Audit	5.00
3	Certification fee / Taxation matter	4.81

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

for **Laxminiwas & Co**
Chartered Accountants
Firm's Registration
Number:011168S

Sharad B Pitti
Chairman & Managing
Director
DIN:00078716

G Vijaya Kumar
Director
DIN:00780356

Vijay Singh
Partner

M. No:221671

Mary Monica Braganza
Company Secretary &
Compliance Officer
M. No:F5532

N. K. Khandelwal
President - Corporate
Resources & CFO
M. No: 074967

Place : Hyderabad
Date : 18th June 2021

Place : Hyderabad
Date : 18th June 2021

Form No. AOC-1

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient feature of the financial statement of subsidiaries / associate companies/ joint ventures

Part-A: Subsidiaries

₹ in lakhs

Sl. No	Particulars	Details
1	Name of the subsidiary	Pitti Rail and Engineering Components Limited (Wholly Owned Subsidiary)
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3	Date of acquiring subsidiary	5th October 2020
4	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA
5	Share capital	5.00
6	Reserves & surplus	(2.22)
7	Total Assets	21.02
8	Total Liabilities	21.02
9	Investments	Nil
10	Turnover	Nil
11	Profit before taxation	(2.37)
12	Provision for taxation	(0.15)
13	Profit after taxation	(2.22)
14	Proposed Dividend	Nil
15	% of shareholding	100%

Note: The Wholly Owned Subsidiary is yet to commence its commercial operations.

Part-B: Associate Companies / Joint Ventures - Not Applicable

As per our report of even date

For and on behalf of the Board of Directors of
Pitti Engineering Limited
CIN : L29253TG1983PLC004141

for **Laxminiwas & Co**
Chartered Accountants
Firm's Registration
Number:011168S

Sharad B Pitti
Chairman & Managing
Director
DIN:00078716

G Vijaya Kumar
Director
DIN:00780356

Vijay Singh
Partner
M. No:221671

Mary Monica Braganza
Company Secretary &
Compliance Officer
M. No:F5532

N. K. Khandelwal
President - Corporate
Resources & CFO
M. No: 074967

Place : Hyderabad
Date : 18th June 2021

Place : Hyderabad
Date : 18th June 2021

Notice

Notice is hereby given that the 37th Annual General Meeting of Pitti Engineering Limited (Formerly Pitti Laminations Limited) will be held on Friday, 24th September 2021 at 4.00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

Ordinary Business

1. **To receive, consider and adopt**

   a) the audited financial statements of the Company for the financial year ended 31st March 2021 and the reports of the Board of Directors and Auditors thereon and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT the audited financial statements of the Company for the financial year ended 31st March 2021 and the reports of the Board of Directors and Auditors thereon as circulated to the Members, be and are hereby considered and adopted."

   b) the audited consolidated financial statements of the Company for the financial year ended 31st March 2021 and the report of the Auditors thereon and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT the audited consolidated financial statements of the Company for the financial year ended 31st March 2021 and the report of the Auditors thereon as circulated to the Members, be and are hereby considered and adopted."

2. To appoint a Director in place of Shri Akshay S Pitti (DIN:00078760), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Shri Akshay S Pitti (DIN:00078760) who retires by rotation at this meeting and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

Special Business

3. To ratify the payment of remuneration to the Cost Auditors for the financial year 2021-22 and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under, as amended from time to time, the remuneration payable to M/s. S S Zanwar & Associates, Cost Accountants (Firm Registration No.100283), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March 2022 amounting to ₹ 2,50,000/- (Rupees two lakhs fifty thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the audit, be and is hereby ratified."

4. To approve related party transaction for the financial year 2021-22 and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder, as amended from time to time, consent of the Members of the Company be and is hereby accorded to the material related party transactions as per the details given in the explanatory statement annexed to this notice for the financial year 2021-22 on such terms and conditions as may be mutually agreed upon, however that contract(s)/ transaction(s) so carried out shall at all times be on arm's length basis and in the ordinary course of the Company's business.

   RESOLVED FURTHER THAT that Shri Sharad B Pitti, Chairman & Managing Director, Shri Akshay S Pitti, Vice-Chairman & Managing Director and Shri N K Khandelwal, President Corporate Resources & CFO or any other authorised officer(s) or employee(s) of the Company be and are hereby severally authorised to sign and execute necessary documents and papers on an ongoing basis and to do and perform all such acts, deeds and things as may be necessary, proper, desirable and to finalize any documents and writings that may be required and generally to do all such acts, deeds, matters and things and to give from time to time such directions as may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to settle any question, difficulty or doubt that may arise with regard to giving effect to the above Resolution."

By order of the Board
For **Pitti Engineering Limited**

Mary Monica Braganza
Company Secretary & Compliance Officer
FCS:5532

Place : Hyderabad
Date : 5th August 2021

Notes:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to Special Business under item 3 and 4 to be transacted at the Annual General Meeting ("AGM") is annexed hereto. The relevant details, pursuant to Regulations 36 of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Shri Akshay S Pitti, Director seeking re-appointment at this AGM is annexed to this notice.

2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular 5th May 2020, read with circulars dated 8th April 2020, 13th April 2020 and 13th January 2021 (collectively referred to as "MCA Circulars") permitted the holding of the AGM through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the 37th AGM of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.

3. In compliance with the aforesaid MCA Circulars and SEBI Circulars dated 12th May 2020 and 15th January 2021, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.pitti.in websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL https://www.evoting.nsdl.com.

4. Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with XL Softech Systems Limited in case the shares are held by them in physical form.

5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

6. Corporate members are required to send a scanned copy (PDF/JPG Format) of its Board resolution / authorisation letters authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said resolution/letters shall be sent to the email address to shares@pitti.in with a copy marked to evoting@nsdl.co.in.

7. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

8. Relevant documents referred to in the accompanying notice are open for inspection by the members at the Registered office of the Company on all working days between 11.00 A.M and 1.00 P.M upto the date of this AGM and also at the AGM.

9. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 22nd September 2021 through email on shares@pitti.in. The same will be replied by the Company suitably.

10. The requirement to place the matter relating to appointment of auditors for ratification by members at every AGM is done away with vide notification dated 7th May 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of Auditors who were appointed in the AGM held on 6th September 2017.

11. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 18th September 2021 to Friday, 24th September 2021 (both days inclusive) in connection with the AGM.

12. Pursuant to Regulation 40 of SEBI Listing Regulations, as amended securities of listed companies can be transferred only in dematerialized form with effect from 1st April 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

13. **Members are requested to:**

    a) Intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, PAN, mandates, nominations, power of attorney, bank details to the Registrar and Transfer Agent of the Company in case of shares held in physical form and to their Depository Participants in case the shares are held by them in dematerialized form.

    b) Consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names. The details of such folios together with the share certificates for consolidation into one folio may be send to the Company or the Registrar and Transfer Agent of the Company.

    c) Register /update their e-mail address with the Registrar and Transfer Agent of the Company in case of shares held in physical form and with their Depository Participants in case the shares are held by them in dematerialized form for receiving all communications from the Company electronically.

    d) Quote their folio number/client ID/DP ID in all correspondence to the Company and the Registrar and Transfer Agent of the Company.

14. As per the provisions of Section 72 of the Companies Act, 2013 the facility for making nomination is available for the members in respect of the shares held by them. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to the Registrar and Transfer Agent of the Company, in case the shares are held by them in physical form. Members holding shares in dematerialized form may contact their respective Depository Participants for availing this facility.

15. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/ shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on www.iepf.gov.in. For details, please refer to corporate governance report which is a part of this Annual Report.

16. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

17. Instructions for e-voting and joining the AGM are as follows:

Voting Through Electronic Means

i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December 2020 in relation to e-voting facility provided by listed entities, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.

ii. The remote e-voting period commences on Tuesday, 21st September 2021 (9:00 a.m. IST) and ends on Thursday, 23rd September 2021 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday 17th September 2021 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

iii. The Board of Directors has appointed Shri Ajay Kishen (Membership No. 6298, CP 5146) Practicing Company Secretary as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.

iv. The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

vi. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.com. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

In case of individual shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under **"Login method for remote e-voting and joining virtual meeting for individual shareholders holding securities in demat mode".**

The details of the process and manner for remote e-voting are explained herein below:

Step 1: Access to NSDL e-voting system

Step 2: Cast your vote electronically and join virtual meeting on NSDL e-voting system

Details on Step 1 are mentioned below:

A. Login method for remote e-voting and joining virtual meeting for individual shareholders holding securities in demat mode.

Pursuant to SEBI circular no.SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December 2020 on "e-voting facility provided by Listed Companies", e-voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/ websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-voting process.

Shareholders are advised to update their mobile number and email ID with their DPs in order to access e-voting facility.

Type of shareholders	Login method
Individual shareholders holding securities in demat mode with NSDL	**A. NSDL IDeAS facility** **If you are already registered, follow the below steps:** 1. Visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. 2. On the e-Services home page click on the "**Beneficial Owner**" icon under "**Login**" which is available under '**IDeAS**' section. 3. This will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. 4. Click on "**Access to e-Voting**" under e-Voting services and you will be able to see e-Voting page. 5. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period.

Type of shareholders	Login method
	If you are not registered for IDeAS e-Services, follow the below steps: 1. Option to register is available at https://eservices.nsdl.com. 2. Select **"Register Online for IDeAS Portal"** or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. 4. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. 5. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. 6. Click on company name or **e-Voting service provider i.e. NSDL** and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period. **B. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.** **NSDL Mobile App is available on** App Store Google Play
Individual shareholders holding securities in demat mode with CDSL	1. Existing users who have opted for Easi / Easiest, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest is https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of **e-Voting service provider (ESP) i.e. NSDL**. Click on **NSDL** to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & e-mail as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. **NSDL** where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	1. You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. 2. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. 3. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

B. Login method for e-voting and joining virtual meeting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-voting website?

1. Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com either on a personal computer or on a mobile.
2. Once the home page of e-voting system is launched, click on the icon 'Login' which is available under "Shareholders/Member" section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
4. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices. nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.
5. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or physical	Your User ID is:
A] For M embers who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
B] For M embers who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12************** then your userID is 12**************
C] For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if EVEN is 123456 and folio number is 001 *** then user ID is 123456001***

6. Password details for shareholders other than Individual Shareholders are given below:

   a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

   b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c. How to retrieve your 'initial password'?

      i. If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your User ID' and your 'initial password'.

      ii. In case you have not registered your email address with the Company/ Depository, please follow instructions.

Process for those shareholders whose email ids are not registered with the depositories / company for procuring User ID and password and registration of email IDs for e-voting for the resolutions set out in this notice.

a) In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to shares@pitti. in.

b) In case shares are held in demat mode, please provide DPID—Client ID (16 digit DPID + Client ID or 16 digit beneficiary ID) Name, client master or copy of consolidated account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to shares@pitti.in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting for Individual shareholders holding securities in demat mode.

c) Alternatively shareholder / members may send an e-mail request to evoting@nsdl.co.in for procuring User ID and password for e-voting by proving above mentioned documents.

7. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

   a. Click on "Forgot User Details/ Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl. com.

   b. "Physical User Reset Password?" (If you are holding shares in physical mode] option available on www. evoting.nsdl.com.

   c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address.

   d. Members can also use the one-time password (OTP) based login for casting the votes on the e-Voting system of NSDL.

8. After entering your password, click on Agree to Terms and Conditions" by selecting on the check box.

9. N ow, you will have to click on "Login" button.

10. After you click on the "Login" button, Home page of e-voting will open.

Details on Step 2 are mentioned below:

How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General meeting is in active status.

2. Select "EVEN" of the Company, for which you wish to cast your vote during the remote e-voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".

3. Now you are ready for e-voting as the Voting page opens

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also "Confirm" when prompted.

5. Upon confirmation, the message 'Vote cast successfully' will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional/Corporate shareholders [i.e. other than individuals, HUF, NRI, etc.] are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer by email to ajaykishen2021@gmail.com with a copy marked to evoting@nsdl.co. in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. I n such an event, you will need to go through the "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on https://www. evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www. evoting. nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at evoting@nsdl.co.in.

The instructions for members for e-voting on the day of the AGM are as under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

3. Members who have voted through remote e-voting will be eligible to attend the AGM through VC / OAVM. However, they will not be eligible to vote at the AGM.

4. The contact details for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same as mentioned for remote e-voting.

Instructions for members for attending the AGM through VC/ OAVM are as under

a) Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at https:// www.evoting.nsdl.com by using their remote e-voting login credentials and selecting the EVEN for the Company's AGM. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and password may retrieve the same by following the remote e-voting instructions mentioned in the notice. Further members can also use the OTP based login for logging into the e-voting system of NSDL.

b) Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for members on first come first served basis.

c) Members may join the meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, members will be required to use Internet with a good speed to avoid any disturbance during the meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from mobile devices or Tablets or through Laptops connecting via mobile hotspot may experience audio / video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi- Fi or LAN connection to mitigate any glitches.

d) Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 37th AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's e-mail address at shares@pitti.in before 3:00 p.m. (IST on 22nd September 2021). Such questions by the members shall be suitably replied by the Company.

e) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at shares@pitti.in from 18th September 2021 (9:00 a.m. (IST) to 21st September 2021 3:00 p.m. (IST). Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

Other Instructions

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall counter sign the same.

2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.pitti.in and on the website of NSDL https://www.evoting.nsdl.com immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

Explanatory Statement under section 102 of the Companies Act, 2013

Item No. 3

The Board of Directors of the Company at the meeting held on 9th June 2021, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. S S Zanwar & Associates, Cost Accountants to conduct audit of cost records maintained by the Company for the financial year ending 31st March 2022. In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors needs ratification by the Members of the Company.

None of the Directors or Key Managerial Personnel of the Company or their relatives, are concerned or interested, financially or otherwise, in the resolution set out in Item No.3 of the notice.

The Board recommends the ordinary resolution set out at Item No. 3 of the notice for approval by the Members.

Item No. 4

Your Company has entered into transactions for purchase and sale of goods and services in its ordinary course of business and on arm's length basis with Pitti Castings Private Limited (PCPL) and Pitti Electrical Equipment Private Limited (PEEPL), related party as defined under Section 2 (76) of the Companies Act, 2013. The transactions are dependent on the requirement of the Company for its products from time to time and the ability of supply of specified material by PCPL and PEEPL. During the course of its business the Company also sells its products to PCPL/PEEPL.

The transactions for the year entered/ to be entered into with PCPL/PEEPL are in the ordinary course of business and at arms length basis, hence the provisions of section 188 of the Companies Act, 2013 read with rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 are not applicable.

As per Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 all related party transactions shall require the prior approval of the Audit Committee and approval of Members in case of material related party transaction. A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of Company as per the last audited financial statements.

The transactions with PCPL and PEEPL for the year 2021-22 in respect of purchase and sale of goods and services in the ordinary course of business and on arm's length basis is as follows:

Name of the Related Party	Nature of transactions	Amount in ₹ crores	% of previous year turnover
Pitti Castings Private Limited	Purchase & sale of goods & services.	95.00	18.63
Pitti Electrical Equipment Private Limited	Purchase & sale of goods & services.	5.00	0.98
Total		100.00	19.61

As per Regulation 23 (7) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 all material related party transactions shall require approval of the Members through resolutions and all entities falling under the definition of related parties shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

Except Shri Sharad B Pitti and Shri Akshay S Pitti and their relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives, are concerned or interested, financially or otherwise, in this resolution set out in item No.4 of the notice.

The Board recommends the ordinary resolution set out at Item No. 4 of the notice for approval by the Members.

By order of the Board
For **Pitti Engineering Limited**

Mary Monica Braganza
Company Secretary & Compliance Officer
FCS:5532

Place : Hyderabad
Date : 5th August 2021

Details of Directors seeking re-appointment at the Annual General Meeting

Particulars	Shri Akshay S Pitti
DIN	00078760
Age	35 years
Date of first appointment on the Board	14.10.2004
Expertise in specific functional area	Industrial Management
Profile	Shri Akshay S Pitti is a Commerce Graduate. He started his journey in the organisation at an early age and has moved through all functionalities. With his extensive experience of serving in different roles within the organisation, he has gathered the expertise to efficiently lead the Company.
Directorship held in other Companies as on date of AGM Notice	Pitti Rail and Engineering Components Limited (Unlisted) Pitti Castings Private Limited (Unlisted) Pitti Electrical Equipment Private Limited (Unlisted) Pitti Holdings Private Limited (Unlisted) Pitti Components Limited (Unlisted) Pitti Trade and Investment Private Limited (Unlisted)
Membership / Chairmanship of Committees of other Boards	NIL
Shareholding in the Company as on date of AGM Notice	42,28,414 equity shares
Relationship with other Directors / Key Managerial Personnel	Son of Shri Sharad B Pitti. Not related to any other Director or Key Managerial Personnel.

Pitti Engineering Limited
(Formerly Pitti Laminations Limited)

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