INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PITTI RAIL AND ENGINEERING COMPONENTS LIMITED

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **PITTI RAIL AND ENGINEERING COMPONENTS LIMITED** (the 'Company'), which comprise the balance sheet as at 31st March 2021, the statement of Profit and Loss including Other Comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information here in after referred to as "the 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 accounting principles generally accepted in India including Indian Accounting Standards specified under Section 133 of the Act, of the state of affairs of the Company as at 31st March 2021, its loss 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 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 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 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.

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 financial statements and our auditor's report thereon. Our opinion on the 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 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 Financial Statements

The 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 financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("IND AS") specified under section 133 of the Act. The responsibility also includes maintenance of the adequate accounting records for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the company 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 of the company are responsible for overseeing the financial reporting process of the company.

Auditor's Responsibility for Audit of Financial Statements:

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

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

We also:

1. Identify and assess the risks of material misstatement of the 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.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. 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 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.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors, 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 Board of Directors 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 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.

2. 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;

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, 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 financial statements comply with the Indian Accounting standards 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 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.

g) 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) There are no pending litigations on or by the company, the impact of which needs to be disclosed in financial statement.

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

   iii) There was not amount required to be transferred to the Investor Education and Protection Fund during the year ended 31st March 2021.

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

Vijay Singh
Partner
Membership Number: 221671
UDIN: 21221671AAAAIZ1745

Hyderabad
Date: 10th June, 2021

Annexure A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of **PITTI RAIL AND ENGINEERING COMPONENTS LIMITED** on the financial statements for the year ended 31 March 2021, we report that:

(i). According to the information and explanations given to us, the company does not have any property plant and equipment as on 31st March 2021. Accordingly, Para 3(i) of the order is not applicable.

(ii). According to the information and explanations given to us, the company does not have any physical inventories. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.

(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, reporting under clause 3(iii) of the Order is not applicable to the Company.

(iv). In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon. Accordingly, para 3(iv) of the Order is not applicable to the Company.

(v). In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi). The maintenance of cost records as prescribed by the central government under section 148(1) of the Companies Act 2013 not applicable, for the services rendered by the company. Accordingly, para 3(vi) is not applicable of the Order is not applicable.

(vii). a. In our opinion, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Goods & Service Tax, Customs duty, Cess and any other statutory dues applicable to it. The provisions of sales-tax, custom duty, excise duty and value added tax are not applicable at present.

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

c. There are no dues of Income Tax, Service Tax, Customs Duty, Value Added Tax, GST and Cess which have not been deposited with appropriate authorities on account of any dispute.

(viii) The Company has no borrowings from banks or financial institutions or has not issued any debentures. The Company does not have any loans or borrowings from government. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.

(ix) The Company did not raise any money by way of initial public offer or further public offer and does not have any term loans; accordingly, the provisions of clause 3(ix) of Order are not applicable.

(x) 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 course of our audit. Accordingly, Para 3(x) of the order is not applicable.

(xi) The provision of section 197 of the Companies Act, 2013 are not applicable to the company. Accordingly, Para 3(xi) of the order is not applicable.

(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.

(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 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.

The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. And accordingly, the provisions stated in para clause 3(xvi) of the Order are not applicable to the company.

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

Vijay Singh
Partner
Membership Number: 221671
UDIN: 21221671AAAAIZ1745

Hyderabad
Date: 10th June, 2021

PITTI RAIL AND ENGINEERING COMPONENTS LIMITED

PITTI

BALANCE SHEET
as at 31st March 2021

Particulars	Notes	As at 31.03.2021 ₹
ASSETS		
NON-CURRENT ASSETS		
(a) Right of use of Assets	2	17,40,809
(b) Financial Assets		
(i) Loans	3	8,742
(c) Other non-current assets	4	26,833
(d) Deferred tax Asset(net)		14,900
TOTAL NON - CURRENT ASSETS		**17,91,284**
CURRENT ASSETS		
(a) Financial Assets		
(i) Cash and Cash equivalents	5	3,10,895
TOTAL CURRENT ASSETS		**3,10,895**
TOTAL ASSETS		**21,02,179**
EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	6	5,00,000
(b) Other equity	7	(2,22,405)
TOTAL EQUITY		**2,77,595**
LIABILITIES		
NON-CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Provision for Lease Liability	8	17,99,584
TOTAL NON-CURRENT LIABILITIES		**17,99,584**
CURRENT LIABILITIES		
(a) Financial Liabilities		
(i) Other financial liabilities	9	25,000
TOTAL CURRENT LIABILITIES		**25,000**
TOTAL EQUITY AND LIABILITIES		**21,02,179**

Significant accounting policies and notes on accounts 1 to 14

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Rail and Engineering Components Limited
CIN: U29100TG2020PLC144524

for LAXMINIWAS & CO
Chartered Accountants
Firm's Registration Number:011168 S

Sharad B Pitti
Director
DIN:00078716

Akshay S Pitti
Director
DIN:00078760

Vijay Singh
Partner
Membership No:221671

Nand Kishore Khandelwal
Director
DIN:02112822

Place : Hyderabad
Date : 10th June 2021

Place : Hyderabad
Date : 10th June 2021

PITTI RAIL AND ENGINEERING COMPONENTS LIMITED

PITTI

STATEMENT OF PROFIT & LOSS
for the year ended 31st March 2021

Particulars	Notes	For the Year 2020-21 ₹
INCOME		
Other income	10	364
TOTAL REVENUE		**364**
EXPENSES		
Finance costs	11	79,302
Depreciation and amortization expenses	2	51,200
Other expenses	12	1,07,167
TOTAL EXPENSES		**2,37,669**
Profit before tax		**(2,37,305)**
TAX EXPENSES	13	
(a) Current tax		-
(b) Deferred tax		(14,900)
TOTAL TAX EXPENSES		**(14,900)**
Profit for the period		**(2,22,405)**
Other Comprehensive Income		
(i) Items that will not be reclassified subsequently to profit or loss		
(ii) Items that will be reclassified subsequently to profit or loss		
Total other comprehensive income		**-**
Total Comprehensive Income		**(2,22,405)**
Earnings per Equity Share of Face Value of ₹ 10/- each	14.1	
(a) Basic		**(4.45)**
(b) Diluted		**(4.45)**

Significant accounting policies and notes on accounts 1 to 14

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Rail and Engineering Components Limited
CIN: U29100TG2020PLC144524

for LAXMINIWAS & CO
Chartered Accountants
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Partner
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Director
DIN:02112822

Place : Hyderabad
Date : 10th June 2021

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PITTI RAIL AND ENGINEERING COMPONENTS LIMITED

PITTI

STATEMENT OF CHANGES IN EQUITY
for the year ended 31st March 2021

(a) Equity Share Capital

Amt in ₹

Particulars	Note No.	
Balance as at 1st April 2020		-
Changes in equity share capital during the year	6 (a)	5,00,000
Balance as at 31st March 2021		**5,00,000**

(b) Other Equity

Amt in ₹

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 2020	-	-	-	-	-	-
Profit and loss during period	-	-	(2,22,405)	-	-	(2,22,405)
Balance as on 31st March 2021	**-**	**-**	**(2,22,405)**	**-**	**-**	**(2,22,405)**

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Rail and Engineering Components Limited
CIN: U29100TG2020PLC144524

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

Sharad B Pitti
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Vijay Singh
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Membership No: 221671

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Director
DIN:02112822

Place : Hyderabad
Date : 10th June 2021

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Date : 10th June 2021

PITTI RAIL AND ENGINEERING COMPONENTS LIMITED

PITTI

CASH FLOW STATEMENT
for the year ended 31st March 2021

Amt in ₹

Particulars	Year 2020-21	
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	(2,37,305)	
Adjusted for		
Depreciation	51,200	
Interest Income	(364)	
Finance Costs	79,302	(1,07,167)
Operating Profit before Working Capital changes		(1,07,167)
Working Capital changes adjusted for		
Trade & Other financial and non financial assets	(35,575)	
Trade Payables and other financial and non finacial liabilities	25,000	
		(10,575)
Cash generated from operations		(1,17,742)
Taxes Paid		-
Cash Flow before extraordinary items		(1,17,742)
Net Cash Flow From Operating Activities - (A)		(1,17,742)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Right of Use of Assets		(17,92,009)
Interest income received		364
Net Cash used in Investing Activities - (B)		(17,91,645)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	5,00,000	
Finance charges	(1,275)	
Cash Payments for Principal portion of lease liability	(70,452)	
Cash Payments for interest portion of lease liability	(7,575)	
Lease Liability	17,99,584	
		22,20,282
Net Cash used in Finance Activities - (C)		22,20,282
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		3,10,895
Opening Balance in Cash and Cash Equivalents		-
Closing Balance in Cash and Cash Equivalents		3,10,895
Components of cash and cash equivalents:		
Cash on hand		5,270
Balances with banks		
On current accounts		3,05,625
Total cash and cash equivalents		3,10,895

As per our Report of even date

For and on behalf of the Board of Directors of
Pitti Rail and Engineering Components Limited
CIN: U29100TG2020PLC144524

for LAXMINIWAS & CO
Chartered Accountants
Firm's Registration Number:011168 S

Sharad B Pitti
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Partner
Membership No: 221671

Nand Kishore Khandelwal
Director
DIN:02112822

Place : Hyderabad
Date : 10th June 2021

Place : Hyderabad
Date : 10th June 2021

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2021

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1. CORPORATE INFORMATION

Pitti Rail and Engineering Components 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.

The Company is engaged in the manufacturing of 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 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.

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 affected.

(c) 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 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. 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.

1.5. LEASES

The Company as a lessee

With effect from 5th October, 2020, the Company has adopted Ind AS-116. The Company has recognized lease liabilities and corresponding equivalent right-of-use assets. The Company's lease asset classes consist of leases for buildings. 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 of 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 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.

1.6. 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.

1.7. 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.

1.8. 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.

1.9. 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 has 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.

1.10. 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.

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

(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.

However, the Company does not have any financial liabilities as on 31^{st} March 2021.

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.

Note: 2

PARTICULARS	GROSS BLOCK				DEPRECIATION					NET BLOCK
	As at 01.04.2020	ADDITIONS	ADJUSTMENTS	As at 31.103.2021	As at 01.04.2020	FOR THE YEAR	FOR RESERVES	ADJUSTMENTS	As at 31.103.2021	As at 31.103.2021
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Right of Use of Assets										
- Building		17,92,009		17,92,009		51,200			**51,200**	**17,40,809**
Total	**-**	**17,92,009**	**-**	**17,92,009**	**-**	**51,200**	**-**	**-**	**51,200**	**17,40,809**

PITTI RAIL AND ENGINEERING COMPONENTS LIMITED

NOTES TO FINANCIAL STATEMENTS

NOTE 3 : LOANS	As at 31.03.2021 ₹
Unsecured, considered good	
Deposits:	
Rent	8,742
TOTAL	**8,742**

NOTE 4 : OTHER NON CURRENT ASSETS	As at 31.03.2021 ₹
Unsecured, considered good	
Prepaid Exp - Rent Deposts Ind AS	26,833
TOTAL	**26,833**

NOTE 5 : CASH AND CASH EQUIVALENTS	As at 31.03.2021 ₹
Cash on Hand	5,270
Balances with banks	
Current Accounts	3,05,625
Cash & Cash equivalents	**3,10,895**
TOTAL	**3,10,895**

NOTE 6 : EQUITY SHARE CAPITAL	As at 31.03.2021 ₹
Authorised Capital	
1,00,000 (Previous Year Nil) Equity Shares of ₹ 10/- each (Previous Year ₹ Nil each)	10,00,000
TOTAL	**10,00,000**
Issued, Subscribed and Paid up	5,00,000
50,000 (Previous year Nil) Equity shares of ₹ 10/- each (Previous Year ₹ Nil each)	
TOTAL	**5,00,000**

Notes

(a) Reconciliation of equity shares

Particulars	**As at 31.03.2021 ₹**
Issued, subscribed and paid-up capital	
At the beginning of the period	-
Issued during the period	5,00,000
At the closing of the period	**5,00,000**

Note 7 : OTHER EQUITY	**As at 31.03.2021 ₹**
Surplus in the Statement of Profit and Loss	
At the beginning of the year	-
Add : Profit/(Loss) for the period	(2,22,405)
Net Surplus in the Statement of Profit and Loss	**(2,22,405)**
TOTAL	**(2,22,405)**

Note 8 : PROVISION FOR LEASE LIABILITY	**As at 31.03.2021 ₹**
Provision for Lease Liability	17,99,584
TOTAL	**17,99,584**

NOTE 9 : OTHER FINANCIAL LIABILITIES	**As at 31.03.2021 ₹**
Others	25,000
TOTAL	**25,000**

NOTES TO FINANCIAL STATEMENTS

NOTE 10 : OTHER INCOME	For the Year 2020-21 ₹
Interest on Deposits	364
TOTAL	**364**

Note 11 : FINANCE COSTS	For the Year 2020-21 ₹
Interest on Rent Deposits	789
Interest on Lease Liabilities	78,027
Bank Charges	486
TOTAL	**79,302**

Note 12 : OTHER EXPENSES	For the Year 2020-21 ₹
Rates & Taxes (Excluding Taxes on Income)	31,640
Remuneration to auditors :	
Audit Fee	25,000
Professional consultancy	25,651
Miscellaneous Expenses	24,876
TOTAL	**1,07,167**

NOTE 13 : TAX EXPENSES	For the Year 2020-21 ₹
Current tax	-
Deferred (credit)/expenses	(14,900)
TOTAL	**(14,900)**

NOTE 14: NOTES ON ACCOUNTS

14.1. Earnings per share (EPS) from continuing operations

Amt in ₹

Particulars	For the Year 2020 – 21
Earnings	
Profit for the period	**(2,22,405)**
Shares	
Number of shares at the beginning of the period	**-**
Add: Shares issued during the period	50,000
Total number of equity shares outstanding at the end of the period	
Weighted average number of equity shares outstanding during the period	50,000
Earnings per share of par value ₹ 10/- Basic (₹)	**(4.45)**
Earnings per share of par value ₹ 10/- Diluted (₹)	**(4.45)**

14.2. 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) There are no investments made by the Company in accordance with section 186 of the Companies Act, 2013 read with rules issued there under.

(ii) There are no guarantees issued by the Company in accordance with section 186 of the Companies Act, 2013 read with rules issued there under.

14.3. 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 maximise 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).

Amt in ₹

Fair value hierarchy				
Particulars	**Total**	**Quoted prices in active markets**	**Significant Observable inputs**	**Significant Unobservable inputs**
		Level 1	**Level 2**	**Level 3**
As on 31-March-21				
Financial Assets				
Security Deposits	8,742	-	-	8,742
Total	**8,742**	**-**	**-**	**8,742**
Financial Liabilities	-	-	-	-
Total	**8,742**	**-**	**-**	**8,742**

14.4. Related party disclosures

I) List of Related parties

(a) Holding Company

i. Pitti Engineering Limited

(b) Directors

i. Shri Sharad B Pitti

ii. Shri Akshay S Pitti

iii. Shri Nand Kishore Khandelwal

II) Companies in which Directors having interest with whom transactions have taken place

i. Pitti Engineering Limited

A. Transactions/balances outstanding with related parties

(1) For the Financial Year 2020-21

Amt in ₹

Sl. No	Transactions / Outstanding balances	Holding Company	Directors/ Relatives	Director's interest in Company /Entities	Total
1	Rent / Lease Expenses	70,450	-	-	**70,450**
2	Allotment of Shares	5,00,000	-	-	**5,00,000**
3	Rent Deposit Paid	36,000	-	-	**36,000**
4	Amount receivable at the year end	36,000	-	-	**36,000**

14.5. Deferred Tax

Amt in ₹

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.	-	**14,900**	**14,900**
2	Others	-	-	-
	Deferred Tax (Net)		**14,900**	**14,900**

14.6. No asset is impaired during the year as the assets are having recoverable value which is more than the carrying amount.

14.7. 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:

Sl. No	Description	Year 2020-21
1	Principle amounts due to suppliers under MSMED	**-**
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.

14.8. The adoption of standard i.e., Ind AS 116 resulted in recognition of 'Right of Use' asset of ₹ 17,92,009 and a lease liability of ₹ 17,92,009 as on 31st March 2021. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 has resulted in increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on application of standard:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

2. Applied the exemption not to recognize ROU assets and liabilities for leases with less than 12 months of lease term on the date of initial application

3. Excluded the initial direct costs from the measurement of the ROU asset at the date of initial application.

4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts having future obligation to pay.

The weighted average incremental borrowing rate applied to lease liabilities as at March 31, 2021 is 8.69% p.a.

Category of Right of Use of Assets

Amt in ₹

Particulars	Building	Total
Balance as on 1st April 2020	**-**	**-**
Reclassified on account of adoption of Ind AS 116	-	-
Additions	17,92,009	**17,92,009**
Deletions	-	-
Depreciation	51,200	**51,200**
Balance as on 31st March 2021	**17,40,809**	**17,40,809**

14.9. Statutory Auditor's remuneration:

Amt in ₹

Sl. No	Description	Year 2020-21
1	Statutory Audit	25,000
2	Tax Audit	-
3	Certification fee / Taxation matter	-
	Total	25,000

As per our report of even date

For and on behalf of the Board of Directors
Pitti Rail & Engineering Components Limited
CIN: U29100TG2020PLC144524

For LAXMINIWAS & Co
Chartered Accountants
Firm Regn. No:011168S

Sharad B Pitti
Director
DIN:00078716

Akshay S Pitti
Director
DIN:00078760

Vijay Singh
Partner
M.No: 221671

Nand Kishore Khandelwal
Director
DIN:02112822

Hyderabad
Date : 10th June 2021

Hyderabad
Date : 10th June 2021