

**Pitti Engineering Limited**

(Formerly Pitti Laminations Limited)

ISO 9001:2015 ISO 14001:2015

[www.pitti.in](http://www.pitti.in)



31<sup>st</sup> August 2020

To,  
BSE Ltd  
Floor 25, P J Towers, Dalal Street  
Mumbai - 400 001

To,  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex  
Bandra (E), Mumbai - 400 051

Scrip Code: 513519

Scrip Code: PITTIENG

Dear Sir,

Sub: Notice of 36<sup>th</sup> Annual General Meeting under Regulation 30 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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We wish to inform you that the 36<sup>th</sup> Annual General Meeting of the Company is scheduled to be held on Friday, the 25<sup>th</sup> September 2020 at 4:00 P.M (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM) in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

We are enclosing herewith the Notice of the 36<sup>th</sup> Annual General Meeting of the Company.

Kindly take the same on record.

Thanking you,

Yours faithfully,  
For Pitti Engineering Limited



Mary Monica Braganza  
Company Secretary & Compliance Officer  
PCS 5532

CIN: L29253TG1983PLC004141

**Registered Office**

6-3-648/401, 4<sup>th</sup> Floor  
Padmaja Landmark, Somajiguda  
Hyderabad - 500 082  
Telangana, India  
T: +91 40 2331 2774 / 2331 2770  
F: +91 40 2339 3985  
[info@pitti.in](mailto:info@pitti.in)

# Notice

Notice is hereby given that the 36th Annual General Meeting of Pitti Engineering Limited (Formerly Pitti Laminations Limited) will be held on Friday, 25<sup>th</sup> September 2020 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 the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2020 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 31<sup>st</sup> March 2020 and the reports of the Board of Directors and 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, who retires by rotation 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 2020-21 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 31<sup>st</sup> March 2021 amounting to ₹2,00,000/- (Rupees two lakhs 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 2020-21 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 2020-21 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."

5. To approve remuneration to Executive Directors who are promoters or members of the promoter group and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution.

**"RESOLVED THAT** pursuant to Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule V of the Act and pursuant to Regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and other applicable provisions, if any, consent of the Members of the Company be and is hereby accorded for payment of remuneration as per terms and conditions approved by the shareholders at the 35<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> September 2019 to Shri Sharad B Pitti, Chairman & Managing Director and Shri Akshay S Pitti, Vice-Chairman & Managing Director who are promoters of the Company, notwithstanding that such payments exceed the limits prescribed

under Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to alter and vary the terms and conditions including remuneration in such manner as may be agreed to between the Board of Directors and aforesaid Directors, provided however that the remuneration payable to the said Directors shall be subject to provisions of Section 197 of the Companies Act, 2013 read with Schedule V and related rules thereunder.

**RESOLVED FURTHER THAT** that notwithstanding anything to the contrary herein contained where in any financial year during their tenure, the Company has no profits or its profits are inadequate, the Company shall pay the remuneration by way of salary, benefits, perquisites, allowances, variable pay, performance linked incentive as approved by the Board as minimum remuneration.

**RESOLVED FURTHER THAT** the aforesaid approval for payment of remuneration shall be valid for the remuneration paid during the financial year 2019-20 and up to the expiry of the current tenure of the Chairman & Managing Director

and Vice-Chairman & Managing Director."

By order of the Board  
For Pitti Engineering Limited

**Mary Monica Braganza**  
Company Secretary & Compliance Officer  
FCS:5532

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

**Notes:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to relating to Special Business under item 3 to 5 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 covered under point II of annexure -1 annexed herewith.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5<sup>th</sup> May 2020 and read with circulars dated 8<sup>th</sup> April 2020 and 13<sup>th</sup> April 2020 (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 AGM of the Company is being held through VC / OAVM.

3. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12<sup>th</sup> May 2020, Notice of the AGM along with the Annual Report 2019-20 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 2019-20 will also be available on the Company's website [www.pitti.in](http://www.pitti.in) in websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://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](mailto:shares@pitti.in) with a copy marked to [evoting@nsdl.co.in](mailto: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 23<sup>rd</sup> September 2020 through email on [shares@pitti.in](mailto: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 7<sup>th</sup> 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 6<sup>th</sup> September 2017.
11. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 19<sup>th</sup> September 2020 to Friday, 25<sup>th</sup> September 2020 (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 1<sup>st</sup> 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](http://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, 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, 22<sup>nd</sup> September 2020 (9:00 a.m. IST) and ends on Thursday, 24<sup>th</sup> September 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday 18<sup>th</sup> September 2020 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. FCS 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.co.in](mailto:evoting@nsdl.co.in). 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.

The details of the process and manner for remote e-voting are explained herein below:

Step 1: Log-in to NSDL e-voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-voting system

Details on Step 1 are mentioned below:

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" 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. 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.
4. 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 Members 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 Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID 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***

5. Your password details 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 from [evoting@nsdl.com](mailto:evoting@nsdl.com). 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 mentioned below in this notice.



6. 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](http://www.evoting.nsdl.com).
  - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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.co.in](mailto:evoting@nsdl.co.in) 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.
7. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. 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 the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company, for which you wish to cast your vote.
4. Now you are ready for e-voting as the Voting page opens
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for shareholders

1. Institutional/Corporateshareholders (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, by email to [info@dajaykishan.com](mailto:info@dajaykishan.com) with a copy marked to [evoting@nsdl.co.in](mailto: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. In 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 relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
4. In case of any grievances connected with facility for e-voting, please contact

Mr. Amit Vishal, Senior Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / [amity@nsdl.co.in](mailto:amity@nsdl.co.in) Tel: 91 22 2499 4360/ 1800-222-990 or Ms. Sarita Mote, Assistant Manager, NSDL at email [saritam@nsdl.co.in](mailto:saritam@nsdl.co.in) Tel: 022 2499 4890

**Process for those shareholders whose email ids are not registered with the depositories for procuring**

#### User ID and password and registration of email IDs for e-voting for the resolutions set out in this notice.

1. In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card, self attested scanned copy of Aadhar Card by email to [shares@pitti.in](mailto:shares@pitti.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of consolidated account statement, self-attested scanned copy of PAN card, self-attested scanned copy of Aadhar Card to [shares@pitti.in](mailto:shares@pitti.in).
3. Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and password by proving the details mentioned in point (1) or (2) as the case may be.

#### 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 details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

## **B. 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 36th 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](mailto:shares@pitti.in) before 3:00 p.m. (IST) on 23<sup>rd</sup> September 2020. 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](mailto:shares@pitti.in) from 19<sup>th</sup> September 2020 (9:00 a.m. (IST)) to 22<sup>nd</sup> September 2020 (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.
- f) Members, who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/1800-222-990 or contact Ms. Sarita Mote, Assistant Manager – NSDL at [saritam@nsdl.co.in](mailto:saritam@nsdl.co.in)/ 022-24994890 or Mr. Amit, Senior Manager, NSDL Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/[amity@nsdl.co.in](mailto:amity@nsdl.co.in) Tel: 91 22 2499 4360

## **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 countersign the same.

2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.pitti.in](http://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 25<sup>th</sup> June 2020, 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 31<sup>st</sup> March 2021. 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 arm's 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 PEPL for the year 2020-21 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.	135.00	26.06%
Pitti Electrical Equipment Private Limited	Purchase & sale of goods & services.	24.00	4.63%
Total		159.00	30.69%

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.

#### Item No. 5

Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 requires approval of the Members of the Company by way of a special resolution in case the remuneration payable to the Executive Directors who are promoters or members of the promoter group exceeds ₹5 crore or 2.5% of the net profits of the Company, whichever is higher to one such Director

and where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5% of the net profits of the Company.

Your Company has two Executive Promoter Directors viz., Shri Sharad B Pitti, Chairman & Managing Director and Shri Akshay S Pitti, Vice-Chairman & Managing Director. While the aggregate remuneration paid to them during the financial year 2019-2020 was within the permissible limits viz., 10% of net profits prescribed under Section 197 of the Companies Act, 2013, it has exceeded the limits prescribed under Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 viz., 5% of the net profits of the Company.

The Members at the 35th Annual General Meeting held on 19<sup>th</sup> September 2019 approved the payment of remuneration to the said Directors by way of an ordinary resolution. In view of the provisions of Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and as a matter of abundant precaution in the event the Company's profitability is adversely impacted in future due to business environment under Section 197 read with the Schedule V a special resolution is

proposed for payment of the remuneration as approved by the Members as minimum remuneration to the said Directors in the event of absence or inadequacy of profits.

The Board of Directors of the Company at its meeting held on 25<sup>th</sup> June 2020 on recommendation of the Nomination and Remuneration Committee approved the remuneration payable to Executive Directors who are promoters or members of the promoter group in excess of limits specified above. The information as required under the Companies Act, 2013 is provided as Annexure 1 to the Explanatory Statement. The other terms and conditions of appointment as per the resolutions dated 19<sup>th</sup> September 2019 remain unchanged.

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.5 of the notice.

The Board recommends the special resolution set out at Item No. 5 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 : 25<sup>th</sup> June 2020



**Statement containing additional information as required under Schedule V of the Companies Act, 2013.****Annexure -1****I. General Information**

1)	Nature of Industry	Manufacture of electrical laminations & stamping, machining of metal components.		
2)	Date or expected date of commencement of commercial production	The Company was incorporated on 17 <sup>th</sup> September 1983. The Company started its commercial production in the year 1987.		
3)	Financial performance based on given indicators	₹ in lakhs		
	Particulars	2019-20	2018-19	2017-18
	Total Revenue	52,873.74	62,448.14	39,050.09
	Profit before finance cost, depreciation, amortization and tax	8,139.09	9,236.59	5,752.56
	Profit before Tax	1,985.55	4,033.81	1,631.49
	Profit after Tax	1,709.50	2,371.96	1,127.96
	Total Comprehensive Income	1,683.67	2,286.89	1,154.41
4)	Foreign investments or collaborations, if any.	Not Applicable		

**II. Information about Directors seeking approval of remuneration**

1)	Name of the Director	<b>Shri Sharad B Pitti</b>	<b>Shri Akshay S Pitti</b>
2)	Background Details		
	Date of Birth	11.07.1957	28.10.1985
	Date of Appointment	17.09.1983	14.10.2004
	Expertise in specific functional area	Industrial Management	Industrial Management
	Profile	Shri Sharad B Pitti is the promoter of the Company. He is a visionary and a pioneer for lamination manufacturing in the organised sector in India. He has played a pivotal role in the Company's growth and development.	Shri Akshay S Pitti is a born entrepreneur. He started at an early age and has moved through all functionalities in the organisation and gained a deep understanding of all processes and rich business experience. The Company is taking giant leaps under the able leadership of Shri Akshay S Pitti.
	Directorship held in other Companies as on date of AGM Notice	Pitti Castings Pvt Ltd Pitti Electrical Equipment Pvt Ltd Pitti Holdings Pvt Ltd Pitti Components Ltd Pitti Trade and Investment Pvt Ltd	Pitti Castings Pvt Ltd Pitti Electrical Equipment Pvt Ltd Pitti Holdings Pvt Ltd Pitti Components Ltd Pitti Trade and Investment Pvt Ltd

	Shri Sharad B Pitti	Shri Akshay S Pitti
Membership / Chairmanship of Committees of other Boards	NIL	NIL
Shareholding in the Company as on date of AGM Notice	39,20,306 equity shares	38,60,211 equity shares
3) Past remuneration	Remuneration of last 3 years are as follows: 2019-2020 : ₹69.72 lakhs 2018-2019 : ₹50.79 lakhs 2017-2018 : ₹48.25 lakhs	Remuneration of last 3 years are as follows: 2019-2020 : ₹68.07 lakhs 2018-2019 : ₹50.79 lakhs 2017-2018 : ₹48.25 lakhs
4) Job profile and his suitability	Shri Sharad B Pitti is the Chairman & Managing Director of the Company. He has been associated with the Company since its inception and has spearheaded the Company in being a leader in the lamination industry.	Shri Akshay S Pitti is the Vice-Chairman & Managing Director of the Company. He possesses top management experience in all facets of project management and manufacturing. Under his leadership, the Company has added many reputed and prestigious clients. He has provided commendable planning and executive leadership, resulting in a higher level of production, productivity and profitability.
5) Remuneration proposed	Basic Salary ₹3,85,000/- p.m HRA ₹1,54,000/- p.m Other allowances ₹2,32,948/- p.m LTA, Contribution to PF and Gratuity as per rules of the Company; Provision of car for use in Company's business and telephone at residence / and usage of cell phones. Annual increments / increases as may be decided by the Board of Directors from time to time.	Basic Salary ₹3,85,000/- p.m HRA ₹1,54,000/- p.m Other allowances ₹2,32,948/- p.m LTA, Contribution to PF and Gratuity as per rules of the Company; Provision of car for use in Company's business and telephone at residence / and usage of cell phones. Annual increments / increases as may be decided by the Board of Directors from time to time.
6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The remuneration as proposed is generally comparable with that drawn by the peers in similar capacity in the industry and is commensurate with the size of the Company and its business.	The remuneration as proposed is generally comparable with that drawn by the peers in similar capacity in the industry and is commensurate with the size of the Company and its business.
7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Shri Sharad B Pitti is the chief promoter of the Company and is related to Shri Akshay S Pitti, Vice-Chairman & Managing Director.	Shri Akshay S Pitti is the son of Shri Sharad B Pitti, Chairman & Managing Director.

### III. Other Information

1) Reasons of loss or inadequacy of profits:

The Company operates in the engineering sector and is part of supply chain of OEM's in capital goods, generation, transportation, and industrial sectors which are directly linked to the performance of the economies. The year was marred by the slow global economies, Indian NBFC crisis and Covid 19 disruptions, thus impacting the adequacy of the profits for the year.

2) Steps taken or proposed to be taken for improvement:

The Company has been taking various strategic measures such as enhancing the product portfolio, customer base, geographical expansion, developing multiple procurement sources and bringing in house the manufacturing of certain bought out items besides being focused on increasing value add. Along with this the Company continuously works on cost optimisation to ensure competitiveness of its products and overall profitability. Further, the high growth prospects of the Indian economy in the coming years will also add glitter to its performance.

3) Expected increase in productivity and profits in measurable terms:

The Company has taken significant positive actions which are expected to yield sustained growth as well as face future challenges and it is continuing to take steps which will enable the growth in its value-added offerings to its customers. It has been aggressively pursuing and implementing its strategies to improve financial performance.

### IV. Disclosures

Disclosures on managerial remuneration, fees, stock options, if any, are mentioned in the Director's Report, forming part of the Annual Report for the Financial Year 2019-20 of the Company, to be considered at the ensuing Annual General Meeting.

**Pitti Engineering Limited**

(Formerly Pitti Laminations Limited)

ISO 9001:2015 ISO 14001:2015

[www.pitti.in](http://www.pitti.in)



31<sup>st</sup> August 2020

To,  
BSE Ltd  
Floor 25, P J Towers, Dalal Street  
Mumbai - 400 001

Scrip Code: 513519

To,  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex  
Bandra (E), Mumbai - 400 051

Scrip Code: PITTIENG

Dear Sir,

Sub: Submission of Annual Report for the financial year 2019-20

\*\*\*\*

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, please find enclosed a copy of the Annual Report for the financial year 2019-20 together with the notice for the 36<sup>th</sup> Annual General Meeting of the Company scheduled to be held on Friday, 25<sup>th</sup> September 2020 at 4:00 P.M (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM).

The copy of the Annual Report is also available under the Investor Desk section on the Company's website at [www.pitti.in](http://www.pitti.in).

We request you to take the same on record.

Thanking you.

Yours faithfully,  
For Pitti Engineering Limited

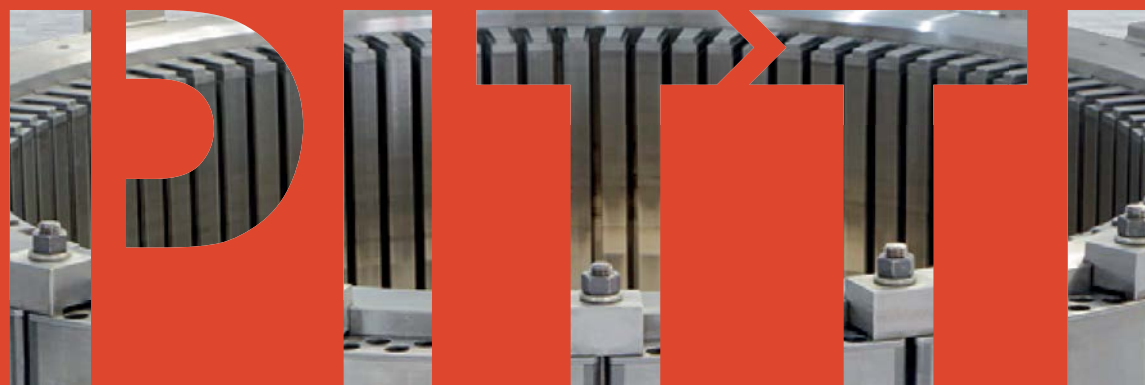
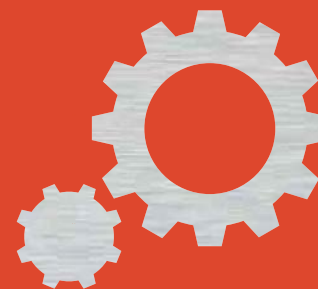


Mary Monica Braganza  
Company Secretary & Compliance Officer  
FCS 5582

CIN: L29253TG1983PLC004141

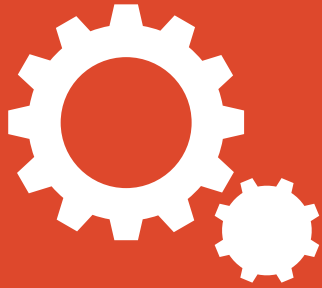
**Registered Office**

6-3-648/401, 4<sup>th</sup> Floor  
Padmaja Landmark, Somajiguda  
Hyderabad - 500 082  
Telangana, India  
T: +91 40 2331 2774 / 2331 2770  
F: +91 40 2339 3985  
[info@pitti.in](mailto:info@pitti.in)



**PITTI ENGINEERING LIMITED**  
ANNUAL REPORT 2019-20





ITIT19

# Value Add

**to Add Value**



# 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 Gummalla 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**

### **Indian Overseas Bank**

### **Kotak Mahindra Bank Limited**

### **Bandhan Bank Limited**

### **SVC Co-Operative 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

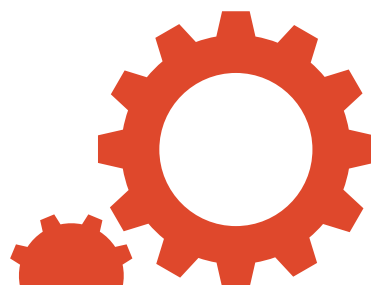
### **Aurangabad**

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

## SHARE TRANSFER AGENT

### **XL Softech Systems Ltd.**

Plot No. 3, Sagar Society,  
Road No. 2, Banjara Hills,  
Hyderabad – 500 034



# Contents

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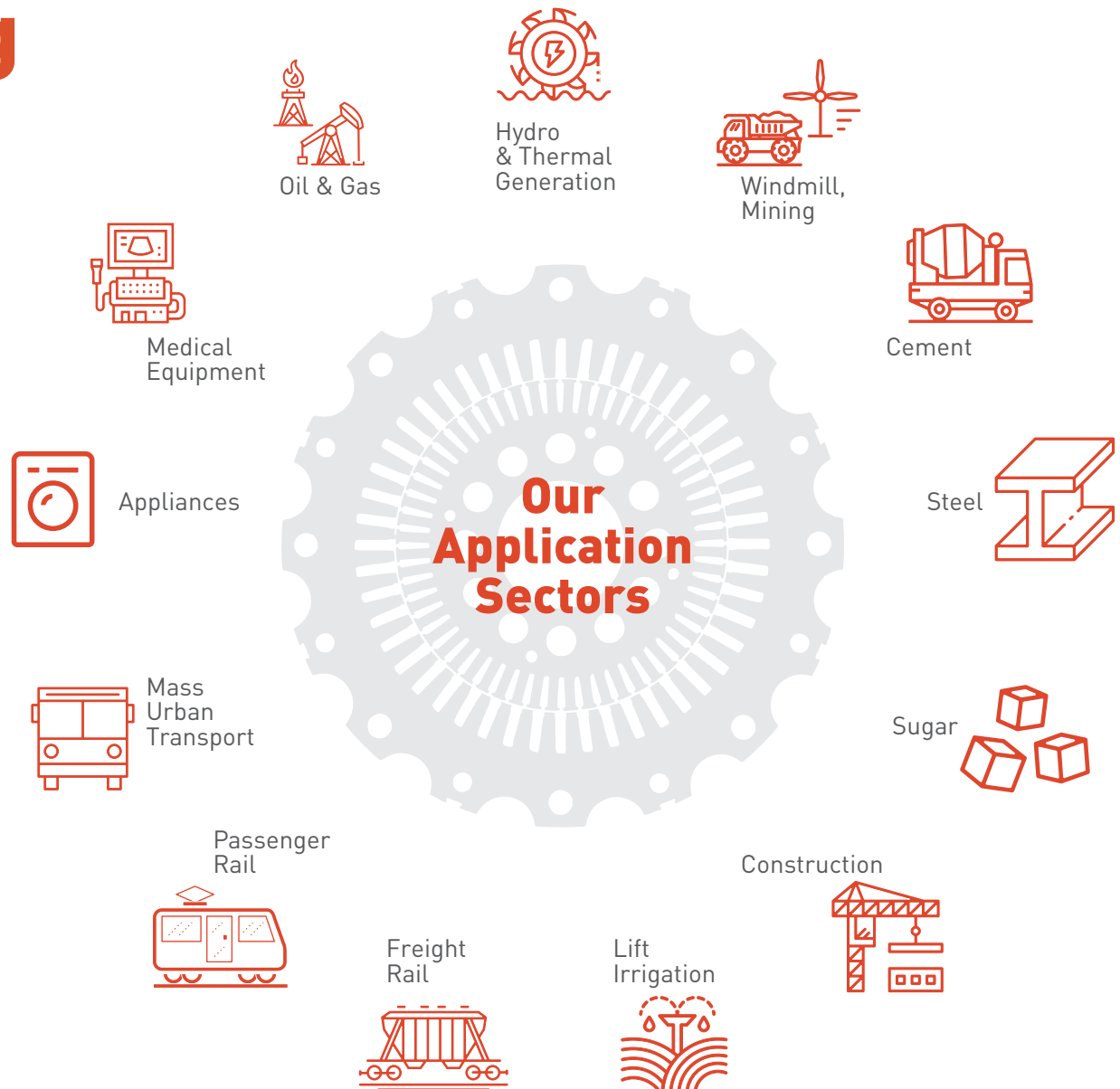
## Forward-looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

# We are Pitti Engineering

With more than three decades of doing business we Pitti Engineering Limited have created a niche for ourselves in the manufacturing of Sheet Metal Components including Motor Cores, Sub-Assemblies, Die-Cast Rotors and Machining of Metal Components. We are the largest exporter of Electrical Laminations from our Country. Over a period of time Pitti Engineering has gained the expertise to produce complex value added assemblies.

Company has state of the art manufacturing facilities in Hyderabad and Aurangabad. As of now our current installed capacity is **36,000 MT** for sheet metal components and **2,47,600** hours for machining and are planning to expand.





## Our Products

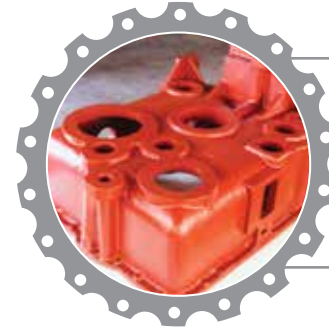
### Sheet Metal

Press Punching up to 2mm thickness;  
Laser Cut: Upto thickness 12 mm;  
Special Process: Re-coating of insulation  
layer for specialised thermal and hydel  
project requirements



### Casted Machined Components

Range of precision  
machined components (up to  
2,500x2,500x2,300 mm)



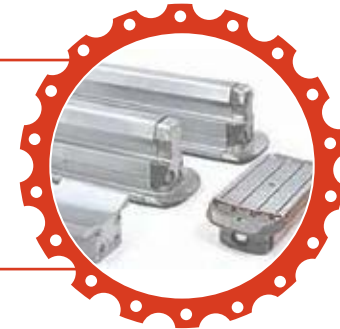
### Die-cast Rotors & Assemblies

Skew angle rotors; Die cast rotors  
Ready-to-use assembled rotor cores;  
Aluminium Shot capacity upto 160 kgs per  
shot; Riveting or bolting under hydraulic  
pressure



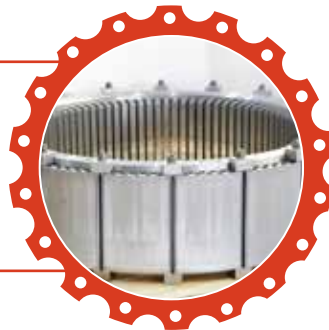
### Pole Assemblies

Assembled pole bricks



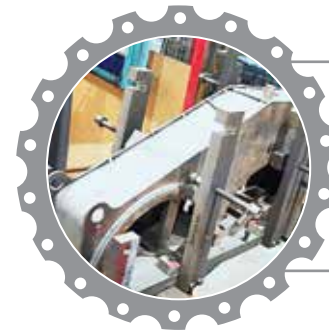
### Stator Core Assemblies

Assemblies weighing upto  
9 tons



### Fabricated Machined Components

Machined Fabricated bodies with  
core dropping of assembled cores,  
fitted with child parts



## Our Marquee Clientele

<b>ABB</b>	<b>ANDRITZ</b>	<b>Bharat Bijlee</b>	<b>DELTA</b>	<b>CATERPILLAR</b>	<b>G</b>	<b>Cummins</b>	<b>DOL GROUP</b> An Electrical Engineering Group	<b>GE</b>	<b>INDIA RAY</b>	<b>Ingeteam</b>	<b>JE</b>
<b>LT</b>	<b>Marathon</b>	<b>MEDHA</b>	<b>MOOG</b>	<b>Nidec</b>	<b>SIEMENS</b>	<b>SIEMENS Gamesa</b> RENEWABLE ENERGY	<b>tdps</b>	<b>TMEIC</b> We drive industry	<b>VOITH</b>	<b>Wabtec</b> CORPORATION	<b>WEG</b> Motors and Drives

# Financial Highlights

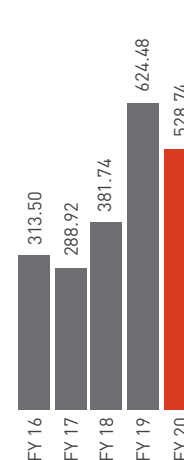
Particulars	FY 20	FY 19	FY 18	FY 18	FY16
<b>Balance Sheet and P&amp;L Highlights (₹ in crores)</b>					
		IND AS			IGAAP
Revenue (excluding taxes)	528.74	624.48	381.74	288.92	313.50
EBITDA*	77.72	90.10	54.58	33.54	19.03
Finance Cost	34.12	29.61	23.48	15.32	17.03
PBT	19.86	40.34	16.31	5.12	[11.42]
PAT	17.10	23.72	11.28	4.31	[9.56]
Total Comprehensive Income	16.84	22.87	11.54	5.40	[9.56]
Cash Accruals**	44.26	45.28	29.18	21.58	5.87
Net Worth	207.80	175.96	154.56	112.42	106.95
Debt	219.45	248.45	255.92	194.80	174.18
Net Fixed Assets	258.18	234.67	213.31	124.97	88.00
Inventory	126.50	100.27	129.16	144.97	117.57
Debtors	139.38	182.49	136.92	102.79	111.96
Cash & Bank	14.86	13.96	13.52	11.02	18.23
Total Assets	596.09	584.05	548.88	410.02	361.91
<b>Per Share Ratio (in ₹)</b>					
Earning per share (EPS)	5.41	7.67	4.22	2.00	[3.54]
Dividend per share (DPS)	-	-	-	-	-
Book Value per share (BVPS)	63.18	58.99	51.82	41.66	39.64
<b>Growth Ratio (%)</b>					
Revenue Growth	[15.33]	63.59	32.13	[7.84]	[8.53]
EBITDA Growth	[13.74]	65.08	62.73	76.25	[53.04]
PAT Growth	[27.91]	110.28	161.72	145.08	[202.47]
Total Comprehensive Income Growth	[26.37]	98.18	113.70	156.49	[202.47]
Growth in Book Value per Share	7.10	13.84	24.39	5.10	[8.77]
Inventory - Increase / (Decrease)	26.16	[22.37]	[10.91]	23.31	[10.99]
<b>Margin Ratio (%)</b>					
EBITDA Margin	14.80	14.48	14.41	11.73	6.11
PAT Margin	3.23	3.80	2.95	1.49	[3.05]
Total Comprehensive Income Margin	3.18	3.66	3.02	1.87	[3.05]
Debt - Equity Ratio (in times)	1.06	1.41	1.65	1.73	1.63

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

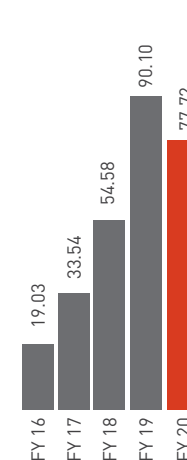
\*\* Total Comprehensive Income + Depreciation

## Key Performance Indicators

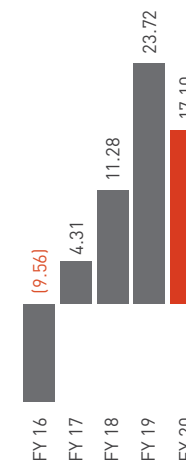
Revenue (₹ in crores)



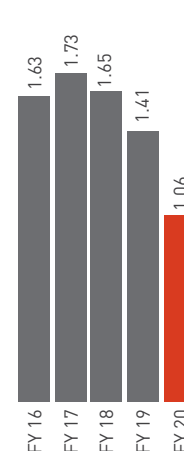
EBITDA (₹ in crores)



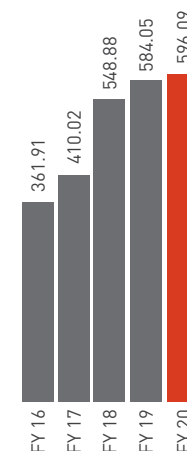
PAT (₹ in crores)



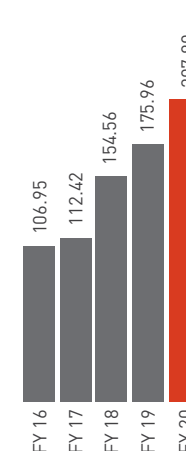
Debt Equity Ratio (in times)



Total Assets (₹ in crores)



Net Worth (₹ in crores)



# Value Add to Add Value

**The start of a new decade is coinciding with the anvil of a new manufacturing world order. The days of geographically concentrated global manufacturing are numbered. Diversification of global supply chains would reduce disproportionate manufacturing dependence on a particular country or geography. It would also unveil many new global manufacturing hubs and centers, democratize technology and capabilities and enhance competition. The customers would get more value as competing suppliers would be pushed to raise their value addition quotient.**

With new pivots of whole scale infrastructure development centered around new regions such as Asia, Africa and Latin America and new technologies such as IoT, AI, ML and green energy, the next two-three decades of this century would throw significant opportunities to the developing and emerging economies.

The world would need speedy development and loads of it. The divide between the developed and the developing and the emerging markets ought to be bridged. Mass access to energy, transportation, irrigation, consumer appliances and data security ought to be ensured. It has to be delivered in a manner that is efficient, affordable and eco friendly.

Precision engineering has a lot to deliver. It has to add more value in the products and solutions that benefit not only the customers but also the end consumers

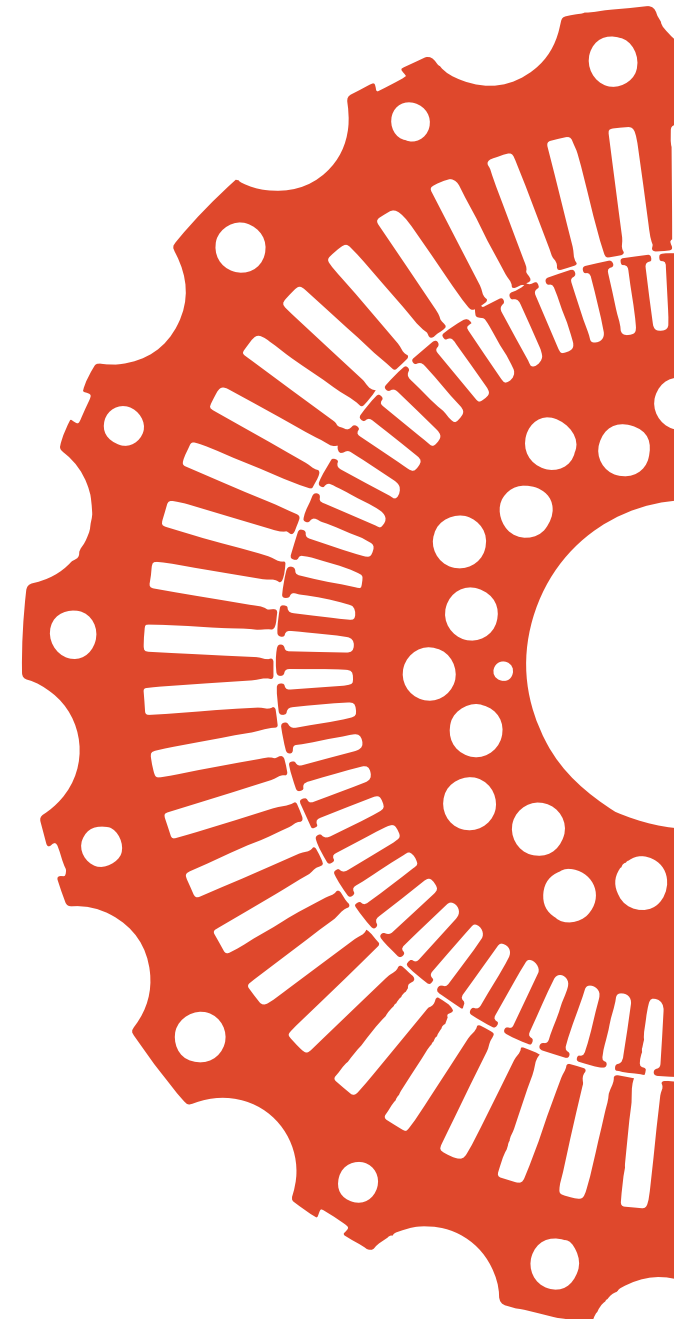
of those engineering marvels. Geared towards environment friendly products, engineering can also address sustainable development goals of the human race.

At Pitti Engineering, we have steadily been raising our capabilities and manufacturing processes, more efficient, eco-friendly and affordable. We are doing it by way of consistent value additions across the entire engineering value chain of our operating domains. From design to prototyping to material sourcing to manufacturing to packaging and logistics - we are value adding at every single step, with man, machine, material and process.

Not surprising, global customers' confidence in our 'Made in India' precision engineered products and solutions continue to rise. Despite the Covid-19-induced disruptions impacting dispatches in the last quarter of FY20 and production

challenges in the first quarter of FY21, we continue to value add our engineering capabilities. Consequently, we reap rich dividends in terms of protecting jobs not only in our own company but also in our supplier networks. We continue to expand our residual order book, add more user segments and customers, add more processes by in-housing portions that were outsourced earlier, and continue to value engineer our manufacturing by removing redundancies and wastages.

Having closed FY20 with reduced revenues, albeit at improved profitability, we ushered into FY21 with a decision to further diversify our capabilities, further expand our capacities and further modernize our existing capacities. Besides steadily sharpening engineering capabilities, another factor driving our march forward is a deep conviction in the winning mantra of **Value Add to Add Value**.



# Chairman's Letter

## Dear Stakeholders,

As I sat to pen down this letter, I wondered which key business aspects would you like me to address first. Is it the performance review for the year gone by, the business strategy and the outlook going forward or the existential crisis that the human race is facing all over the world.



Caught clueless and unprepared, the world headed home to fight Covid-19, the most severe pandemic of the recent 100 years. Economic activities came to a grinding halt, almost instantaneously.

On the social front, nearly 20 million people have reportedly been infected while 0.75 million precious lives been lost. This is the time to show solidarity with the vulnerable ones – communities, societies, nations, regions, industries. The socio-political framework governing various nations, economic regions and multilateral organizations need to focus on two key pivots of our corporate world namely risk management and resilience. At the global and national levels, we need to create healthcare framework that is commensurate with the size of vulnerable population. Creation of structural emergency national reserves can help scale up our response, when the calamity of such magnitude strikes. That would also make nations more resilient.

Coming to our Company, we too have been steadily bolstering our risk management framework and our resilience quotient, particularly in the last four-five years. The same has helped us navigate the current disruption prudently.

Despite the temporary blip in customer supplies, we succeeded in protecting our assets, both tangible and intangible. We were able to not only resume but also ramp up production and supplies quickly, staying extra vigilant and well within stipulated norms. We witnessed early signs of additional demand, which serves as an indicator of resilience of capital goods and, in turn, the manufacturing sector across many regions of our global presence. The intense exploratory work that our teams undertook in newer user segments opened additional avenues of capacity deployment and revenues. The fiscal prudence that we kept fortifying in this period not only helped protect stakeholders' value but also lent significant strength towards our next mega Capex.

You would be happy to note our new Capex announcement towards adding another mega facility. The proposed state-of-the-art facility would further our continuing campaign of vertical integration by adding few more processes. This would help the company manufacture more components that we were sourcing from other vendors. The Capex would also help us add few dedicated lines for some of the emerging

segments. In order to avail incentives under various ongoing schemes, we are evaluating location options from couple of states. While deciding, other strategic aspects such as logistics would also be considered. The unit would imbibe multiple tenets of industry 4.0.

Looking back at FY20, we made significant progress in delivering prototypes as well as commercializing approved ones for a number of customers from new user segments. The business from traditional segments and customers remained strong. But for the delivery constraint faced in the last month (March) of FY20, our operating results would have been much better. With estimated revenue deferment of ₹ 25 crores, we closed FY20 with residual long-term order book of about ₹ 700 crores.

Our revenue from operation stood at ₹ 525.06 crore as compared with ₹ 622.21 crore recorded in FY19. EBITDA was lower at ₹ 77.72 crore, down from ₹ 90.10 crore achieved in FY19. In spite of significantly lower revenue that constrained optimal absorption of overheads, we delivered a 30 bps (basis point) improvement in EBITDA margin (14.8% from 14.5%) in FY20. Our PAT

came down to ₹ 17.10 crore from ₹ 23.72 crores in the previous year. The fact that current year numbers would have been much sharper in a normalized situation makes these results immensely satisfactory.

Engineered products catering to user industries like diesel and electric locomotives, data farms, consumer durables and renewable energy formed a large portion of our residual order book. It is encouraging to see emerging segments like power systems for data farms, propulsion systems for electric vehicles, various sub-assemblies for intercity passenger and freight movement, components for mass urban transit systems, and components and assemblies for renewable energy segments starting to make sizeable contributions to our order book now.

Capital goods players, operating mostly on just in time inventories, are countering a fully depleted inventory across the supply value chain. The pent up demand shall help manufacturing companies like us to ramp up production to pre-Covid levels. Stimulus packages aimed at reviving economic activities would keep large scale infrastructure and

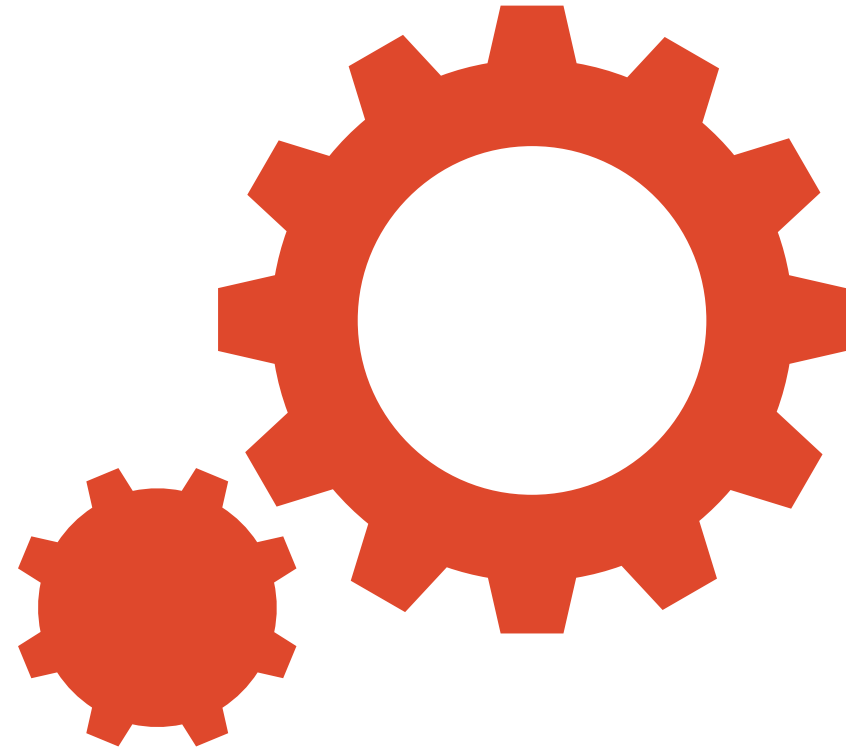
capital creation projects at the core. These factors strengthen my conviction of next cycle of sustained growth descending on a multitude of our user industries. Thankfully, we would be meeting this demand growth with significant stabilization and maturity of our recently added strengths. And back it up with capacity expansion and capability diversification emanating from our next expansion.

From a slightly longer-term perspective, the global supply chain of capital goods sector would also undergo a major realignment. Your Company remains favorably positioned, thanks to its established and proven credentials as a global sourcing partner of some of the reputed global names. It is with this optimism that I would like to conclude my message.

I thank you, dear stakeholders and specially our shareholders, for your continued contributions in our growth and progress! Let us all stay safe and continue contributing towards a safer, progressive and more equitable world.

**Sharad B. Pitti**

Chairman and Managing Director



**You would be happy to note our new Capex announcement towards adding another mega facility. The proposed state-of-the-art facility would further our continuing campaign of vertical integration by adding few more processes.**



# Board of Directors

## **Shri Sharad B Pitti**

**Chairman & Managing Director**

He is the founder of the Company, belonging to a renowned business family of Hyderabad. He is a visionary and a pioneer for lamination manufacturing in the organised sector in India. Shri Sharad B Pitti has played a pivotal role in PEL's growth and development.

## **Shri Akshay S Pitti**

**Vice Chairman & Managing Director**

He is a born Entrepreneur. Started at an early age, has moved through all functionalities in the organisation and gained a deep understanding of all processes and rich business experience. The Company is taking giant leaps under the able leadership of Shri Akshay S Pitti.

## **Shri N R Ganti**

**Non-Executive Independent Director**

A Post-Graduate in Business Administration, having served long with State Bank of India and also has management consultancy experience.

## **Shri Gummalla Vijaya Kumar**

**Non-Executive Independent Director**

A Bachelor of Law, Shri Gummalla Vijaya Kumar is a Practising Advocate at the High Court of Telangana. He has also been a Government Pleader for revenue for the United State of Andhra Pradesh.

## **Shri M Gopalakrishna**

**Non-Executive Independent Director**

Shri M Gopalakrishna, IAS (Retd.), has held various prestigious positions in the states of Assam and Andhra Pradesh, as well as with the Government of India. He has served in various capacities for over six decades in Government and Public Sector. He is the Chairman of the Company's Nomination & Remuneration Committee.

## **Ms. Gayathri Ramachandran**

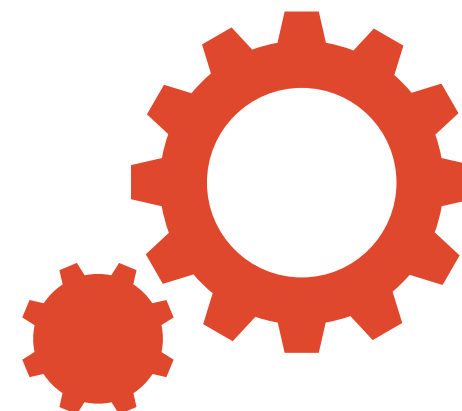
**Non-Executive Independent Director**

Ms. Gayathri Ramachandran, IAS (Retd.), has held various national and international positions with the Government of India in the Ministries of Power, Petroleum, Chemical & Fertilisers and Civil Aviation and 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**

A Chartered Accountant with rich expertise in financial management and accounting. He retired as Director (Finance) from NMDC and served as its Board Member as well as various associate of NMDC. He is also the Chairman of the Company's Audit Committee.



Hyderabad Plant



Aurangabad Plant









# Adding Value to Our Manufacturing Capabilities

We utilized the period of the last five years (FY16 to FY 20) to accomplish twin-fold objectives of consolidation and widespread modernization of our legacy manufacturing capacities, and addition of a mega vertically-integrated manufacturing facility. A cumulative CAPEX of ₹220.35 Crores translated into a much wider coverage of engineering value chain in multiple segments, a best-in-class integrated manufacturing complex and manifold increase in our end user segments and market leading clients including some global behemoths.

The sound foundation that we, at Pitti Engineering, have added in the last five years has fortified our resilience. While Covid-19 induced lockdown and disruptions in global supply chains has cast a temporary shadow on seamless production and supply of goods and services, the resilience has gotten bolstered with customers' growing confidence in our capabilities, aptly reflected in their increasing orders. The fact our growing order book remains balanced with long-term supply contracts, repeat orders from existing/

past customers and an increasing number of new segments/ customers adds further to our resilience and future outlook.

The Government of India's steady encouragement to domestic manufacturing complements very well with its grandeur infrastructure creation and modernization push. Its recent clarion call of 'Atmanibhar Bharat' is a golden opportunity for the domestic manufacturing sector to move up the value chain and achieve a higher level of value addition. Once realized, this will uplift the quality parameter of 'Made in India' components and products. It would also open up significant opportunities of import substitution, which can subsequently lead to immensely large export opportunities too, with time.

The recent lowering of corporate taxes, coupled with several manufacturing incentives to the new units/entrants is an enabling aspect of a globally competitive manufacturing sector in India. In the light of these favorable macro trends and our fundamentally strong business proposition, we, at Pitti Engineering,



have decided to go ahead with our next mega expansion.

Under this expansion plan, we are going to further integrate our existing supply chain by setting up additional facilities for those components/processes which are currently being outsourced. We are also going to add dedicated manufacturing lines/units for new applications segments where we have made significant inroads and are expecting sizeable future business. These include railway undercarriages, components for EV (Electric Vehicle) motors, drivetrain systems, gear cases, unique engineered product solutions for wind turbine applications, and medium and heavy fabricated machined components.







# Adding Value to Our Engineering Capabilities

The outgoing decade has witnessed our rapid transformation from a single-process single-product (electrical steel lamination) company to a provider of hi-technology engineered goods and solutions for a range of capital and consumer goods applications. A slew of backward and forward integration programs have led to the emergence of a vertically integrated Pitti Engineering that has increasingly placed itself at the core of global supply chains of most of its international customers.

The year gone by witnessed an accelerated uplift of our engineering capabilities, across product design and development, process design and optimization, and sustained automation and modernization of our manufacturing units.

Introduction of the 2P1D technology enabled punching process has replaced multi-punching of stator and rotor lams with a single punch. We also added a high speed punching facility up to 220 frame. The resultant saving of time and resources coupled with quality consistence has led to significant

improvement in productivity and appreciable reduction in our delivery timelines.

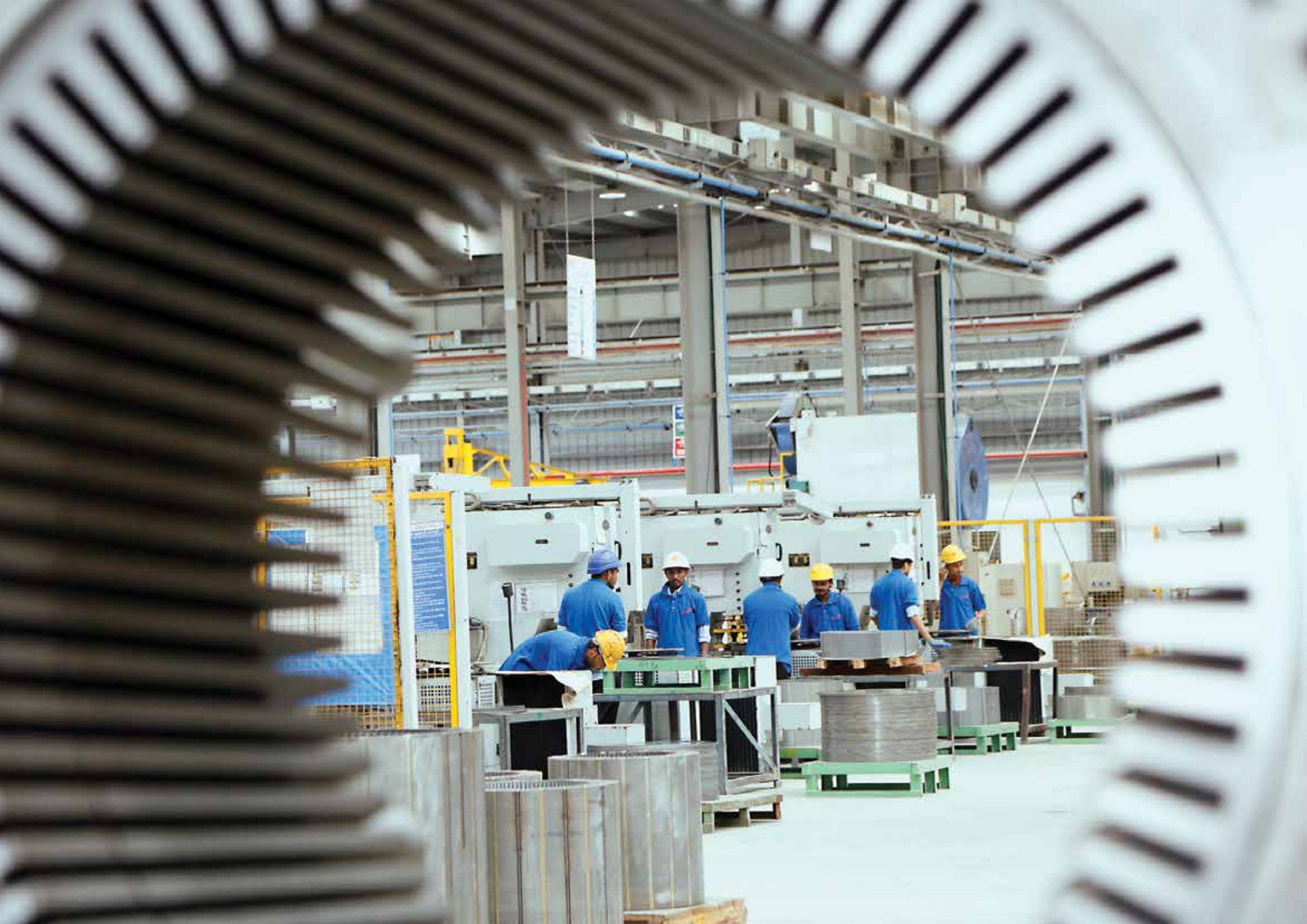
With a view to help customers reduce the time to market for their novel product ideas, we also established a dedicated manufacturing process for developing prototypes. Introduction of material collection systems for collecting blanks and scrap has lowered our dependence on manpower. A slew of further improvements in our manufacturing efficiency and customer deliveries are being undertaken in the ensuing FY21.

We are introducing automated loading systems (robots) for handling of laminations on notching machines. The move would positively lift productivity and quality consistency besides reducing dependence on skilled labour. In our Aluminum die casting operations, we are introducing high efficiency melting and holding furnaces and a 500T vertical die casting machine. In tooling operations, introduction of carbide tool technology would further enhance our quality, productivity and deliveries.



Further, the proposed mega expansion would add several feathers to our technological and engineering portfolio. Post expansion, we would have added new technologies/ engineering applications such as high pressure green sand moulding, medium and heavy

fabrication, very large five axis machining capabilities and assembly facilities for various unique products that find applications in power generation, drive systems, motors, off highway vehicles among others.





# Adding Value to Our Application Segments

The last five years for us, at Pitti Engineering, has been an intense period of exploration. Exploration of what all can we add to our inquisitiveness, our research and manufacturing assets, the scattered and fragment industrial motor component supply chain, and most importantly what all can we learn. Thanks to our total commitment and surrender to this phase of exploration, we were able to reduce point to point (process to process) travel of customers' material and supervision from nearly half a dozen vendor locations to just one location i.e. our vertically integrated

manufacturing unit at Aurangabad. For customers, the entire value proposition transformed – faster deliveries, lower costs and consistent reliable quality.

Having successfully brought together such a compelling combination – tooling, lamination, machining, assembly – we started exploring the new applications segments and customers that would like to benefit from our vertically integrated capabilities. We reached out to more than a dozen new application segments, showcasing our capabilities and



learning the pain points of these newly engaged customers. Impressed with this first-of-its-kind vertically integrated manufacturing offering in India, some of these customers entrusted smaller products/processes to be undertaken on a pilot basis. This exercise served us many opportunities to develop and deliver various new components/ sub-assemblies/ assemblies for a number of user industries which earlier remained unexplored by us. In addition, we explored new opportunities to supply more/ new products and applications to our existing customers.

Many of these product/ application development efforts reached fruition in FY20. Most of these products/ solution would get dispatched as 'ready to use for direct assembly' at customers' end. Each of these initiatives raise value addition to a higher level, thereby expanding revenue potential and also margin accretion. Most of the developments lead to import substitution, while many of these also opens up export potential.



## Development highlights

- ◆ Order secured for 2.1 MW and 3.4 MW Wind Generator stator and rotor assemblies with shaft, ready to use directly in generators
- ◆ Registered as an approved supplier for supplying laminations, machined castings and related assemblies to Indian Railways (CLW, DLW, ICF etc.)
- ◆ Developed and productionized 5 MW Generator stator and rotor assemblies, used for data storage and cloud computing applications
- ◆ Development of large MV Motor stator and rotor assemblies with shaft and copper additions
- ◆ Development of 9MW (10 Ton weight) HT Motor stator assemblies, ready to use for direct assembly
- ◆ Foraying into smaller frame model segments, completing our coverage of the entire range of products
- ◆ Development in progress for EV (Electric Vehicle) Motor laminations and assemblies



# Management Discussion & Analysis



## Economic Overview

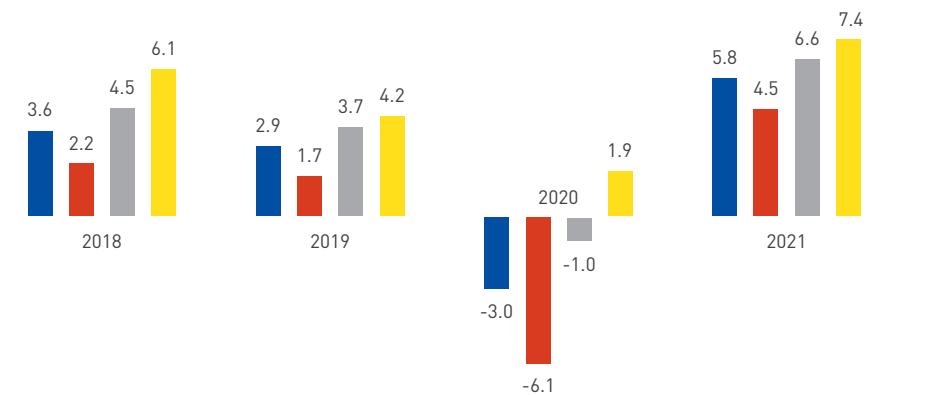
**Global Economy:** Calendar year 2019 can be summarized as a year of rebalancing sustained post-WTO globalization with accelerated, aggressive protectionism. Global economic growth recorded its weakest pace since the global financial crisis of 2008. Amid rising protectionism and trade barriers, associated uncertainties weighed on business sentiments and activities. These developments magnified cyclical and structural slowdown already underway in certain economies. A host of country-specific weaknesses across emerging market economies amplified the pressure. Worsening country-specific macroeconomic stress on account of tighter financial conditions, geopolitical tensions, and social interests added to the woes.

With the economic environment becoming progressively uncertain, long-range

spending got curtailed, decelerating the global machinery and equipment purchases. Consumer demand for durable goods also weakened, pushing a scale back in industrial production. Global trade—which is intensive in durable final goods and the components used to produce them—slowed to a standstill. Central banks promptly reacted to the weaker activity. Several central banks cut interest rates, while the European Central Bank also restarted asset purchases. These steps helped avert a deeper slowdown.

Not surprising, the global economic activities across production, trade and consumption, and financing activities including lending and investing decelerated amid uncertain times. Commodity prices including oil and metal remained softened. Global GDP growth rate, according to International Monetary Fund (IMF's World Economic Outlook, April 2020 issue) moderated by 70 basis

Global GDP Growth Trend (%)



■ World output ■ Advanced Economies ■ Emerging Market and Developing Economies India\* ■ India\*  
Source: World Economic Outlook, April 2020, IMF; \* fiscal year basis

points (bps) to spiral down to 2.9% (3.6% in 2018). Advanced Economies (AE) recorded a moderation of 50 bps while Emerging Markets and Developing Economies (EMDE) block returned an even sharper moderation of 80 bps. With a growth rate of 3.7%, EMDE outpaced the 1.7% growth rate of AE. Growth rate of world trade volumes decelerated to 0.9% in 2019 (3.8% in 2018).

#### **Covid-19 and Global Economy outlook:**

The script of a worldwide economic and health rampage was germinating in form of a life threatening virus, as early as November/ December 2019. From the city of Wuhan in Hubei province of China, the hyper-infectious coronavirus crossed the boundaries of countries and continents in no time. The entire human race was caught unaware, and more importantly unprepared by the disease, Covid-19 as the pandemic got named subsequently.

Having originated in and devastated Wuhan, the disease spiraled on to wedge an unprecedented health crisis for the world, overwhelming the health infrastructures of developed and emerging economy countries alike. In the face of alarmingly high human to human transmission and no known cure or containment mechanism, nationwide lockdowns, for protracted periods running into months soon became the norm. Economic considerations, for once, got relegated to oblivion with preciousness of human lives as well as fragility of health infrastructure getting amplified. Tens of millions of people reportedly got infected and half a million precious

lives got lost by the time of this writing (a much higher number might have gotten affected, though, as all infections didn't get reported/ recorded).

The fallacy of one world – global trade, open borders, a single supply chain, migrant talent, among others – got exposed. China, the world's de facto factory, was the first one to go out of bound for productions locally and supplies across the borders. The first quarter of the calendar year 2020, for most other parts of the world, got impacted with supply side constraints. By the time China headed to unlock production, during the second quarter, the virus had inflicted broad-based lockdowns across consumption centers including Asia, Europe, North America and South America. While the fragility of global supply chains and its overdependence on one country was being evaluated from the standpoint of business continuity, the role of China in handling the health crisis, transparently and responsibly, was fuelling an anti-china sentiment. The aggressive posturing of the government of the day, in suppressing autonomy of Hong Kong, and territorial disputes with many of its neighboring countries added fuel to fire.

In the backdrop of these difficult events and dynamically evolving geo-political equations, the global economic growth prospects, unfortunately, kept sliding southwards. IMF predicted a rare contraction in the World Output by a negative 3% for 2020, in its April 2020 edition of World Economic Outlook. The



forecast for Developed Economies was much severe at -6% whereas Emerging Market and Developing Economies were also predicted to record an output contraction of -1%. A silver lining in the forecast, though, was a sharp global output recovery in 2021 with growth figures for the Global Output, Advanced Economies and EMDE predicted at 5.8%, 4.5% and 6.6% respectively.

However, these assumptions, made in early April 2020, on the width and depth of Covid-19's impact on global activities appear to be significantly moderate than the real picture. China-centric geo-political as well as trade conflicts, contours of which are becoming sharper at the time of writing of this piece, would also drag the growth predictions further down, for 2020 as well as 2021, in our view.

**Indian Economy:** The challenging phase of the Indian Economy continued throughout the fiscal year 2019-20 (FY20). The drag of demonetization of 2016 and GST implementation of 2017 got followed up with the NBFC crisis in 2018. The structural weaknesses – liquidity, consumption and investment slowdowns – were already sending the growth curve downwards.

The country entered FY20 in an election mode. While electioneering inflicting a policy void for most of the first quarter, the mandate for another majority government at the center raised hope. Easing of FDI norms, recapitalization and large scale merger of public sector banks, fast tracking infrastructure creation and rationalizing of corporate taxes were the key measures and initiatives undertaken by the government towards reviving up growth. Growth focused easing of policy



rates by Reserve Bank of India effectively reduced the repo rates by 160 basis point, effected in 5 tranches during the year. Yet, these steps proved too little and also a bit late in the year, as the GDP growth dipped to its 11 year low at 5.02%.

The country went into nationwide lockdown in the last week of March 2020, which prolonged through the next quarter, further weakening the prospects of growth revival. According to April 2020 estimates of IMF, India's growth rate was forecast to moderate to 1.9% in 2020, the fastest among the top 10 economies .

## Industry Overview

**Indian Capital Goods Sector:** A strong Capital Goods sector is a precursor and prerequisite to a manufacturing-driven economy. For India to raise its manufacturing sector output to 25% of the GDP and make its flagship 'Make in India' campaign a global success, the country needs to strengthen its Capital Goods sector in a focused and speedy manner.

The National Capital Goods Policy of May 2016 aimed to facilitate technology depth, increase skill availability, ensure mandatory standards and promote growth and capacity building of MSMEs. The policy will help in developing India as the global hub for Capital Goods and also strengthen the domestic manufacturing sector.

Having crossed the production value of US\$ 70 billion in 2017, Indian Capital Goods industry is expected to cross US\$ 100 billion by 2025. It contributes around

2% to GDP and has a large multiplier effect on employment. Investment, technology and R&D will play the key enablers towards such growth target.

The latest 'Atmanirbhar Bharat' campaign and a slew of measures aimed at correcting the trade imbalance with China are likely to aid structural strengthening of Indian Capital Goods sector. A broader policy regime of promoting local manufacturers in the procurement by the government and public sector entities, coupled with accelerated government spending towards large capital formation projects can help lay foundations for the Indian capital goods manufacturing sector that becomes globally competitive over the coming decade.

With a modest 0.6% global share in capital goods exports, the country aims to become a net exporter of capital goods by the turn of ensuing decade. The country imported Capital Goods worth \$12.78 billion from China alone, between March 2019 and February 2020. In a globalized world, where OEMs are increasingly multinational, not all Indian capital goods manufacturers have been able to effectively tap the global opportunity.

The sector provides direct employment to ~1.4 million people and indirect employment to ~7 million people. India's capital goods production growth has been sluggish in the recent past. While imports have steadily grown, capacity utilization in the domestic sector has remained under 75%.





**109 private trains to run in FY24**  
**11000 km single-line tracks to be doubled by 2024**

**Dedicated freight corridors to be operationalized by December 2021/March 2022**

**11000 km high-density network to have trains running at 130 kmph by March 2021**

**Average speed of passenger trains to be increased from 55kmph to 65-75kmph**

**Indian Railways:** With a total route length of over 123,000 kms being crisscrossed by over 13,000 passenger trains and over 9000 freight trains to transport about 23 million passengers and 3 million tonnes of freight every day, Indian Railways is one of the world's largest rail networks. Operating under a single management, Indian Railways is also one of the largest commercial institutions of the world with annual revenues of over \$27 billion, with passenger and freight revenues of over \$7 billion and \$18 billion respectively. While passenger fares still remain subsidized to a large extent, freight revenues contribute nearly two-third of transport revenues.

The Indian Railways has been aggressively pushing for modernization – track fortification, rapid electrification, double tracking of single-track sections, introduction of high power greener locomotives, light-weighting of rolling stocks, among others.

Two dedicated freight corridors (Eastern Corridor of 1,856 kms from Ludhiana to Dankuni and Western Corridor of 1,504 kms from Dadri to Jawaharlal Nehru Port) are being developed with capital investment of ₹ 81,000 crore. Indian Railways is targeting to triple its freight traffic to 3.3 billion tonnes by 2030 from 1.1 billion tonnes in 2017.

800 high power electric locomotives are being manufactured under Make in India programme with increasing localization of various inputs. Indian Railways is fast progressing towards localizing 100% of its input procurement, giving a massive boost to the domestic Heavy Engineering and Capital Goods sector.

Foreign Direct Investment in Railways related components segment crossed the billion dollar mark with total FDI in FY2019-20 reaching \$1.10 billion. Exports of Railways related products too has steadily been growing towards a billion dollar mark.

**Data Center Sector:** With widespread speedy digitization of almost every facet of life, the quantum of digital data continues to explode. The aspect of individual privacy as well as secure transmission and storage of confidential data, country-specific framework of data collection, usage and storage are getting defined and implemented. India, as one of the world's fastest growing data market, is witnessing tremendous growth in setting up of vast and modern data centers.

From fast growing domestic data consumption and digital economy to increasing data localization and cloud migration to big data and IoT acceleration along 5G deployment to pandemic induced work from anywhere ecosystem, a number of factors are aiding to exponential growth of data centers in India.

India's current share in global data center of about 2-3% is projected to double very fast. About \$10 billion is projected to be invested in India-based data centers over the next six year, \$3 billion out of which is going to be the Capex towards building data centres. As of October 2019, there were over ten data centre projects, which are expected to be operational between June 2020 and December 2022.

**Electric Vehicles Sector:** Electric vehicles offer a slew of structural benefits to India, which imports nearly 85% of its oil requirement. On the other hand, India's self-sufficient power sector continues to make rapid strides towards increasing share of renewables and lowering per unit cost of generation. It is for these two factors and also the huge environmental impact that electric vehicles are going to be the next big thing of this ensuing decade in the Indian automobile industry. The sector, though, is in its primitive stage with a lot of desired factors still WIP (work in progress).

The 600,000-strong electric two-wheelers tribe added 152,000 new units



in financial year 2019-20 to cross 0.75 million mark by the end of March 2020. When it comes to cars, the world had 7.2 million electric cars by the end 2019, recording a 40% jump over 2018. By contrast, India had only 0.07% or a little more than 5,000 of these.

Early trends and various studies suggest e-rickshaws, e-autos, and e- two-wheelers, the first candidates for mass electrification, to cross the annual sales threshold of 4 million units by 2025. About 30-40% of scooters are pegged to be e- scooters in the next 7-8 years. With increasing adoption, electric vehicle market in the country is expected to grow to ₹ 50,000-crore by 2025.

The total cost of ownership of low and medium-speed electric two-wheelers is already less than internal combustion engine vehicles. Such two-wheelers alone are expected to reach 9% market penetration by 2024-25. This number could rise up to 16%, given the right macroeconomic environment. This would amount to around ₹ 12,000 crore by 2025.

The Country's goal of achieving a complete electric transportation fleet by 2030 stands adversely impacted with the COVID-19 pandemic. Consequently, FICCI has recommended extension on FAME-II scheme to enhance demand for electric vehicles besides asking suggesting for both short term stimulus as well as continued investments in the sector.

## Operating Performance Review

Having fully stabilized both the new plants at Aurangabad and Hyderabad, the Company entered FY20 with twin priorities of efficiency improvement and further expansion of its application/ customer universe.

In the backdrop of varied challenges countered during the year, the company continued to augment its product portfolio with newer segments/ customer in mind. For existing segments/customers, it relentlessly pursued the strategy of higher value-additions and upselling with the aim of increasing its share of business with them. The Company's intensifying focus on new sectors like Railways, Electric Vehicle Motors, Data Farms, etc. augurs well. The strategic moves made in recent times shall lay a solid foundation for the Company to mine sizeable growth opportunities from these segments.

In its long term supply contract with GE India Loco, the Company expanded the coverage with addition of 4 new parts, thus increasing the residual value of the contact. The Company reduced its dependency on external vendors by insourcing several activities while also augmenting its capabilities across machining and child part manufacturing.

In a significant enabling development, the Company accomplished successfully assessment and approval of both its



plants (Aurangabad and Hyderabad) by various manufacturing units of Indian Railways. Passing of this critical prerequisite shall help commence supplies of a range of components to Indian Railways in the near future.

Keeping energy efficiency in focus, the Aurangabad Plant had been designed for ISO 50001 energy management system. The Company introduced advanced Industry 4.0 technology based Energy Management System during the year. Equipped with Bus Bar Trunking (BBT) System, location/ machine-wise energy meters, PLC with SCADA based monitoring & control system and plant-wide fitment of 100% energy efficient LED lights with auto remote control system, it would significantly reduce power consumption as well as CO2 emission levels. Empowered to analyze power consumption and interruption data of each machine on real time basis,

machine performance and efficiency is getting improved. The plant has moved a step closer to get ISO 50001 certification now. During the year, Aurangabad Plant also commissioned a top of the line CMM facility to become self reliant in undertaking critical quality checks.

### Business highlights

- Orders obtained from Siemens in MV motors 500/ 560-frame stator assembly with built up rotor assembly and shaft inserted
- Orders for integrating more products (Copper Bar Insertion and SC Ring Brazing) obtained from Siemens in MV motor rotor assemblies
- Orders obtained from CGT for 5MW generator stator assembly & rotor assembly with shaft insertion (used in data storage and cloud computing)
- Orders obtained from TMEIC (a Japanese company) for development of 9MW stator assembly



- Orders finalized with Siemens Gamesa for 2.1 & 3.4 MW wind generator stator and rotor assemblies with shaft
- Orders finalized with ABB (Anson) for smaller frame models (new segment for the Company)
- Orders obtained from Medha for a new product for Electric Vehicle
- Got registered with CLW/ICF as an approved supplier for laminations, castings and related assemblies to Indian railways, development order obtained for motor suspension unit for WAG-9 and WAP-7 Loco
- Added a new export customer, Indar-USA, operating in Wind Generator segment with initial order

### Financial Review

The Company's financial performance in FY20 shall be reviewed in the backdrop of steadily slowing economic growth across the globe including India, stressed Indian financial sector further aggravated by the NBFC crisis and worldwide outbreak of Covid-19 pandemic. Each of these factors and events materially impacted the business prospects of the Company's customers and, in turn, the Company's own business performance.

The Company achieved an operating revenue of ₹ 525.06 crores (including ₹ 3.83 crores of trading revenue) in FY20 as against ₹ 622.21 crores (including ₹ 31.63 crores of trading revenue) during FY19. The operating revenue was lower by 11.74%. The drop in revenue

was primarily on account of near-absent trading opportunities, a major inventory rationalization undertaken by a large customer, which deferred export deliveries to them by almost two months; and dispatch inabilities emanating from Covid-19 induced lockdown in the last week of FY20. Thanks to the efforts of broad-basing product basket with multiple value additions and expanded customer reach, the Company managed to minimize the shock, which could have been much steeper.

In spite of such drop in revenue, the Company's operational efficiency and cost cutting measures helped improve EBIDTA margins by 30 basis points to reach 14.8% in FY20 from 14.5% in the previous year.

The Company opted for the new income tax rate as per the option provided under section 115BAA of Income Tax Act notified by GOI on 20th September 2019. The Company's profit before tax and profit after tax was at ₹ 19.86 crores (₹ 40.34 crores in FY19) and ₹ 17.10 crores (₹ 23.72 crores in FY19) respectively during the year. The Cash accrual for the year were at ₹ 44.26 crores as against ₹ 45.28 crores in the previous year.

Given the difficult operating environment and mega trends prevalent throughout FY20, the Company's performance has been satisfactory



## Key Ratios

Particulars	FY20	FY19	Change (%)	Reasons
Inventory Turnover (No. of Times)	5	6	-17%	The sudden disruption in sales has reduced the inventory turnover during the year.
Debtors Turnover (No. of Times)	4	4	Nil	Debtor turnover ratio is maintained at its usual level.
Interest Coverage Ratio	3.02	3.9	-23%	The interest coverage ratio got affected due to the lower operating level.
Current Ratio	1.10	1.10	Nil	The current ratio remains stable and at comfortable level.
Debt Equity Ratio	1.06	1.41	-25%	Debt Equity Ratio improved due to timely repayment of long-term loans duly supported by accumulated profits.
EBIDTA (%)	14.80	14.48	2%	The EBIDTA% has improved due to favourable product mix of value added products.
PBT to Net Sales (%)	3.78	6.48	-42%	Higher depreciation due to additions in assets and higher finance charges has impacted the PBT. However, due to opting the reduced tax rates as per change in tax laws, the impact in PAT is lower than PBT.
PAT to Net Sales (%)	3.26	3.81	-15%	
Return on Equity (%)	8.23	13.48	-39%	The return on equity fell due to increase in equity and due to reduced profits because of lower operating level.
Return on Capital Employed (%)	11.91	14.53	-18%	
P/E Ratio	4	7	-43%	Due to lower market price of the stock, the PE & P/BV ratio's are lower.
P/BV Ratio	0.34	0.93	-63%	

## 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.

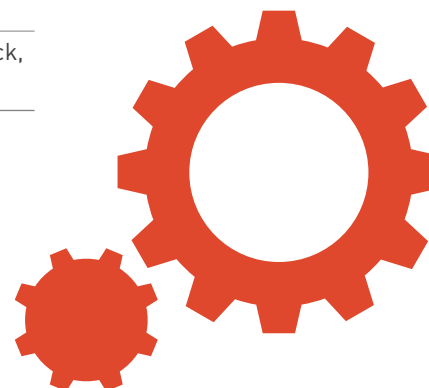
Following is an indicative representation of some of the material risks that the company manages on a frequent basis:

**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 over-dependent 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 Systems**

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 Resource Management**

The Company keeps its human capital at the core of its business and strategy. Piiti Engineering firmly believes that the Company's growth and success is a direct outcome of its employees' complete alignment with the Company's vision and customer value proposition.

The Company endeavors to ensure their personal and professional growth.



Offering a collaborative, transparent and equitable work environment that fosters innovation and an entrepreneurial culture, the Company encourages fresh talent and new ideas. The Company's success has been driven by its ability to nurture, engage, up-skill and motivate a promising talent pool. Providing a culture of continuous learning, collaboration and performance coupled with adequate recognitions and rewards goes a long way in channelizing the potential of its human capital. The Company helps in the overall development of employees by way of structured training programmes, on-the-job learning and behavioral skills development.

### Outlook, Opportunities and Threats

**Outlook:** The pent up demand emanating from lockdown related disruption of ongoing projects would provide an immediate fillip to demand of capital goods. The need of a sudden and sharp economic recovery would require the governments and central banks to push for accelerated large scale infrastructure creation after the Covid-19 induced disruptions. The evident realignment of global supply chains would translate into additional demand for industrial goods.

While the above factors would act at a significantly global level, an equally powerful set of domestic factors would push demand for high value-added engineered goods, going forward. Industrial machinery and other capital goods feature among the 12 focus

sectors of the visionary and ambitious 'Atmanirbhar Bharat' program of the Government of India. A supportive policy towards domestically manufactured products in large scale government procurement including railways is poised to help domestic manufacturers of capital goods scale up their capabilities and capacities both.

The aforementioned factors are likely to create a highly enabling demand environment for Pitti Engineering. The Company's own set of long-term contracts with global OEMs of repute coupled with many a breakthroughs in newer emerging sectors such as electric vehicles and data farms augurs well.

In addition, Company's next round of Capex is going to help it further scale up and diversify its capacities towards higher realization market segments. The Company's business outlook remains fairly optimistic, in spite of a subdued FY21 on account of Covid-19 induced disruptions across production and supplies.

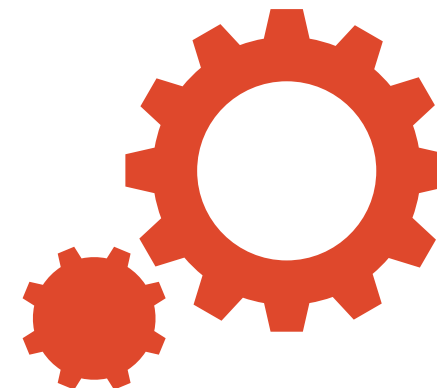
#### Opportunities

- ♦ Easing out of lockdown restrictions in most of our customer geographies presents a make-good opportunity for lost/ deferred business revenues.
- ♦ Stimulus enabled large scale infrastructural push creates added opportunities for global scale manufacturers and suppliers like Pitti
- ♦ Deepening of 'Vocal for Local' campaign opens added opportunity for import substitutions

- ♦ Recently lowered corporate taxes and various other incentives for new manufacturing capacities help country's manufacturing sector cost competitive globally and in turn open new export opportunities
- ♦ Gradual shift towards green automobile and green power opens sizeable growth opportunities for a sustained period of time

#### Threats

- ♦ The possibility of prolonged Covid-19 outbreak including any follow up next wave poses might threaten/defer recovery cycle
- ♦ Any further squeezing of liquidity in the operating environment may slow down recovery
- ♦ Lowering of tax collections may adversely impact stimulus program of various government, which may slowdown capital formation activities
- ♦ Any intensification of trade as well as geo-political conflicts can threaten global economic recovery.





# Directors' Report

## Dear Members,

Your Directors are pleased to present the 36th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2020.

## BUSINESS OVERVIEW

Pitti Engineering Limited, formerly known as Pitti Laminations Limited, is engaged in the manufacturer of specialised sheet metal components, its sub-assemblies for rotating electrical equipment and various machined 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 financial performance of your Company for the year ended 31<sup>st</sup> March, 2020 is summarised below:

Particulars	₹ in lakhs	
	2019-20	2018-19
Net Revenue from Operations	52,506.29	62,221.47
Other Income	367.45	226.67
Profit before Finance Costs, Depreciation, Amortisation and Tax	8,139.09	9,236.59
Less: Finance costs	3,411.54	2,961.40
Profit before Depreciation, Amortisation and Tax	4,727.55	6,275.19
Less: Depreciation & Amortisation	2,742.00	2,241.38
Profit before Tax	1,985.55	4,033.81
Less: Tax expenses	276.05	1,661.85
Profit after Tax	1,709.50	2,371.96
Add: Other comprehensive income	(25.83)	(85.07)
Total comprehensive income for the year	1,683.67	2,286.89
Add: Surplus at the beginning of the year.	8,636.53	6,496.54
Less: Dividend	-	-
Less: Transferred to General reserve	-	-
Surplus carried to Balance sheet	10,320.20	8,636.53

## OPERATING RESULTS AND BUSINESS

After the historical year of 2018-19 in the life cycle of the Company, the year 2020 was a year of consolidation after the giant leap but the year got characterized by the slowing global economy, NBFC crisis and Covid-19. The spade work of the previous few years to spread in geographies, products and applications helped the Company to navigate and come out with a reasonably satisfactory performance.

The Net revenue from operations for the financial year 2019-20 was ₹525.06 crores as against ₹622.21 crores in the previous year and the total comprehensive income for the period was ₹16.84 crores as against ₹22.87 crores in the previous year.

The total debt as on 31<sup>st</sup> March, 2020 was ₹219.45 crore which includes ₹43.86 crores long-term debt and ₹175.59 crore of short term debt. Cash and cash equivalents at the year end was ₹14.86 crore resulting in a net debt position of ₹204.59 crore. We continued to maintain a conservative leverage profile with a total debt to equity ratio of 1.06x.

## IMPACT OF COVID-19

During March quarter, the novel corona virus started spreading and WHO declared it as a global pandemic as it severely affected public health. In response, Governments across the globe imposed lockdowns which disrupted worldwide economic activity including India. In compliance with the Central & State Governments directives for lockdown, the

manufacturing operations of the Company were suspended from 23<sup>rd</sup> March, 2020. The operations at the Aurangabad plant resumed on 25<sup>th</sup> April 2020 and the operations at the Hyderabad plants resumed on 2<sup>nd</sup> 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 products was primarily due to lock-down measures prescribed by various Government authorities. Considering the line of business of the Company, the long-term customer agreements and customized products for the customers, it is anticipated that normalcy would be restored once the strict measures are relaxed everywhere. Already, we are seeing a good demand in the market post unlocking measures announced in May and June 2020. However, we understand that the situation is exceptional and changing dynamically, therefore, the Company is not able to anticipate with certainty the future impact on its operations.

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 has evaluated the prevailing situation to assess the impact on the financial statements for the year ended 31<sup>st</sup> March, 2020 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.

### **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 increased operations and requirement of higher working capital for the purpose of business of the Company, your Directors express their inability to recommend dividend for the financial year 2019-20. 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](http://www.pitti.in).

### **SHARE CAPITAL**

During the year under review there has been no change in the authorised share capital of the Company, however the paid-up share capital of the Company has increased from ₹ 14.91 crores to ₹ 16.03 crores pursuant to the conversion of 22,22,222 share warrants into fully paid-up equity shares on 24<sup>th</sup> June 2019 at

a price of ₹ 90/- each on preferential basis to the persons belonging to Promoter/ Promoter Group. The amount raised through the preferential issue has been used for the objects of the preferential issue as stated in the 33rd AGM notice and there has been no deviation from the intended use of funds.

### **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).

### **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.

### **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.

All the Independent Director of the Company were re-appointed for a second consecutive term of 5 years by the members at the AGM held on 19<sup>th</sup> September 2019.

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 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.

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**

Five 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 mandatory Board committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee, 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 with long and varied experience. They bring together a good blend of knowledge, experience, and sound advice. The Board 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 31<sup>st</sup> March, 2020, 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 31<sup>st</sup> March, 2020 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**

Your Company has always considered its workforce and their skills as its valuable asset and continues to enhance the performance driven environment with emphasis on aligning it with the changing business requirements.

#### **PREVENTION OF SEXUAL HARASSMENT**

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 prohibited and redressed) 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 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](http://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 31<sup>st</sup> March, 2020, 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 (CSR)**

As a part of its initiative under the Corporate Social Responsibility (CSR) drive, the Company has undertaken projects in the areas of urban and rural development, welfare activities, women empowerment, eradicating hunger,

promoting health care and education. These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR policy. The report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure-3 and forms an integral part of this report.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY**

During the year under review, the Company has not given any loans, provided any guarantees nor made any investments.

### **RELATED PARTY TRANSACTIONS**

All transactions entered into with related parties for 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 transactions with related parties is given in Annexure-4 in Form No. AOC-2 and the same forms part of this report.

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

Effective from 1<sup>st</sup> April 2019 a revised policy on related party transactions was adopted by the Board of Directors.

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](http://www.pitti.in).

### **EXTRACT OF ANNUAL RETURN**

The extract of annual return in form MGT-9, as required under section 92 of the Companies Act, 2013 and the rules made thereunder is annexed as Annexure-5 and forms an integral part of this Report. The form is also available on the website of the Company [www.pitti.in](http://www.pitti.in).

### **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 6<sup>th</sup> 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 7<sup>th</sup> 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 36<sup>th</sup> 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 2020-21. 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 36th 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 2019-20. The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March, 2020 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 : 25<sup>th</sup> June 2020

# Annexure to the Directors' Report

Annexure-1

[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

Installation of energy saving electrical furnace for Aluminium. Die casting, Bus Bar Trunking system, EOT cranes with drives thereby reducing power consumption.

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

N/A

- (iii) Capital investment on energy conservation equipment

₹ 44.20 lakhs

## (B) Technology Absorption

- (i) Efforts made towards technology absorption

Replacing old furnaces with latest technology 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 due 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: Nil

- (c) whether the technology been fully absorbed: Nil

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

- (iv) The expenditure incurred on Research and Development: Nil

## (C) Foreign exchange earnings and Outgo

₹ in lakhs

Particulars	2019-20	2018-19
Foreign exchange earnings	21,030.97	26,745.17
CIF value of imports	2,249.08	3,507.74
Expenditure in foreign currency	296.84	255.15

For and on behalf of the Board of Directors

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

**Sharad B Pitti**  
Chairman & Managing Director  
DIN: 00078716



## 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

- 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	42.36:1	37.26%
Shri Akshay S Pitti, Vice-Chairman & Managing Director	41.36:1	34.02%
Shri Nand Kishore Khandelwal, President Corporate Resources & CFO	41.37:1	15.15%
Ms. Mary Monica Braganza, Company Secretary & Compliance officer.	10.81:1	39.11%

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.

- Percentage decrease in the median remuneration of employees in the financial year was 22.33% which is due to the fact that most of the recruitments during the year was in lower bracket, thus shifting the median lower.

- Number of permanent employees on the rolls of the Company: There were 933 employees on the rolls as on 31st March 2020.

- 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 2019-20 is 3.20% and the increase in the remuneration of managerial personnel is 35.64%. The reason for high percentage in managerial remuneration is an account of revision in the salary of Executive Directors as per shareholders approval on 19<sup>th</sup> September 2019 after a gap of 7 years.

- 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 : 25<sup>th</sup> June 2020

# Annual Report on Corporate Social Responsibility (CSR) Activities

Annexure-3

1.	A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.	<p>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 portrays the deep symbiotic relationship that the Company enjoys with the communities it is engaged with.</p> <p>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, <a href="http://www.pitti.in">www.pitti.in</a>.</p>
2.	The Composition of the CSR Committee.	<p>Shri Sharad B Pitti (Chairman)  Shri Akshay S Pitti  Shri Gummalla Vijaya Kumar</p>
3.	Average net profit of the Company for last three financial years	₹ 1966.62 lakhs
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 39.33 lakhs
5.	Details of CSR spent for the financial year:	
	a) Total amount to be spent for the financial year	₹ 39.33 lakhs
	b) Amount unspent, if any:	Nil
	c) Manner in which the amount spent during the financial year	The manner in which the amount is spent is annexed below.
6.	In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof the Company shall provide the reasons for not spending the amount in its Board report.	Not Applicable
7.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR Objectives and Policy of the Company.	The implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

## Annexure to CSR Report (Point 5(C) of the CSR Report)

Sl. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs Local areas or other specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub-heads (1) Direct expenditure on projects or programs (2) overheads	Cumulative expenditure upto the reporting period	Amount spent: Directly or through implementing agency	Details of implementing agency if engaged
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.	Providing scholarships and distribution of uniforms to needy students	Education	Hyderabad, Telangana	23,40,201	23,40,201	23,40,201	Through implementing agency	Badrivishal Pannalal Pitti Trust
2.	Providing health care by organizing medical camps and offering medical assistance	Health Care	Hyderabad, Telangana	8,04,000	8,08,242	8,08,242	Through implementing agency	Badrivishal Pannalal Pitti Trust
3.	Providing assistance to old age homes and orphanages in installing rooftop solar system	Welfare Activities	Hyderabad, Telangana	6,00,000	6,00,000	6,00,000	Through implementing agency	Badrivishal Pannalal Pitti Trust
4.	Providing financial assistance to women and widows	Women Empowerment	Hyderabad, Telangana	1,90,000	1,90,000	1,89,229	Through implementing agency	Badrivishal Pannalal Pitti Trust
<b>Total</b>				<b>39,34,201</b>	<b>39,37,672</b>	<b>39,37,672</b>		

### Sharad B Pitti

Chairman & Managing Director  
DIN: 00078716

### Akshay S Pitti

Member- CSR Committee  
DIN : 00078760

### Gummalla Vijaya Kumar

Member- CSR Committee  
DIN 00780356

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

# Form No. AOC-2

Annexure-4

## 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:

- 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 31<sup>st</sup> March, 2020 which were not at arm's length basis.
- Details of material contracts or arrangements or transactions at arm's length basis.  
The details of contracts or arrangements or transactions at arm's length basis for the year ended 31<sup>st</sup> March, 2020 are as follows:-

Name of the related party and nature of relationship	Nature of contracts / arrangements	Duration of the contract / arrangements / transactions and salient terms	Amount ₹ in lakhs
Shri Sharad B Pitti Chairman & Managing Director	Lease rentals paid for office and factory premises	Ongoing [Lease of office premise for a period of 20 years from 1 <sup>st</sup> April 2018; Plant II for a period of 10 years from 1 <sup>st</sup> November 2016 and Plant IV for a period of 30 years from 1 <sup>st</sup> November 2016. The lease rentals are at arms length.]	86.58
Smt Madhuri S Pitti Spouse of Shri Sharad B Pitti			168.08
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.]	11,246.28
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.]	68.40
Pitti Trade and Investment Private Limited Directors interested	Rental Income Rental Deposit	Ongoing [Sublease of office premise for a period of 19 years for 21 <sup>st</sup> June 2019, the lease rentals are at arms length.]	1.12 0.36
Shri Sharad B Pitti Chairman & Managing Director	Unsecured loans – Received Unsecured loans – Repaid	NA	200.00 200.00
Shri Akshay S Pitti Vice Chairman & Managing Director	Unsecured loans – Received Unsecured loans – Repaid	NA	Nil 760.00
Pitti Components Limited Directors interested	Unsecured loans – Received Unsecured loans – Repaid	NA	200.00 200.00
Pitti Electrical Equipment Pvt Ltd Directors & relatives interested	Inter Corporate Deposits – Received Inter Corporate Deposits – Repaid	NA	1,000.00 710.00
Smt Radhika A Piiti Spouse of Shri Akshay S Pitti	Remuneration	Ongoing	15.04

For and on behalf of the Board of Directors

**Sharad B Pitti**

Chairman & Managing Director

DIN: 00078716

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020



# Form No. MGT-9

Annexure-5

## Extract of Annual Return

As on the financial year ended on 31<sup>st</sup> March, 2020 [Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

CIN : L29253TG1983PLC004141

Registration Date : 17<sup>th</sup> September 1983

Name of the Company : Pitti Engineering Limited  
(Formerly Pitti Laminations Limited)

Category / Sub-category of the Company : Indian-non Government Company & Company limited by shares

Address of the Registered office and Contact details : 6-3-648/401, IV Floor, Padmaja Landmark, Somajiguda, Hyderabad – 500 082  
Tel : +91-40-23312774, 23312770  
Fax : +91-40-23393985  
email : shares@pitti.in

Whether listed Company Yes / No : Yes

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl No	Name and Description of main products / services	NIC code (2008) of the product / service	% to total turnover of the Company
1	Electrical laminations & stampings, machining of metal components	2591, 25920	90.01
2	Others - Metal scrap, traded goods and tools	3830,46699, 28229	9.99

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl.No	Name & Address of the Company	CIN	Holding / Subsidiary / Associate Company	% of shares held	Applicable Section under Companies Act, 2013
NIL					

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year			No. of shares held at the end of the year					% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>A. Promoter / Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual / HUF	84,45,026	-	84,45,026	28.31	95,56,137	-	95,56,137	29.81	1.50
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FII	-	-	-	-	-	-	-	-	-
f) Any Other (Body Corporate)	75,35,556	-	75,35,556	25.26	86,46,667	-	86,46,667	26.98	1.72
<b>Sub-total (A) (1)</b>	<b>1,59,80,582</b>	<b>-</b>	<b>1,59,80,582</b>	<b>53.58</b>	<b>1,82,02,804</b>	<b>-</b>	<b>1,82,02,804</b>	<b>56.79</b>	<b>3.21</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp	-	-	-	-	-	-	-	-	-
d) Banks / FII	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>1,59,80,582</b>	<b>-</b>	<b>1,59,80,582</b>	<b>53.58</b>	<b>1,82,02,804</b>	<b>-</b>	<b>1,82,02,804</b>	<b>56.79</b>	<b>3.21</b>
<b>A. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FII	8,39,378	200	8,39,578	2.81	8,01,208	200	8,01,408	2.50	(0.31)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	5,94,998	-	5,94,998	1.99	14,000	-	14,000	0.04	(1.95)
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1)</b>	<b>14,34,376</b>	<b>200</b>	<b>14,34,576</b>	<b>4.81</b>	<b>8,15,208</b>	<b>200</b>	<b>8,15,408</b>	<b>2.54</b>	<b>(2.26)</b>

Category of Shareholders	No. of shares held at the beginning of the year			No. of shares held at the end of the year					% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
<b>2. Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	19,90,422	1000	19,91,422	6.68	17,73,698	1000	17,74,698	5.54	(1.14)
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	64,09,261	3,06,656	67,15,917	22.52	63,69,074	2,83,056	66,52,130	20.76	(1.76)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	30,18,184	-	30,18,184	10.12	37,78,179	-	37,78,179	11.79	(1.67)
<b>c) Others specify</b>									
i. NRI	3,27,419	-	3,27,419	1.10	4,23,509	-	4,23,509	1.32	0.22
ii. Clearing Members	77,537	-	77,537	0.26	1,10,423	-	1,10,423	0.34	0.08
iii. IEPF	2,80,588	-	2,80,588	0.94	2,91,296	-	2,91,296	0.91	(0.03)
iv. Directors & Relatives	1,620	-	1,620	0.01	1,620	-	1,620	0.01	-
<b>Sub-total (B) (2)</b>	<b>1,21,05,031</b>	<b>3,07,656</b>	<b>1,24,12,687</b>	<b>41.63</b>	<b>1,27,47,799</b>	<b>2,84,056</b>	<b>1,30,31,855</b>	<b>40.67</b>	<b>(0.96)</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>1,35,39,407</b>	<b>3,07,856</b>	<b>1,38,47,263</b>	<b>46.42</b>	<b>1,35,63,007</b>	<b>2,84,256</b>	<b>1,38,47,263</b>	<b>43.21</b>	<b>(3.21)</b>
<b>C. Shares held by custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>2,95,19,989</b>	<b>3,07,856</b>	<b>2,98,27,845</b>	<b>100.00</b>	<b>3,17,65,811</b>	<b>2,84,256</b>	<b>3,20,50,067</b>	<b>100.00</b>	<b>-</b>

(ii) Shareholding of Promoters and Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Shri Sharad B Pitti	39,20,306	13.14	6.60	39,20,306	12.23	2.67	(0.91)
2	Shri Akshay S Pitti	27,49,100	9.22	4.91	38,60,211	12.04	1.97	2.82
3	Smt Madhuri S Pitti	17,58,620	5.90	-	17,58,620	5.49	-	(0.41)
4	Sharad B Pitti (HUF)	17,000	0.06	-	17,000	0.05	-	(0.01)
5	Pitti Electrical Equipment Pvt Ltd	75,35,556	25.26	-	86,46,667	26.98	-	1.72

(iii) Change in Promoters and Promoter Group Shareholding

Sl. No	Shareholder's Name	Shareholding at the beginning of the year		Date wise increase / decrease in promoters shareholding during the year specifying the reasons for increase / decrease (e.g allotment / transfer / bonus / sweat equity etc)			Cumulative Shareholding during the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	Date	Reason	No. of shares	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Shri Sharad B Pitti	39,20,306	13.14	-	-	-	39,20,306	12.23	39,20,306	12.23
2	Shri Akshay S Pitti	27,49,100	9.22	24.06.19	Conversion of warrants	11,11,111	38,60,211	12.04	38,60,211	12.04
3	Smt Madhuri S Pitti	17,58,620	5.90	-	-	-	17,58,620	5.49	17,58,620	5.49
4	Sharad B Pitti HUF	17,000	0.06	-	-	-	17,000	0.05	17,000	0.05
5	Pitti Electrical Equipment Pvt Ltd	75,35,556	25.26	24.06.19	Conversion of warrants	11,11,111	86,46,667	26.98	86,46,667	26.98



## (iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)\*

Sl. No	For each of the top 10 shareholders	Shareholding at the beginning of the year		Date	Reason	Increase / Decrease in shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Bank of Baroda	7,97,823	2.67	-	-	-	-	7,97,823	2.49
2.	Ravindar Reddy Nandi	2,41,000	0.81	06.03.2020	Buy	1,80,000	0.56	4,21,000	1.31
		4,21,000	1.31	13.03.2020	Buy	16,561	0.05	4,37,561	1.37
		4,37,561	1.37	20.03.2020	Buy	1,15,740	0.36	5,53,301	1.73
3.	Satish Kumar Agarwal	5,14,576	1.73	23.08.2019	Buy	32,000	0.10	5,46,576	1.71
4.	HSB Securities & Equities Limited	5,38,791	1.81	05.04.2019	Sell	217	0.00	5,38,574	1.68
		5,38,574	1.68	25.04.2019	Buy	100	0.00	5,38,674	1.68
		5,38,674	1.68	10.05.2019	Sell	100	0.00	5,38,574	1.68
		5,38,574	1.68	24.05.2019	Buy	1000	0.00	5,39,574	1.68
		5,39,574	1.68	31.05.2019	Sell	1000	0.00	5,38,574	1.68
		5,38,574	1.68	02.08.2019	Sell	26499	(0.08)	5,12,075	1.60
		5,12,075	1.60	09.08.2019	Sell	3500	(0.01)	5,08,575	1.59
		5,08,575	1.59	23.08.2019	Sell	32000	(0.10)	4,76,575	1.49
		4,76,575	1.49	04.10.2019	Sell	40000	(0.13)	4,36,575	1.36
		4,36,575	1.36	17.01.2020	Buy	100	0.00	4,36,675	1.36
		4,36,675	1.36	24.01.2020	Sell	100	0.00	4,36,575	1.36
5.	Barclays Wealth Trustees India Private Limited	3,46,130	1.16	06.12.2019	Sell	34065	(0.11)	3,12,065	0.97
		3,12,065	0.97	13.12.2019	Sell	9474	(0.03)	3,02,591	0.94
		3,02,591	0.94	20.12.2019	Sell	2591	(0.01)	3,00,000	0.94
6.	SVSS Commercial Private Limited	-	-	21.06.2019	Buy	2,00,000	0.62	2,00,000	0.62
		2,00,000	0.62	28.06.2019	Buy	1,417	0.00	2,01,417	0.63
		2,01,417	0.63	05.07.2019	Buy	16,531	0.05	2,17,948	0.68
		2,17,948	0.68	12.07.2019	Buy	69,052	0.22	2,87,000	0.90
7.	Tejal Merchantile Private Limited	1,92,500	0.65	-	-	-	-	1,92,500	0.60
8.	Asha Bai Agarwal	1,06,383	0.36	04.10.2019	Buy	40,000	0.12	1,46,383	0.46
9.	Nitin Tandon	1,38,000	0.46	-	-	-	-	1,38,000	0.43
10.	Punamchand Ramnarayan Rathi	1,33,615	0.45	-	-	-	-	1,33,615	0.42

\* This information is based on the weekly beneficiary position received from depositories

## (v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Directors					
1	Shri Sharad B Pitti				
	At the beginning of the year	39,20,306	13.14	3,920,306	13.14
	Date wise increase / (decrease) in shareholding during the year	-	-	-	-
	At the end of the year			3,920,306	12.23
2	Shri Akshay S Pitti				
	At the beginning of the year	27,49,100	9.22	27,49,100	9.22
	Date wise increase / (decrease) in shareholding during the year 24.06.2019	11,11,111	3.47	38,60,211	12.04
	At the end of the year			38,60,211	12.04
3	Shri N R Ganti				
	At the beginning of the year	1,600	0.01	1,600	0.01
	Date wise increase / (decrease) in shareholding during the year	-	-	-	-
	At the end of the year	1,600	0.01	1,600	0.01
4	Shri Gummalla Vijaya Kumar				
	At the beginning of the year	20	0.00	20	0.00
	Date wise increase / (decrease) in shareholding during the year	-	-	-	-
	At the end of the year	20	0.00	20	0.00
5	Shri M Gopalakrishna				
	At the beginning of the year	-	-	-	-
	Date wise increase / (decrease) in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
6	Ms.Gayathri Ramachandran				
	At the beginning of the year	-	-	-	-
	Date wise increase / (decrease) in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>7</b>	<b>Shri S Thiagarajan</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase / (decrease) in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
	<b>Other KMPs</b>				
<b>8</b>	<b>Shri Nand Kishore Khandelwal</b>				
	At the beginning of the year	23,500	0.08	23,500	0.07
	Date wise increase / (decrease) in shareholding during the year				
	13.06.2019	1,000	0.00	24,500	0.08
	14.06.2019	2,949	0.01	27,449	0.09
	17.06.2019	5,453	0.02	32,902	0.10
	23.08.2019	1,000	0.00	33,902	0.11
	26.08.2019	1,098	0.00	35,000	0.11
	27.08.2019	1,753	0.01	36,753	0.11
	28.08.2019	442	0.00	37,195	0.12
	29.08.2019	4139	0.01	41,334	0.13
	30.08.2019	3,080	0.01	44,414	0.14
	09.09.2019	3,086	0.01	47,500	0.15
	26.02.2020	1,493	0.01	48,993	0.15
	27.02.2020	507	0.00	49,500	0.15
	12.03.2020	200	0.00	49,700	0.16
	16.03.2020	5,000	0.02	54,700	0.17
	18.03.2020	1,300	0.02	56,000	0.17
	27.03.2020	2,651	0.01	58,651	0.18
	At the end of the year			58,651	0.18
<b>9</b>	<b>Ms.Mary Monica Braganza</b>				
	At the beginning of the year	-	-	-	-
	Date wise increase / (decrease) in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

₹ in lakhs

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	22,073.37	2,641.75	-	24,715.12
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	50.43	79.83	-	130.26
<b>Total ( i + ii + iii )</b>	<b>22,123.80</b>	<b>2,721.58</b>	<b>-</b>	<b>24,845.38</b>
Change in indebtedness during the financial year				
• Addition	41.86	3,100.00	-	3,141.86
• Reduction	(2,635.02)	(3356.85)	-	(5,991.87)
<b>Net Change</b>	<b>(2,593.16)</b>	<b>(256.85)</b>	<b>-</b>	<b>(2,850.04)</b>
<b>Indebtedness at the end of the financial year</b>				
(i) Principal Amount	19,480.21	2,384.90	-	21,865.11
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	79.47	-	-	79.47
<b>Total ( i + ii + iii )</b>	<b>19,559.68</b>	<b>2,384.90</b>	<b>-</b>	<b>21,944.58</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

₹ in lakhs

Sl. No.	Particulars of Remuneration	Name of Managing Director / Whole-time Directors		Total Amount
		Shri Sharad B Pitti Chairman & Managing Director	Shri Akshay S Pitti Vice-Chairman & Managing Director	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	69.72	68.07	137.79
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2.	Others	-	-	-
	<b>Total</b>	<b>69.72</b>	<b>68.07</b>	<b>137.79</b>
	Ceiling as per Companies Act, 2013			232.55



**B. Remuneration to other Directors:**  
Independent Directors

₹ in lakhs

Particulars of Remuneration	Shri N R Ganti	Shri Gummalla Vijaya Kumar	Shri M Gopalakrishna	Ms.Gayathri Ramachandran	Shri S Thiagarajan	Total Amount
Fee for attending Board / committee meetings	3.40	4.70	2.40	2.30	3.25	16.05
Commission	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-
<b>Total</b>	<b>3.40</b>	<b>4.70</b>	<b>2.40</b>	<b>2.30</b>	<b>3.25</b>	<b>16.05</b>

**C. Remuneration to Key Managerial Personnel:**

₹ in lakhs

Particulars of Remuneration	Key Managerial Personnel		Total Amount
	Shri Nand Kishore Khandelwal	Ms.Mary Monica Braganza	
	President – Corporate Resources & CFO	Company Secretary & Compliance Officer	
Gross salary			
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	68.08	17.78	85.86
(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
Others, please specify	-	-	-
<b>Total</b>	<b>68.08</b>	<b>17.78</b>	<b>85.86</b>

VII. Penalties / punishment / compounding of offences:

Type	Section of the Companies Act	Brief description	Details of penalty / punishment / compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
<b>A.</b>	<b>Company</b>				
	Penalty		-----NIL-----		
	Punishment				
	Compounding				
<b>B.</b>	<b>DIRECTORS</b>				
	Penalty		-----NIL-----		
	Punishment				
	Compounding				
<b>C.</b>	<b>OTHER OFFICERS IN DEFAULT</b>				
	Penalty		-----NIL-----		
	Punishment				
	Compounding				

For and on behalf of the Board of Directors

**Sharad B Pitti**

Chairman & Managing Director

DIN: 00078716

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

# Secretarial Audit Report

For The Financial Year Ended on 31<sup>st</sup> March 2020

[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 31<sup>st</sup> March, 2020, 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 31<sup>st</sup> March, 2020 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;

- 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.

I further report that during the audit period the Company has allotted 22,22,222 equity share to persons belonging to the Promoter/Promoter Group pursuant to conversion of share warrants.

**Ajay Kishen**

Practicing Company Secretary  
FCS:6298 CP:5146  
UDIN: F006298B000377856

Place: Hyderabad  
Date: 25<sup>th</sup> June 2020

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  
FCS:6298 CP:5146

Place: Hyderabad  
Date: 25<sup>th</sup> June 2020

# 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 31<sup>st</sup> March, 2020, 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. Five Board Meetings were

held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on:

6<sup>th</sup> May 2019, 24<sup>th</sup> June 2019, 9<sup>th</sup> August 2019, 7<sup>th</sup> November 2019 and 10<sup>th</sup> February 2020.

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 31<sup>st</sup> March, 2020 is given below.

Name of the Director	Category	Number of Board Meetings attended during the year 2019-20	Whether attended last AGM held on 19.09.2019	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	4	Yes	5	Nil	Nil
Shri Akshay S Pitti Vice-Chairman & Managing Director DIN 00078760	Promoter Executive Director	5	Yes	5	Nil	Nil
Shri N R Ganti DIN 00021592	Independent Non-Executive	5	Yes	Nil	Nil	Nil
Shri Gummalla Vijaya Kumar DIN 00780356	Independent Non-Executive	5	No	Nil	Nil	Nil

Name of the Director	Category	Number of Board Meetings attended during the year 2019-20	Whether attended last AGM held on 19.09.2019	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 M Gopalakrishna, DIN 00088454	Independent Non-Executive	5	Yes	9	9 [Incl. 2 as Chairman]	<ol style="list-style-type: none"> <li>1. Suven Life Sciences Ltd. Independent Director</li> <li>2. Olectra Greentech Ltd. Independent Director</li> <li>3. BGR Energy Systems Ltd. Independent Director</li> <li>4. The Andhra Petrochemicals Ltd. Independent Director</li> </ol>
Ms. Gayathri Ramachandran DIN 02872723	Independent Non-Executive	4	Yes	9	6 [Incl. 1 as Chairman]	<ol style="list-style-type: none"> <li>1. SKIL Infrastructure Ltd. Independent Director</li> <li>2. JPT Securities Ltd. Independent Director</li> <li>3. KLG Capital Services Ltd. Independent Director</li> </ol>
Shri S Thiagarajan DIN 02721001	Independent Non-Executive	5	Yes	Nil	Nil	Nil

\* In accordance with Regulation 26 of the 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 Gummalla Vijaya Kumar	Non-Executive Independent Director	✓	✓	✓	✓		
5	Shri M Gopalakrishna	Non-Executive Independent Director	✓	✓	✓		✓	✓
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 6<sup>th</sup> May 2019 without the presence of Executives. 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 that is necessary for the Board to effectively and reasonably perform their 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 Company's website [www.pitti.in](http://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:

- o Code of conduct & ethics for Directors & senior management
- o Code for independent Directors
- o Corporate social responsibility policy
- o Remuneration policy
- o Policy for preservation of documents
- o Policy for determining the materiality of an event
- o Dividend distribution policy
- o Insider trading policy



- o Code of practices and procedures for fair disclosure of unpublished price sensitive information
- o Vigil mechanism / Whistle blower policy
- o Policy and Procedure of enquiry in case of leak of unpublished price sensitive information
- o Policy for determining material subsidiaries

- o Policy on related party transactions
- The above policies are available on the website of the Company at [www.pitti.in](http://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 31<sup>st</sup> March, 2020 is given below:

Name	Equity shares
Shri Sharad B Pitti	39,20,306
Shri Akshay S Pitti	38,60,211
Shri N R Ganti	1,600
Shri Gummalla 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 19<sup>th</sup> September 2019 to answer the shareholders queries.

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

6<sup>th</sup> May 2019, 24<sup>th</sup> June 2019, 9<sup>th</sup> August 2019, 7<sup>th</sup> November 2019, 10<sup>th</sup> February 2020

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	5	5
Shri N R Ganti	Independent Director	Member	5	5
Shri Gummalla Vijaya Kumar	Independent Director	Member	5	5

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 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 monitoring 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
- 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 Listing Regulations.
  - Annual statement of funds utilized for purposes other than those stated in the offer

the qualifications, experience & background, etc. of the candidate.

document/ prospectus / notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

the Committee attended the AGM held on 19<sup>th</sup> September 2019 to answer the shareholders queries.

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

17<sup>th</sup> July 2019 and 31<sup>st</sup> January 2020

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

### 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

Name	Category	Position	Number of meetings	
			Held	Attended
Shri M Gopalakrishna*	Independent Director	Chairman	2	1
Ms.Gayathri Ramachandran**	Independent Director	Member	2	1
Shri Gummalla Vijaya Kumar	Independent Director	Member	2	2
Shri N R Ganti#	Independent Director	Chairman	2	1
Shri S Thiagarajan##	Independent Director	Member	2	1

\* Inducted as Chairman of the Committee w.e.f 7<sup>th</sup> November 2019

\*\* Inducted as member of the Committee w.e.f 7<sup>th</sup> November 2019

# Ceased to be member and Chairman of the Committee w.e.f 7<sup>th</sup> November 2019

## Ceased to be member of the Committee w.e.f 7<sup>th</sup> November 2019

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:

- 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;

- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising a policy on diversity of Board of Directors;
- 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 frame work that allows for competitive and fair rewards for the achievement of key deliverables and also aligns with practice in the industry and shareholders expectations. Effective from 1<sup>st</sup> April 2019 a revised Remuneration Policy was adopted by the Board of Directors.

The Policy on remuneration of Directors, Key Managerial Personnel and other employees of the Company is available on the Company's website [www.pitti.in](http://www.pitti.in)

#### Remuneration of Directors

The details of remuneration to the Directors for the financial year ended 31<sup>st</sup> March, 2020.

₹ in lakhs

Name	Basic Salary	Benefits & Allowances*	Sitting Fees	Total
Shri Sharad B Pitti	46.20	23.52	-	69.72
Shri Akshay S Pitti	46.20	21.87	-	68.07
Shri N R Ganti	-	-	3.40	3.40
Shri Gummalla Vijaya Kumar	-	-	4.70	4.70
Shri M Gopalakrishna	-	-	2.40	2.40
Ms. Gayathri Ramachandran	-	-	2.30	2.30
Shri S Thiagarajan	-	-	3.25	3.25

\* Benefits & allowances excludes employer's contribution to provident fund, provisions for gratuity and encashable leave at the end of the tenure.

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.

#### 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 two times on the following dates:

6<sup>th</sup> May 2019 and 24<sup>th</sup> January 2020

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	2	2
Shri M Gopalakrishna#	Independent Director	Member	2	1
Shri Gummalla Vijaya Kumar**	Independent Director	Chairman	2	1
Shri N R Ganti	Independent Director	Member	2	2
Shri S Thiagarajan##	Independent Director	Member	2	1

\* Appointed as Chairman of the Committee w.e.f. 7<sup>th</sup> November 2019

# Appointed as Member of the Committee w.e.f. 7<sup>th</sup> November 2019

\*\* Ceased to Member of the Committee w.e.f. 7<sup>th</sup> November 2019

## Appointed as Member of the Committee w.e.f. 7<sup>th</sup> November 2019

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 Agreement. 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, non-receipt 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.

Name and Designation of Compliance officer:

Ms. Mary Monica Braganza, Company Secretary & Compliance Officer.

Details of Shareholders complaints received and redressed during the year 2019-20 are as follows:

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.

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

24<sup>th</sup> June 2019 and 10<sup>th</sup> February 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	2	2
Shri Akshay S Pitti	Promoter Executive Director	Member	2	2
Shri Gummalla Vijaya Kumar	Independent Director	Member	2	2

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

- a) To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- b) To recommend the amount of expenditure to be incurred on the activities for the above said purpose.
- c) To monitor the Corporate Social Responsibility Policy of the Company from time to time.

### GENERAL BODY MEETINGS

#### Annual General Meetings

Year	Date & Time	Venue	Special Resolutions
2016-17	06.09.2017 4:00 pm	West Minister Hall, The Central Court Hotel, 6-1-71, Lakdikapool, Hyderabad 500 004	1. Issue of equity shares and warrants on preferential basis to the promoter and promoter group
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 1 <sup>st</sup> April 2019 to 21 <sup>st</sup> 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 Gummalla 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.



**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 2019-20. 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 group companies. The related party transactions are entered into based on considerations of various business exigencies, such as synergy in operations, optimisation of market share, profitability, legal requirements, liquidity and capital resources of group companies.

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.

Effective from 1<sup>st</sup> April 2019 a revised policy on related party transaction was adopted by the Board of Directors.

The Company's policy on related party transactions and dealing with related party transactions is put up on the Company's website and can be accessed at [www.pitti.in](http://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 framed a policy for determining material subsidiary and the same is available on Company's website at [www.pitti.in](http://www.pitti.in). However, the Company currently does not have any subsidiaries.

**e) Commodity price risk and Commodity hedging activities**

The Company is not engaged in commodity business, hence commodity risk is not applicable. The Company is exposed to the risk of foreign exchanges fluctuations. The Company proactively manages its risk through forward booking contracts.

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

During the year under review the Company has allotted 22,22,222 equity shares at a price of ₹90/- each on conversion of share warrants to persons belonging to promoter/promoter group. The amount raised through preferential issue has been used for the objects as stated in the 33rd AGM Notice and there has been no deviation from the intended use of fund.

**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 31<sup>st</sup> March, 2020.

**i) Details of fees paid to the Statutory Auditor(s) and all entities in the network entity of which the Statutory Auditor is a part.**

₹ in lakhs

Particulars	FY 2019-20
Audit fees	22.00
Tax audit fees	5.00
Certification fee / taxation matter	4.62

**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 31<sup>st</sup> March, 2020 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	NA
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 Ltd and National Stock Exchange of India Ltd 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 Desks' 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 (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L29253TG1983PLC004141.

**Annual General Meeting for the Financial Year 2019-20**

**Day & Date :** Friday, 25<sup>th</sup> September 2020

**Time :** 4.00 PM (IST)

**Venue :** The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated 5<sup>th</sup> May 2020 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	:	1 <sup>st</sup> April to 31 <sup>st</sup> March
Tentative calendar for declaration of results for quarter ending		
30 <sup>th</sup> June 2020	:	on or before 14 <sup>th</sup> August 2020
30 <sup>th</sup> September 2020	:	on or before 14 <sup>th</sup> November 2020
31 <sup>st</sup> December 2020	:	on or before 14 <sup>th</sup> February 2021
31 <sup>st</sup> March, 2021	:	on or before 30 <sup>th</sup> May 2021
Dividend	:	No dividend for the FY 2019-20 is proposed
Book Closure	:	From 19 <sup>th</sup> September to 25 <sup>th</sup> September 2020 [both days inclusive]

**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

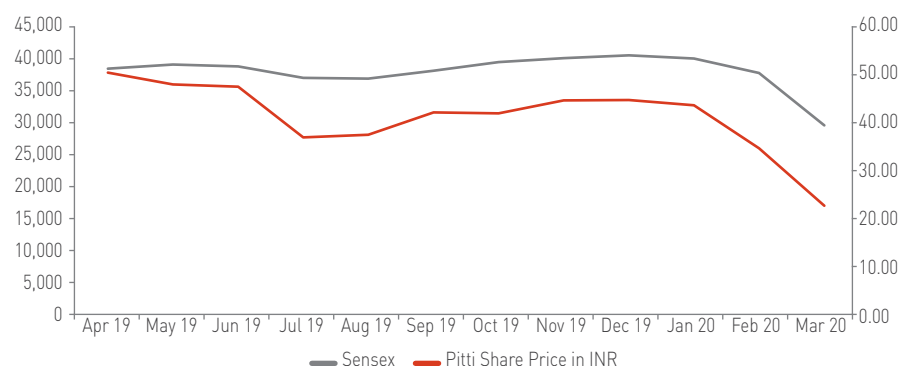
The Company has paid the requisite annual listing fees to both the Stock Exchanges for financial year 2020-21. The securities of the Company have never been suspended from trading.

#### Stock market price data

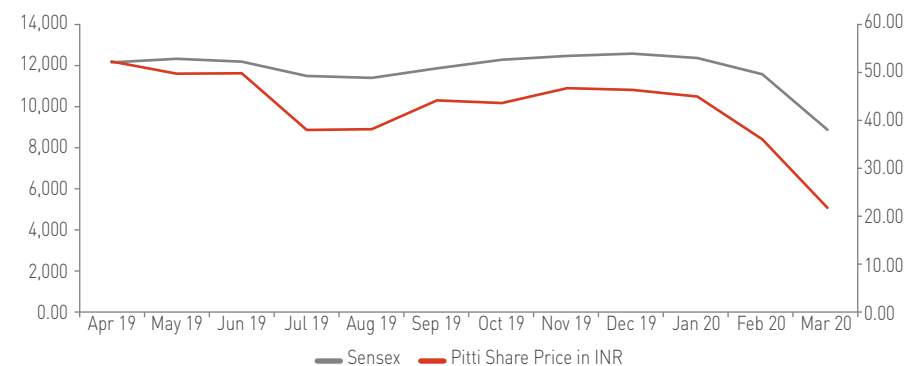
Month	BSE Limited (BSE)			National Stock Exchange of India Ltd. (NSE)		
	High price ₹	Low price ₹	Volume (Nos) ₹	High price ₹	Low price ₹	Volume (Nos) ₹
April 2019	59.60	48.45	48,421	59.25	48.20	5,11,752
May 2019	54.95	43.05	1,03,845	54.50	43.50	9,31,725
June 2019	49.25	40.25	1,33,240	49.30	40.50	11,38,857
July 2019	49.60	32.15	76,021	49.85	32.00	5,37,293
August 2019	38.95	31.50	57,569	38.90	30.75	3,66,722
September 2019	51.50	36.00	1,27,127	51.50	34.70	8,29,178
October 2019	43.90	36.05	52,134	44.00	38.25	3,63,057
November 2019	53.30	39.55	1,44,027	53.20	38.60	13,43,773
December 2019	46.50	38.00	54,463	46.75	40.50	3,08,550
January 2020	50.70	42.00	1,59,933	50.45	41.25	10,59,378
February 2020	47.90	34.10	1,18,714	47.85	33.95	7,09,969
March 2020	42.05	19.30	64,324	43.30	19.05	7,93,207

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

##### Pitti share price and SENSEX movement



##### 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 Regulation 40(9) of the Listing Regulations. The said certificate is submitted by the Company to the Stock Exchanges.

#### Distribution of shareholding as on 31<sup>st</sup> March, 2020

Shares held	No. of Shareholders	%	No. of Shares	%
Up to 5000	9,246	79.63	15,92,317	4.97
5001 to 10000	1,096	9.44	8,92,347	2.78
10001 to 20000	561	4.83	8,94,399	2.79
20001 to 30000	183	1.58	4,80,121	1.50
30001 to 40000	100	0.86	3,64,998	1.14
40001 to 50000	72	0.62	3,41,969	1.07
50001 to 100000	175	1.51	13,12,133	4.09
Above 100000	178	1.53	2,61,71,783	81.66
<b>Total</b>	<b>11,611</b>	<b>100.00</b>	<b>3,20,50,067</b>	<b>100.00</b>

#### Shareholding pattern as on 31<sup>st</sup> March, 2020

Category	No of Shares	%
Promoters & Promoter group	1,82,02,804	56.79
Foreign portfolio investors	14,000	0.04
Financial institutions/Banks	8,01,408	2.50
Individuals	1,04,30,309	32.54
Bodies Corporate	17,74,698	5.54
NRI	4,23,509	1.32
Clearing Members	1,10,423	0.35
Directors and Relatives	1,620	0.01
IEPF Account	2,91,296	0.91
<b>Total</b>	<b>3,20,50,067</b>	<b>100.00</b>

#### 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 99.11% of the Company's equity share capital are dematerialised as on 31<sup>st</sup> March, 2020. 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	2,53,41,675	79.07
CDSL	64,24,136	20.04
Physical	2,84,256	0.89
<b>Total</b>	<b>3,20,50,067</b>	<b>100.00</b>

The annual custody / issuer fee for the financial year 2020-21 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 8<sup>th</sup> June 2018 made transfer of shares of listed companies to be mandatorily in demat mode only. Effective from 31<sup>st</sup> 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 31<sup>st</sup> March, 2020.

The Company has allotted 22,22,222 equity shares of ₹ 5/- each upon conversion of warrants at a price of ₹ 90/- each (including a premium of ₹ 85/- per share) to the persons belonging to Promoter/Promoter Group. The equity share capital upon conversion of warrants has increased to 3,20,50,067 equity shares of ₹ 5/- each from 2,98,27,845 equity shares of ₹ 5/- each.

#### 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
2012-13	16.09.2013	22.10.2020
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 as on 19<sup>th</sup> September 2019 (date of last Annual General Meeting) are available on the website of the Company.

**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 2012-13. 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 2012-13 and the corresponding shares will be due for transfer to IEPF on 22<sup>nd</sup> October 2020.

**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 ₹ 8,13,906/- pertaining to the financial year 2011-12 to the Investor Education and Protection Fund (IEPF).

In accordance with the provisions of the Companies Act, 2013 the Company has transferred 11,308 equity shares on 17<sup>th</sup> October 2019 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. 2<sup>nd</sup> September 2019.

The Shareholders may claim their unclaimed dividend for the years prior to the financial year 2012-13 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](http://www.iepf.gov.in), the access link of which is also available on the Company's website [www.pitti.in](http://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 1 <sup>st</sup> April 2019	260	67,400
Aggregate number of shareholders and the outstanding shares transferred to the unclaimed suspense account during the year	-	-
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
Number of shareholders whose unclaimed dividends were transferred to the IEPF account as per section 124 of the Companies Act, 2013		
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 31 <sup>st</sup> March, 2020	259	67,200

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 Listing Regulations is attached to this report.

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 31<sup>st</sup> March, 2020.

For and on behalf of the Board of Directors

**Sharad B Pitti**

Chairman & Managing Director  
DIN: 00078716

#### DECLARATION

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

## 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 books, papers, minutes books, forms and returns filed, notices received from the Directors during the financial year under review and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives 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”) for the purpose of issue of 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 as amended vide Notification No.SEBI/LAD-NRO/GN/2018/10 dated 9<sup>th</sup> May 2018 issued by the Securities Exchange Board of India.

In my opinion and to the best of my knowledge and based on such examination as well as information and explanation furnished to me, which to the best of my knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, I hereby certify the none of the Directors as stated below on the Board of the Company as on 31<sup>st</sup> March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Company by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

Sl. No.	DIN No.	Name of the Director	Designation
1.	00078716	Shri Sharad B Pitti	Chairman & Managing Director
2.	00078760	Shri Akshay S Pitti	Vice-Chairman & Managing Director
3.	00021592	Shri N R Ganti	Non-Executive Independent Director
4.	00780356	Shri Gummalla Vijaya Kumar	Non-Executive Independent Director
5.	00088454	Shri M Gopalakrishna	Non-Executive Independent Director
6.	02872723	Ms.Gayathri Ramachandran	Non-Executive Independent Director
7.	02721001	Shri S Thiagarajan	Non-Executive Independent Director

**Ajay Kishen**

Practicing Company Secretary

FCS:6298 CP:5146

UDIN: F006298B000378109

Place: Hyderabad  
Date: 25<sup>th</sup> June 2020

# Independent Auditor's Report on Corporate Governance

To,  
Members of Pitti Engineering Limited

1. 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 31<sup>st</sup> March, 2020, 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:

2. 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:

3. 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.
4. 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 the compliance with Corporate Governance requirement by the Company.
5. 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 of 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.
6. 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:

7. 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 31<sup>st</sup> March, 2020.
8. 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.

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

**Vijay Singh**

Partner

Membership No: 221671

UDIN: 20221671AAAAFZ3340

Place: Hyderabad  
Date: 25<sup>th</sup> June 2020

## 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 for the year ended 31<sup>st</sup> March, 2020 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
  - a) significant changes, if any, in internal control over financial reporting during the year;
  - b) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Sharad B Pitti**

Chairman & Managing Director

**Nand Kishore Khandelwal**

President – Corporate Resources & CFO

Place: Hyderabad

Date : 25<sup>th</sup> June 2020



# Independent Auditor's Report

## TO THE MEMBERS OF PITTI ENGINEERING LIMITED

(Formerly known as Pitti Laminations Limited)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Pitti Engineering Limited ("the Company") (formerly known as Pitti Laminations Limited) which comprise the Balance Sheet as at 31<sup>st</sup> March 2020 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 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 ("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 31<sup>st</sup> March 2020, 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 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 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 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S.no	Key audit matter	Auditor Response
1	<b>Credit loss allowance amounting to ₹2.87 crores provided during the year, reversed at the year-end involves significant management judgment about recoverability of receivables.</b>	<p>Management has provided for the expected credit loss amounting to ₹2.87 crores during the year, as the receivable was outstanding for more than 180 days. Customer has agreed to repay the outstanding amount on periodic basis based on the negotiations made between them.</p> <p>Hence management has reversed the provision created during the year.</p> <p>We verified communications between Company and customer which clearly states that: Customer is going to make payments on regular basis.</p> <p>We also verified that collections amounting to ₹1.82 crores were received from the customer, against the total outstanding, till the end of the FY 2019-20.</p> <p>Hence we agree with the management decision regarding reversal of provision.</p>
2	<b>Asset held for sale to the tune of ₹2.62 crores has been classified from Non-current assets to current assets</b>	<p>Management has undergone an MOU, where the buyer will conclude the transaction in 12 months relating to sale of assets</p> <p>Hence management reclassified Assets held for sale from Non-current to current.</p> <p>We verified the MOU relating to the sale of assets entered between the Company and the buyer.</p> <p>Also we verified that substantial amount was received from buyer against sale during the FY19-20.</p> <p>Hence we agree with the management decision regarding classification of assets held for sale.</p>

**Other Matter:**

The Company has opted for moratorium period for repayment of term loans/ working capital financing liabilities etc., as per the circular issued by RBI dated 27<sup>th</sup> March 2020, on COVID-19 Regulatory Package.

**Information other than the 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 financial statements and our auditor's report thereon.

Our opinion on the 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 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.

**Management's Responsibility for the 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

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 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, 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 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 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 31<sup>st</sup> March 2020, taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2020 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 financial statements – Refer Note 25.2 to the 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: 20221671AAAAFV8595

Hyderabad  
25<sup>th</sup> June 2020.

## 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 financial statements, the lease agreements are in the name of the Company.

(ii). The inventory has been physically verified on sample basis by the management during the year except material lying with the third parties (which have substantially been confirmed by third party). The discrepancies noticed on verification between the physical stocks and the book/records were not material, nevertheless those 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 31<sup>st</sup> March 2020 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 31<sup>st</sup> March 2020 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 31<sup>st</sup> March 2020 on account of dispute are given below:

Sl.No.	Nature of statute	Latest Order reference	Status as per Company Payable/ (receivable)	Status
1	Service tax	Appeal No.25823, 25615/2013	₹68,55,196	Still cases under stay granted status
2	Income Tax	Notice No. ITBA/AST/S/156/2019	₹9,23,07,842	Appeal preferred by the Company is pending
<b>Total</b>			<b>9,91,63,038</b>	

- (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 given 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 financial statements as required by the applicable accounting standards.
- (xiv). During the year the Company has allotted 22,22,222 equity shares of ₹ 5/- each at a price of ₹ 90/- per share (including a premium of ₹ 85/-) on conversion of warrants issued on preferential basis on 24<sup>th</sup> June 2019. The amount raised through the preferential issue has been used for the objects of the preferential issue as stated in the 33rd AGM Notice and there has been no deviation from the intended use of funds.
- (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: 20221671AAAAFV8595

Hyderabad  
25<sup>th</sup> June 2020



## 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 31<sup>st</sup> March 2020 in conjunction with our audit of the 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 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 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 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 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 31<sup>st</sup> March 2020 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: 20221671AAAAFV8595

Hyderabad  
25<sup>th</sup> June 2020.

# Balance Sheet

as at 31<sup>st</sup> March 2020

₹ in lakhs

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, plant and equipment	2A	21,173.57	22,025.27
(b) Assets held for Sale		-	262.00
(c) Capital work-in-progress		825.85	459.63
(d) Intangible Assets	2B	1,133.48	719.83
(e) Right of use of Assets	2C	2,423.07	-
(f) Financial Assets			
(i) Investments	3A	1,641.00	1,641.00
(ii) Loans	3B	19.43	81.61
(iii) Term Deposit Accounts	3C	160.19	-
(g) Other non-current assets	4	401.13	414.88
<b>Total Non - Current Assets</b>		<b>27,777.72</b>	<b>25,604.22</b>
<b>CURRENT ASSETS</b>			
(a) Inventories	5	12,650.16	10,027.32
(b) Financial Assets			
(i) Investments	6A	0.96	2.05
(ii) Trade receivables	6B	13,938.09	18,249.08
(iii) Cash and Cash equivalents	6C	1,485.62	1,396.40
(iv) Other financial assets	6D	142.74	71.59
(c) Assets held for sale	2A	262.00	-
(d) Other current assets	7	3,351.70	3,054.08
<b>Total Current Assets</b>		<b>31,831.27</b>	<b>32,800.52</b>
<b>TOTAL ASSETS</b>		<b>59,608.99</b>	<b>58,404.74</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	8	1,602.92	1,491.81
(b) Other equity	9	19,177.14	15,604.58
(c) Monies Received against Warrants		-	500.00
<b>Total Equity</b>		<b>20,780.06</b>	<b>17,596.39</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	10 A	4,386.19	7,559.55
(ii) Provision for Lease Liability	10 B	2,320.69	-
(iii) Others		0.36	-
(b) Other Long Term Liabilities		1,685.00	1,400.00
(c) Provisions	11	493.46	435.58
(d) Deferred tax liabilities(net)	12	1,106.88	1,685.54
<b>Total Non-Current Liabilities</b>		<b>9,992.58</b>	<b>11,080.67</b>

₹ in lakhs

Particulars	Notes	As at 31.03.2020	As at 31.03.2019
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	13A	15,661.85	15,224.21
(ii) Trade payables	13B		
Dues to micro and small enterprises		70.24	-
Dues to others		9,601.16	10,361.73
(iii) Other financial liabilities	13C	2,338.44	2,550.44
(iv) Provision for Lease liability	13D	304.74	-
(b) Other current liabilities	14	202.36	522.74
(c) Provisions	15	292.88	218.55
(d) Income tax liabilities (net)	16	364.68	850.01
<b>Total Current Liabilities</b>		<b>28,836.35</b>	<b>29,727.68</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>59,608.99</b>	<b>58,404.74</b>

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

**N. R. Ganti**  
Director  
DIN : 00021592

**Vijay Singh**  
Partner

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

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

M. No:221671

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

# Statement of Profit & Loss

for the period ended 31<sup>st</sup> March 2020

₹ in lakhs

Particulars	Notes	For the Year 2019-20	For the Year 2018-19
<b>INCOME</b>			
Revenue from operations	17A	51,809.35	61,426.80
Other Operating revenue	17B	696.94	794.67
<b>Total Revenue from Operations</b>		<b>52,506.29</b>	<b>62,221.47</b>
Other income	18	367.45	226.67
<b>TOTAL REVENUE</b>		<b>52,873.74</b>	<b>62,448.14</b>
<b>EXPENSES</b>			
Cost of Materials consumed	19	33,383.46	37,339.99
Purchase of stock-in-trade		361.95	3,020.12
Changes in inventories of work-in-process, finished goods and scrap	20	715.67	2,534.91
Employee benefits expenses	21	5,454.79	5,168.73
Finance costs	22	3,411.54	2,961.40
Depreciation and amortization expenses	2A,2B&2C	2,742.00	2,241.38
Other expenses	23	4,818.78	5,147.80
<b>TOTAL EXPENSES</b>		<b>50,888.19</b>	<b>58,414.33</b>
Profit before tax		1,985.55	4,033.81
<b>Tax Expenses</b>	24		
(a) Current tax		524.85	946.82
(b) Tax relating to earlier years		(42.59)	-
(c) Reversal of MAT Credit		372.45	-
(d) Deferred tax		(578.66)	715.03
<b>Total Tax Expenses</b>		<b>276.05</b>	<b>1,661.85</b>
<b>Profit for the period</b>		<b>1,709.50</b>	<b>2,371.96</b>
<b>Other Comprehensive Income</b>			
<b>(i) Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of the net defined benefit (liability)/assets		(24.74)	8.34

₹ in lakhs

Particulars	Notes	For the Year 2019-20	For the Year 2018-19
Change in fair value of non-current investment		-	(93.84)
Change in fair value of current investment		(1.09)	0.43
<b>(ii) Items that will be reclassified subsequently to profit or loss</b>			
<b>Total other comprehensive income</b>		<b>(25.83)</b>	<b>(85.07)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,683.67</b>	<b>2,286.89</b>
Earnings per Equity Share of Face Value of ₹ 5/- each	25.1		
(a) Basic		5.42	7.67
(b) Diluted		5.42	7.14
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 : L29253TG1983PLC004141for **Laxminiwas & Co**  
Chartered Accountants  
Firm's Registration  
Number:011168S**Sharad B Pitti**  
Chairman & Managing  
Director  
DIN:00078716**N. R. Ganti**  
Director  
DIN : 00021592**Vijay Singh**  
Partner**Mary Monica Braganza**  
Company Secretary &  
Compliance Officer  
M. No:F5532**N. K. Khandelwal**  
President - Corporate  
Resources & CFO  
M. No: 074967

M. No:221671

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

# Statement of Changes in Equity

For the year ended 31<sup>st</sup> March 2020

## (a) Equity Share Capital

₹ in lakhs

Particulars	Note No.	
Balance as at 1 <sup>st</sup> April 2018		1,491.81
Changes in equity share capital during the year	8 (a)	-
Balance as at 31 <sup>st</sup> March 2019		1,491.81
Balance as at 1 <sup>st</sup> April 2019		1,491.81
Changes in equity share capital during the year	8 (a)	111.11
Balance as at 31 <sup>st</sup> March 2020		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 1 <sup>st</sup> April 2018	6,217.57	750.48	6,241.65	1.51	253.38	13,464.59
Adjstment as per IND AS 115	-	-	(146.90)	-	-	(146.90)
Profit and loss during period	-	-	2,371.96	-	-	2,371.96
Premium on Shares issued during the year	-	-	-	-	-	-
Fair Valuation of investments	-	-	-	(93.41)	-	(93.41)
Actuarial Gain / (Loss)	-	-	-	-	8.34	8.34
Balance as on 31 <sup>st</sup> March 2019	6,217.57	750.48	8,466.71	(91.90)	261.72	15,604.58

₹ 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 1 <sup>st</sup> 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 31 <sup>st</sup> March 2020	8,106.46	750.48	10,176.21	(92.99)	236.98	19,177.14

As per our Report of even date

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

**Vijay Singh**  
Partner

M. No:221671

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

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

**Sharad B Pitti**  
Chairman & Managing  
Director  
DIN:00078716

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

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

**N. R. Ganti**  
Director  
DIN : 00021592

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

# Cash Flow Statement

For the period ended 31<sup>st</sup> March 2020

₹ in lakhs

Particulars	Year 2019-20		Year 2018-19	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax	1,985.55		4,033.81	
Adjusted for				
Depreciation	2,742.00		2,241.38	
Interest Income	(72.01)		(97.32)	
Credit Risk Impaired	3.21		9.47	
Credit Risk Allowance	-		132.07	
Loss / (Profit) on sale of fixed assets (net)	(2.08)		166.16	
Re-measurement gains/(losses) on employee defined benefit plans	(24.74)		8.34	
Re-measurement gains/(losses) on Investments	(1.09)		(93.41)	
Unrealised foreign exchange differences	233.32		(134.12)	
Finance Costs	3,411.54	8,275.70	2,961.40	9,227.78
<b>Operating Profit before Working Capital changes</b>		<b>8,275.70</b>		<b>9,227.78</b>
<b>Working Capital changes adjusted for</b>				
Trade & Other financial and non financial assets	4,145.05		(4,394.29)	
Inventories	(2,622.84)		2,889.05	
Trade Payables and other financial and non financial liabilities	(1,657.82)		(189.17)	
		<b>(135.61)</b>		<b>(1,694.41)</b>
<b>Cash generated from operations</b>		<b>8,140.09</b>		<b>7,533.37</b>
Taxes Paid		(991.99)		(469.31)
<b>Cash Flow before extraordinary items</b>		<b>7,148.10</b>		<b>7,064.06</b>
<b>Net Cash Flow From Operating Activities - (A)</b>		<b>7,148.10</b>		<b>7,064.06</b>

₹ in lakhs

Particulars	Year 2019-20		Year 2018-19	
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Property, Plant & equipment and intangibles		(2,323.57)		(4,570.63)
Advances to Property, Plant & equipment and intangibles		62.88		(302.21)
ROU Assets as per IND AS 116		(2,613.72)		-
Proceeds from sale of fixed assets		28.97		27.72
Loss on current financial assets measured at FVTPL		1.09		93.42
Advance received for Asseets held for sale		285.00		-
Interest income received		0.10		104.27
<b>Net Cash used in Investing Activities - (B)</b>		<b>(4,559.25)</b>		<b>(4,647.43)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of share capital	2,000.00		-	
Proceeds from issue of share warrants	(500.00)		-	
Finance charges	(3,120.30)		(2,828.73)	
Cash Payments for Principal portion of lease liability	(315.46)		-	
Cash Payments for interest portion of lease liability	(11.71)		-	
Working Capital Borrowings	437.64		458.45	
Funds for long term use	-		1,300.00	
Long Term Funds (Term Loans from financial institutions and other unsecured loans)	(1,546.08)		(1,546.54)	
Long Term Funds (Funds from Promoters and Promoters Group converted to Share Capital )	(1,470.00)		-	
Long Term Deposits received	0.36		-	



₹ in lakhs

Particulars	Year 2019-20	Year 2018-19
Term Deposit Accounts with financial institutions	(160.19)	-
Lease Liability	2,625.43	-
	(2,060.32)	(2,616.82)
<b>Net Cash used in Finance Activities - (C)</b>	<b>(2,060.32)</b>	<b>(2,616.82)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>528.53</b>	<b>(200.18)</b>
<b>Opening Balance in Cash and Cash Equivalents</b>	<b>141.91</b>	<b>342.09</b>
<b>Closing Balance in Cash and Cash Equivalents</b>	<b>670.44</b>	<b>141.91</b>
Components of cash and cash equivalents:		
Cash on hand	16.61	3.10
Balances with banks		
On current accounts	12.63	6.68
On EEFC accounts	371.27	2.58
Term Deposit Accounts with in 3 months of maturity	258.28	110.07
On unpaid dividend account	11.65	19.48
<b>Total cash and cash equivalents</b>	<b>670.44</b>	<b>141.91</b>

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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M. No: 074967

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

## 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 specialized sheet metal components, its sub-assemblies for rotating electrical equipments and various machined 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 March quarter, the novel corona virus (Covid-19) started spreading and WHO declared it as a

global pandemic as Covid-19 severely affected public health. In response, Governments across the globe imposed lockdown which disrupted worldwide activity including India. Accordingly, the Central and State Governments gave directives for lockdown which effected the operations of the Company impacting the sales and profitability. 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 31<sup>st</sup> March 2020 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.

#### (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

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

- (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. 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. Likewise, when a major inspection is preformed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

The provision for dismantling cost is created based on the technical advisor and it is classified under non-current Liability.

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 tools.

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

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

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 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 assets is derecognized.

## 1.5. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the

payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

### (a) Interest income

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-IV in Hyderabad and Aurangabad plant shall be accounted on sanction from the relevant 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-

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

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 are carried at the weighted average cost or net realizable value whichever is lower.
- (b) The cost of inventories have been 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.

### (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) Forward Contracts

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

The Company does not enter into any derivative instruments for trading or speculative purposes.

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:



# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

- (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:

With effect from 1<sup>st</sup> April 2019, 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 primarily consist of leases for land, buildings 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 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.

## 1.12. 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.

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

## 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

31<sup>st</sup> March 2020 has been made accordingly.

### Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- (ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- (ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient

taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 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 AS 103 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.

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

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 (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## 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 31<sup>st</sup> March 2020

## NOTE: 2A, 2B & 2C

### PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS AND ASSETS HELD FOR SALE

₹ in lakhs

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01.04.2019	ADDITIONS	ADJUSTMENTS	As at 31.03.2020	As at 01.04.2019	FOR THE YEAR	FOR RESERVES	ADJUSTMENTS	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
<b>Note: 2A</b>											
<b>Tangible Assets</b>											
Land	716.86	-	-	716.86	-	-	-	-	-	716.86	716.86
Factory Building											
- on Own premises	3,462.22	333.75	-	3,795.97	648.32	114.43	-	-	762.75	3,033.22	2,813.90
- on Lease hold Property	1,298.02	-	-	1,298.02	579.76	59.98	-	-	639.74	658.28	718.26
Plant & Equipment	23,605.52	799.83	51.64	24,353.71	9,953.22	1,842.17	-	44.20	11,751.19	12,602.52	13,652.30
Tools	3,797.74	239.89	13.85	4,023.78	222.21	192.46	-	0.13	414.54	3,609.24	3,575.53
Patterns, Match plates & Mould Box	187.64	56.79	-	244.43	7.17	28.17	-	-	35.34	209.09	180.47
Office Equipment	211.34	76.64	-	287.98	116.08	40.13	-	-	156.21	131.77	95.26
Furniture & Fixtures	163.92	20.64	6.95	177.61	129.67	7.24	-	0.89	136.02	41.59	34.25
Other-Computers	322.28	15.28	-	337.56	267.57	26.85	-	-	294.42	43.14	54.71
Vehicles	738.87	16.65	-	755.52	293.14	72.52	-	-	365.66	389.86	445.73
Less : Assets held for Sale (Land and Building)	(453.04)	-	-	(453.04)	(191.04)	-	-	-	(191.04)	(262.00)	(262.00)
<b>Sub Total</b>	<b>34,051.37</b>	<b>1,559.47</b>	<b>72.44</b>	<b>35,538.40</b>	<b>12,026.10</b>	<b>2,383.95</b>	<b>-</b>	<b>45.22</b>	<b>14,364.83</b>	<b>21,173.57</b>	<b>22,025.27</b>
<b>Capital Work In Progress</b>	459.63	2,506.74	2,140.52	825.85	-	-	-	-	-	825.85	459.63
<b>Note: 2B</b>											
<b>Intangible Assets</b>											
Computer Software	746.96	10.60	-	757.56	459.14	61.49	-	-	520.63	236.93	287.82
Product Development Expenses	502.32	570.45	-	1,072.77	70.31	105.91	-	-	176.22	896.55	432.01
<b>Sub Total</b>	<b>1,249.28</b>	<b>581.05</b>	<b>-</b>	<b>1,830.33</b>	<b>529.45</b>	<b>167.40</b>	<b>-</b>	<b>-</b>	<b>696.85</b>	<b>1,133.48</b>	<b>719.83</b>
<b>Total</b>	<b>35,300.65</b>	<b>2,140.52</b>	<b>72.44</b>	<b>37,368.73</b>	<b>12,555.55</b>	<b>2,551.35</b>	<b>-</b>	<b>45.22</b>	<b>15,061.68</b>	<b>22,307.05</b>	<b>22,745.10</b>
<b>Note: 2C</b>											
<b>Right of use of Assets</b>											
Land	-	227.69	-	227.69	-	17.88	-	-	17.88	209.81	-
Building	-	2,272.14	-	2,272.14	-	119.59	-	-	119.59	2,152.55	-
Vehicles	-	69.10	-	69.10	-	27.59	-	-	27.59	41.51	-
Computers	-	44.79	-	44.79	-	25.59	-	-	25.59	19.20	-
<b>Sub Total</b>	<b>-</b>	<b>2,613.72</b>	<b>-</b>	<b>2,613.72</b>	<b>-</b>	<b>190.65</b>	<b>-</b>	<b>-</b>	<b>190.65</b>	<b>2,423.07</b>	<b>-</b>
<b>Grand Total</b>	<b>35,300.65</b>	<b>4,754.24</b>	<b>72.44</b>	<b>39,982.45</b>	<b>12,555.55</b>	<b>2,742.00</b>	<b>-</b>	<b>45.22</b>	<b>15,252.33</b>	<b>24,730.12</b>	<b>22,745.10</b>
<b>Previous Year</b>	<b>31,296.17</b>	<b>5,170.47</b>	<b>1,165.99</b>	<b>35,300.65</b>	<b>11,160.96</b>	<b>2,241.38</b>	<b>-</b>	<b>846.79</b>	<b>12,555.55</b>	<b>22,745.10</b>	<b>20,135.21</b>



# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

## NOTE 3A : INVESTMENTS

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>Trade investment</b>		
<b>Investment with Pitti Castings Private Ltd (Unquoted)</b>		
a. <b>Equity Shares</b>	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. <b>Redeemable Preferential shares</b>	1,233.00	1,233.00
(1,23,30,000 Preferential shares (non-cumulative non-participative redeemable) at face value ₹ 10/- each)		
<b>TOTAL</b>	<b>1,641.00</b>	<b>1,641.00</b>

## NOTE 3B : LOANS

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Unsecured, considered good		
Deposits:		
Rent	16.49	79.12
With suppliers	2.94	2.49
<b>TOTAL</b>	<b>19.43</b>	<b>81.61</b>

## NOTE 3C : TERM DEPOSIT ACCOUNTS

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Unsecured, considered good		
Term Deposits with Financial Institutions	160.19	-
<b>TOTAL</b>	<b>160.19</b>	<b>-</b>

## NOTE 4 : OTHER NON CURRENT ASSETS

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Unsecured, considered good		
Capital Advance for Fixed Assets	239.33	302.21
Prepaid Exp - Rent Deposits IND AS	41.99	-
Gold Coins	1.49	-
Deposits:		
With Govt. bodies	118.32	112.67
<b>TOTAL</b>	<b>401.13</b>	<b>414.88</b>

## NOTE 5 : INVENTORIES

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
(At lower of cost or Net realisable value)		
Raw material	4,509.52	2,750.71
Material in Transit	1,455.73	52.15
Work in process	2,040.09	2,280.43
Finished goods	3,361.63	3,911.25
Stores and spares	1,192.82	1,016.70
Scrap	90.37	16.08
<b>TOTAL</b>	<b>12,650.16</b>	<b>10,027.32</b>

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

## NOTE 6A : INVESTMENTS

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>Investment in Equity Shares</b>		
<b>I. Quoted</b>		
Development Credit Bank Ltd.	0.95	2.04
Face Value 1,000 Equity Shares of ₹ 10/- each Presented as per Fair Market Value as per IND AS Requirement		
<b>II. Unquoted</b>		
Saraswat Co-operative Bank Ltd. 50 Equity Shares of ₹ 10/- each (Unquoted)	0.01	0.01
<b>TOTAL</b>	<b>0.96</b>	<b>2.05</b>

## NOTE 6B : TRADE RECEIVABLES

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
(Secured, considered good)*		
Overdue Outstanding for a period exceeding six months	-	-
Others	-	434.56
<b>TOTAL</b>	<b>-</b>	<b>434.56</b>
(Unsecured, considered good)		
Overdue Outstanding for a period exceeding six months	485.99	150.02
Others	13,549.96	17,806.04
<b>TOTAL</b>	<b>14,035.95</b>	<b>17,956.06</b>
Significant increase in Credit Risk	[94.65]	[132.07]
<b>TOTAL</b>	<b>[94.65]</b>	<b>[132.07]</b>
Credit Impaired	[3.21]	[9.47]
<b>TOTAL</b>	<b>[3.21]</b>	<b>[9.47]</b>
<b>GRAND TOTAL</b>	<b>13,938.09</b>	<b>18,249.08</b>

\*Sales against Letter of Credit

## NOTE 6C : CASH AND CASH EQUIVALENTS

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Cash on Hand	16.61	3.10
<b>Balances with banks</b>		
Current Accounts	12.63	6.68
EEFC Accounts	371.27	2.58
Term Deposit Accounts with in 3 months of maturity	258.28	110.07
Unclaimed dividend account (Refer note a )	11.65	19.48
<b>Cash &amp; Cash equivalents</b>	<b>670.44</b>	<b>141.91</b>
<b>Other bank balances</b>		
Term Deposit Accounts (Refer note b )	815.18	1,254.49
<b>TOTAL</b>	<b>1,485.62</b>	<b>1,396.40</b>

### Note:

- During the year an amount of ₹ 8.14 lakhs final dividend for the year 2011-12 (including unclaimed Demand Drafts) (previous year ₹ 2.90 for the year 2010-11 final dividend) was transferred to Investor Education and Protection Fund (IEPF)
- Term Deposits are held as Margins for LC/BGs

## NOTE 6D : OTHER FINANCIAL ASSETS

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Interest Accrued on Deposits	75.95	71.59
EMD Amount	66.79	-
<b>TOTAL</b>	<b>142.74</b>	<b>71.59</b>

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

## NOTE 7 : OTHER CURRENT ASSETS

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>(Unsecured and considered good)</b>		
<b>Advances to:</b>		
Material suppliers/contractors	1,259.58	247.66
Central excise, Sales tax, GST etc.,	1,429.44	1,587.47
Export Incentive Receivables	127.24	477.93
Others*	238.69	74.12
Income Tax and other taxes	68.30	72.48
MAT Credit Receivable	-	328.51
Employees	2.40	2.40
Prepaid expenses	226.05	263.51
<b>TOTAL</b>	<b>3,351.70</b>	<b>3,054.08</b>

\* ₹ 67.58 lakhs Amount receivable from Maharashtra Govt. Towards Industrial Promotions Subsidy (IPS) for New Unit under package scheme of incentive - 2013 and ₹ 171.11 lakhs amount receivable from Telangana Govt. towards Telangana State Industrial Development and Entrepreneur Advancement (T-IDEA) Incentive Scheme.

## NOTE 8 : EQUITY SHARE CAPITAL

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>Authorised Capital</b>		
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
<b>TOTAL</b>	<b>3,000.00</b>	<b>3,000.00</b>
<b>Issued, Subscribed and Paid up</b>		
3,20,50,067 (Previous year 2,98,27,845) Equity shares of ₹ 5/- each (Previous Year ₹ 5/- each)	1,602.50	1,491.39
8,300 (Previous year 8,300) Equity Shares forfeited of ₹ 5/- each (Previous year of ₹ 5/- each)	0.42	0.42
<b>TOTAL</b>	<b>1,602.92</b>	<b>1,491.81</b>

## Notes

### (a) Reconciliation of equity shares

Particulars	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Issued, subscribed and paid-up capital		
At the beginning of the period	1,491.39	1,491.39
Issued during the period	111.11	-
<b>At the closing of the period</b>	<b>1,602.50</b>	<b>1,491.39</b>

### (b) Details of Shareholders holding more than 5% equity shares in the Company

Name of the shareholder	As at 31.03.2020		As at 31.03.2019	
	%	No. of Shares	%	No. of Shares
Shri Sharad B Pitti	12.23	39,20,306	13.14	39,20,306
Shri Akshay S Pitti	12.04	38,60,211	9.22	27,49,100
Smt Madhuri S Pitti	5.48	17,58,620	5.90	17,58,620
Pitti Electrical Equipment Pvt Ltd	26.97	86,46,667	25.26	75,35,556

### 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 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 31<sup>st</sup> March 2020

## Note 9 : OTHER EQUITY

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>Securities Premium</b>		
At the beginning of the year	6,217.57	6,217.57
Add: during the period	1,888.89	-
<b>At the closing of the period</b>	<b>8,106.46</b>	<b>6,217.57</b>
<b>General Reserve</b>		
<b>At the beginning of the year</b>	<b>750.48</b>	<b>750.48</b>
Less: adjustment as per Schedule -II of Companies Act, 2013	-	-
Add: Transferred from P&L Account during the year	-	-
<b>At the closing of the period</b>	<b>750.48</b>	<b>750.48</b>
<b>Surplus in the Statement of Profit and Loss</b>		
At the beginning of the year	8,636.53	6,496.54
Retained Earnings (IND AS Adj)	-	(146.90)
Add : Profit/(Loss) for the period	1,683.67	2,286.89
Less : Interim & Proposed dividend (inclusive of tax)	-	-
Less : Transferred to general reserve during the year	-	-
<b>Net Surplus in the Statement of Profit and Loss</b>	<b>10,320.20</b>	<b>8,636.53</b>
<b>TOTAL</b>	<b>19,177.14</b>	<b>15,604.58</b>

## NOTE 10 A : BORROWINGS

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>A. Secured Loans</b>		
Term Loans from Banks (Refer Note a)	1,428.53	2,339.88
Term Loans from others (Refer Note b)	1,851.28	2,505.82
<b>Sub total</b>	<b>3,279.81</b>	<b>4,845.70</b>
Vehicle Loans		
From Lendors (Refer Note c)	106.38	173.95
<b>Sub total</b>	<b>106.38</b>	<b>173.95</b>
<b>Total - A</b>	<b>3,386.19</b>	<b>5,019.65</b>
<b>B. Unsecured loans</b>		
Sales Tax Deferral (Refer Note d)	-	59.90
From Others (Refer Note e)	1,000.00	2,480.00
<b>Total - B</b>	<b>1,000.00</b>	<b>2,539.90</b>
<b>TOTAL - ( A+B)</b>	<b>4,386.19</b>	<b>7,559.55</b>

### Notes:

- (a) Term loans received from State Bank of India is primarily secured by first charge by way of equitable mortgage of movable and immovable properties on the present and future fixed assets of the Company and secured by a second charge on the present and future current assets of the Company. Further these loans are collaterally secured by :
- Personal immovable properties of a Promoter and his relative (exclusive to SBI).
  - Pledge of 20% of the promoters shares in the Company (exclusive to SBI).
  - Further these loans are guaranteed by the Promoters of the Company and their relative to the extent of secured property value.(Refer Note 13C (a) point nos. (v) and (vi) for terms of repayment)

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

- (b) (i) ECB Loan received from - DMG Mori Finance GmbH is secured by exclusive charge on the plant and machinery which are acquired on financial lease basis. The lease period is ranging from July 2017 to April 2023. (Refer Note 13 C (b) for terms of repayment)
- (ii) Term loan (equipment finance) from others is secured by exclusive charge on the machinery purchased to the extent funded by the respective lender. These loans are guaranteed by the promoters of the Company.
- (Refer Note 13 C (a) point nos. (i to iv) and (vii to viii) for terms of repayment)
- (c) Secured against hypothecation of vehicles.
- (Refer Note 13 C (c) for terms of repayment)
- (d) Represents 14 years interest free sales tax deferment loan received from State Government, which is repayable in monthly installments based on the deferment availed in the respective years, commences from January 2018 till November 2020.
- (e) Includes ₹ 1,000 lakhs (previous year ₹ 1,470 lakhs) brought in by the promoters and promoters group for the purpose of working capital and capital expenditure.

## Note: 10B : PROVISION FOR LEASE LIABILITY

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Provision for Lease Liability	2,320.69	-
<b>TOTAL</b>	<b>2,320.69</b>	<b>-</b>

## Note: 11 : PROVISIONS

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Provision for Gratuity	67.17	-
Provision for Leave encashment	23.32	71.80
Provision for Dismantling of PPE	402.97	363.78
<b>TOTAL</b>	<b>493.46</b>	<b>435.58</b>

## Note: 12 : DEFERRED TAX LIABILITIES (NET)

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
At the beginning of the year	1,685.54	970.51
Provision for the year	(578.66)	715.03
<b>Closing balance</b>	<b>1,106.88</b>	<b>1,685.54</b>

## Note: 13A : BORROWINGS

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Working capital borrowings from Banks (Secured) (a)	13,342.72	15,078.55
Working capital borrowings from Others	994.13	145.66
Inter Corporate Deposit	1,325.00	-
<b>TOTAL</b>	<b>15,661.85</b>	<b>15,224.21</b>

### Note:

- (a) Working capital facilities from Banks includes State Bank of India, Indian Overseas Bank and Kotak Mahindra Bank (at interest rate ranging from 9.25% to 11.20%) 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. Further these are secured on a pari passu second charge on movable and immovables properties of the Company both present and future. Further Secured by way of personal guarantee of the Promoters of the Company.

## NOTE 13B : TRADE PAYABLES

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Dues to micro enterprises and small enterprises*	70.24	-
Dues to others	9,601.16	10,361.73
<b>TOTAL</b>	<b>9,671.40</b>	<b>10,361.73</b>



# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

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 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Unclaimed Dividend	11.65	19.48
Interest accrued	79.47	130.26
Sales Tax (Deferral) due less than 12 months	59.90	101.82
Term loan instalments due less than 12 months (Refer note a)	1,689.38	1,738.92
Vehicle loan instalments due less than 12 months (Refer note b)	67.79	90.59
Others	430.25	469.37
<b>TOTAL</b>	<b>2,338.44</b>	<b>2,550.44</b>

Notes:

### (a) Terms of repayment are given below:

- Loan taken from TATA Capital Financial Service Ltd., at interest rate of 13.75% p.a. is repayable in 15 monthly instalments of ₹ 0.72 lakhs each till August 2020 (Moratorium period availed for 3 months).
- Loan taken from TATA Capital Financial Service Ltd., at interest rate of 13.00 % p.a. is repayable in 60 monthly instalments of ₹ 15.66 lakhs each commences from May 2018 till June 2023 (Moratorium period availed for 3 months).
- Loan taken from Hewlett Packard Financial Services India Pvt Ltd., at interest rate of 11.50% p.a. is repayable in 18 quarterly instalments of ₹ 8.75 lakhs including interest each till August 2020.

- Loan taken from Hewlett Packard Financial Services India Pvt Ltd., at interest rate of 11.50% p.a. is repayable in 19 quarterly instalments of ₹ 0.88 lakhs including interest, each till October 2020.
- Loan taken from State Bank of India., at interest rate of 4.00% above 1 year MCLR i.e. present effective rate is 11.90% p.a. is repayable in 20 quarterly instalments of ₹ 95.00 lakhs each commences from June 2017 till June 2022 (Moratorium period availed for 3 months)
- Loan taken from State Bank of India., at interest rate of 4.00% above 1 year MCLR i.e. present effective rate is 11.90% p.a. is repayable in 20 quarterly instalments of ₹ 162.50 lakhs each commences from September 2017 till September 2022 (Moratorium period availed for 3 months)
- Loan taken from Hero Fincorp Ltd, at interest rate of 13.50% p.a. is repayable in 63 monthly instalments of ₹ 4.44 lakhs including interest each commences from April 2018 till June 2023.
- Loan taken from Reliance Commercial Finance Ltd, at interest rate of 13.35% p.a. is repayable in 37 monthly instalments of ₹ 10.72 lakhs including interest each commences from March 2018 till December 2020.

### (b) Terms of repayment are given below :

- ECB Loan taken from DMG Mori Finance GmbH, at interest rate of 2.50% p.a. is repayable in 61 monthly instalments including interest commences from September 2017 till September 2022, and the instalment amounts are as follows -
  - 12 monthly equal instalments of ₹ 1.56 lakhs.
  - 12 monthly equal instalments of ₹ 2.49 lakhs.
  - 7 monthly equal instalments of ₹ 3.11 lakhs.
  - 5 monthly equal instalments of ₹ 3.50 lakhs.
  - 12 monthly equal instalments of ₹ 8.75 lakhs.
  - 12 monthly equal instalments of ₹ 9.46 lakhs.
  - Final month instalment of ₹ 53.25 lakhs.

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

(ii) ECB Loan taken from DMG Mori Finance GmbH, at interest rate of 2.50% p.a. is repayable in 61 monthly instalments including interest commences from September 2017 till September 2022, and the instalment amounts are as follows -

- 12 monthly equal instalments of ₹ 1.97 lakhs.
- 12 monthly equal instalments of ₹ 3.14 lakhs.
- 7 monthly equal instalments of ₹ 3.93 lakhs.
- 5 monthly equal instalments of ₹ 4.42 lakhs.
- 12 monthly equal instalments of ₹ 11.06 lakhs.
- 12 monthly equal instalments of ₹ 11.94 lakhs.
- Final month instalment of ₹ 67.24 lakhs.

(iii) ECB Loan taken from DMG Mori Finance GmbH, at interest rate of 2.50% p.a. is repayable in 61 monthly instalments including interest commences from November 2017 till September 2022, and the instalment amounts are as follows -

- 12 monthly equal instalments of ₹ 2.59 lakhs.
- 12 monthly equal instalments of ₹ 4.15 lakhs.
- 5 monthly equal instalments of ₹ 5.19 lakhs
- 7 monthly equal instalments of ₹ 5.60 lakhs.
- 12 monthly equal instalments of ₹ 14.01 lakhs.
- 12 monthly equal instalments of ₹ 15.13 lakhs.
- Final month instalment of ₹ 85.18 lakhs.

(iv) ECB Loan taken from DMG Mori Finance GmbH, at interest rate of 2.50% p.a. is repayable in 61 monthly instalments including interest commences from June 2018 till June 2023, and the instalment amounts are as follows

- 12 monthly equal instalments of ₹ 3.47 lakhs.
- 10 monthly equal instalments of ₹ 5.55 lakhs.

- 2 monthly equal instalments of ₹ 5.75 lakhs.
- 12 monthly equal instalments of ₹ 7.19 lakhs.
- 12 monthly equal instalments of ₹ 17.97 lakhs.
- 12 monthly equal instalments of ₹ 19.41 lakhs.
- Final month instalment of ₹ 109.39 lakhs.

## (c) Terms of repayment are given below:

- (i) Loan taken from Kotak Mahendra Prime Ltd., at interest rate of 9.39% p.a. is repayable by way of 60 monthly instalments of ₹ 3.36 lakhs including interest each till June 2020.
- (ii) Loan taken from Indian Overseas Bank., at interest rate of 9.05% p.a. is repayable by way of 60 monthly instalments of ₹ 0.27 lakhs including interest each till October 2022.
- (iii) Loan taken from HDFC Bank Ltd., at interest rate of 8.51% p.a. is repayable by way of 60 monthly instalments of ₹ 2.71 lakhs including interest each till April 2022.
- (iv) Loan taken from HDFC Bank Ltd., at interest rate of 8.51% p.a. is repayable by way of 60 monthly instalments of ₹ 0.88 lakhs including interest each till May 2022.
- (v) Loan taken from HDFC Bank Ltd., at interest rate of 9.25% p.a. is repayable by way of 60 monthly instalments of ₹ 0.67 lakhs including interest each till January 2024.
- (vi) Loan taken from Daimler Financial Services India Pvt Ltd., at interest rate of 8.22% p.a. is repayable by way of 60 monthly instalments of ₹ 0.61 lakhs including interest each till November 2023.
- (vii) Loan taken from Daimler Financial Services India Pvt Ltd., at interest rate of 8.40% p.a. is repayable by way of 60 monthly instalments of ₹ 0.67 lakhs including interest each till November 2023.

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

## NOTE 13D : PROVISION FOR LEASE LIABILITY

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Provision for Lease Liability	304.74	-
<b>TOTAL</b>	<b>304.74</b>	<b>-</b>

## NOTE 14 : OTHER CURRENT LIABILITIES

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Advances from Customers	59.12	416.61
Other Liabilities	143.24	106.13
<b>TOTAL</b>	<b>202.36</b>	<b>522.74</b>

## NOTE 15 : PROVISIONS

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
<b>Provision for employee benefits :</b>		
Provision for Gratuity	25.47	35.49
Provision for Bonus	201.49	183.06
Provision for Leave encashment	65.92	-
<b>TOTAL</b>	<b>292.88</b>	<b>218.55</b>

## NOTE 16 : INCOME TAX LIABILITIES (NET)

	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Provision for taxation (net)	364.68	850.01
<b>TOTAL</b>	<b>364.68</b>	<b>850.01</b>

## NOTE 17A : REVENUE FROM OPERATIONS

	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
<b>Sales &amp; Services:</b>		
Sale of Products	51,171.83	54,862.10
Sale of Scrap	4,421.51	8,476.33
Sale of Traded Goods	449.99	3,786.93
Sale of Tools	889.30	344.09
Job work & Service Income	731.36	715.46
<b>Gross Sales &amp; Services (inclusive of GST)</b>	<b>57,663.99</b>	<b>68,184.91</b>
Less : GST	(5,431.38)	(6,201.77)
<b>Net Sales &amp; Services</b>	<b>52,232.61</b>	<b>61,983.14</b>
Sale of Products	46,706.43	50,745.89
Sale of Scrap	3,747.50	7,185.22
Sale of Traded Goods	383.13	3,163.18
Sale of Tools	761.23	282.91
Job work & Service Income	634.32	605.94
<b>Net Sales &amp; Services</b>	<b>52,232.61</b>	<b>61,983.14</b>
Less : Discounts to Customers	(423.26)	(556.34)
<b>Revenue from Sales &amp; Services</b>	<b>51,809.35</b>	<b>61,426.80</b>

## NOTE 17B : OTHER OPERATING REVENUE

	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
Export incentives and others	696.94	794.67
<b>Total</b>	<b>696.94</b>	<b>794.67</b>
<b>Total Revenue from Operations (A+B)</b>	<b>52,506.29</b>	<b>62,221.47</b>

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

## NOTE 18 : OTHER INCOME

	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
Interest on Deposits	72.01	97.32
Profit on Sale of Asset	2.08	-
Industrial Incentive	171.11	-
Other Misc. Receipts	122.25	129.35
Dividend Income	0.00	0.00
<b>TOTAL</b>	<b>367.45</b>	<b>226.67</b>

## NOTE 19 : COST OF MATERIALS CONSUMED

	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
Opening stock	2,802.86	3,216.74
Add: Purchases	36,545.85	36,926.11
Less : Material in Transit	(1,455.73)	(52.15)
Less: Closing stock	(4,509.52)	(2,750.71)
<b>Consumption</b>	<b>33,383.46</b>	<b>37,339.99</b>

## NOTE 20: CHANGES IN INVENTORIES OF WORK-IN-PROCESS, FINISHED GOODS AND SCRAP

	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
<b>A. Opening stocks:</b>		
Work-in-process	2,280.43	2,411.09
Finished goods	3,911.25	6,302.85
Scrap	16.08	28.73
<b>Total - A</b>	<b>6,207.76</b>	<b>8,742.67</b>
<b>B. Closing stocks:</b>		
Work-in-process	2,040.09	2,280.43
Finished goods	3,361.63	3,911.25
Scrap	90.37	16.08
<b>Total - B</b>	<b>5,492.09</b>	<b>6,207.76</b>
<b>C. (Increase)/Decrease in stocks (A-B)</b>	<b>715.67</b>	<b>2,534.91</b>

## Note 21 : EMPLOYEE BENEFITS EXPENSES

	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
Employees remuneration and benefits	4,851.31	4,641.35
Contribution to PF/ESI	272.97	227.49
Gratuity expenses	32.41	43.83
Remuneration to Directors	137.79	92.40
Staff welfare expenses	160.31	163.66
<b>TOTAL</b>	<b>5,454.79</b>	<b>5,168.73</b>

## Note 22 : FINANCE COSTS

	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
Interest on Term Loans	517.77	673.04
Interest on Working Capital	1,828.01	1,488.18
Interest on Income Tax	24.84	48.43
Bank Charges	776.48	691.39
Forex Loss/(Gain) (net)	264.44	60.36
<b>TOTAL</b>	<b>3,411.54</b>	<b>2,961.40</b>

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

## Note 23 : OTHER EXPENSES

	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
Consumption of Stores, Spares, Tools & Dies	1,231.15	945.58
Power & fuel	631.03	436.20
Repairs & Maintenance :		
Plant	92.42	146.78
Building	9.15	78.34
Vehicles	17.66	14.15
Other Assets	85.06	67.77
Loss on Sale/Scrap of Fixed Assets	-	166.16
Credit Risk Impaired	3.21	9.47
Credit Risk Allowance	-	132.07
Other selling & Distribution expenses	319.54	331.00
Packing Cost	755.99	968.08
Carriage outwards	302.05	288.04
Travelling & Conveyance	360.76	389.45
Insurance	105.79	89.98
Rent	1.80	244.97
Rates & Taxes ( Excluding Taxes on Income )	124.66	59.56
Director's Sitting Fees	16.05	8.95
Remuneration to auditors :		
Audit Fee	22.00	16.00
Tax Audit Fee	5.00	3.00
Certification Fee /Taxation matter	4.62	2.18
Communication Expenses	36.19	39.25
Professional consultancy	345.49	299.67
CSR Expenses	39.33	5.19
Miscellaneous Expenses	309.83	405.96
<b>TOTAL</b>	<b>4,818.78</b>	<b>5,147.80</b>

## NOTE 24 : TAX EXPENSES

	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
Current tax	524.85	946.82
Taxe Relating to Earlier Years	(42.59)	-
Reversal of MAT Credit	372.45	-
Deferred (credit)/expenses	(578.66)	715.03
<b>TOTAL</b>	<b>276.05</b>	<b>1,661.85</b>

## NOTE 25: NOTES TO ACCOUNT

### 25.1. Earnings per share (EPS) from continuing operations

Particulars	For the year 2019-20	For the year 2018-19
<b>Earnings</b>		
Profit for the period (₹ in lakhs)	1,709.50	2,371.96
<b>Shares</b>		
Number of shares at the beginning of the period	2,98,27,845	2,98,27,845
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	2,98,27,845
Weighted average number of equity shares outstanding during the period	3,15,40,049	2,98,27,845
<b>Earnings per share of par value ₹.5/- Basic (₹)</b>	<b>5.42</b>	<b>7.67</b>
<b>Earnings per share of par value ₹.5/- Diluted (₹)</b>	<b>5.42</b>	<b>7.14</b>



# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

## 25.2 Contingent Liabilities& Commitment

Particulars	As at 2019-20 ₹ in lakhs	As at 2018-19 ₹ in lakhs
<b>(a) Contingent Liabilities-Claims against the Company not acknowledged as debts:</b>		
(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*	-
<b>(b) Commitments</b>		
(i) Bank guarantees	1,108.61	1,109.11
(ii) Estimated amount of liability on account of Capital Commitments	2,568.73	166.18

\* No provision is considered since the Company expects favorable decision.

## 25.3. Employee Benefit Plans

A summary of the Gratuity & Leave Encashment plans are as follows

Assumptions	Gratuity Plan		Leave Encashment Plan	
	2019-20	2018-19	2019-20	2018-19
Discount Rate	6.80%	7.65%	6.80 %	7.65%
Rate of increase in Compensation levels	2% p.a.	2% p.a.	2% p.a.	2% p.a.
Rate of Return on Plan Assets	6.8%	7.4%	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		Leave Encashment Plan ₹ in lakhs	
	2019-20	2018-19	2019-20	2018-19
Present Value of Obligation as at the beginning of the year	251.16	220.87	71.80	57.45
Interest Cost	19.21	17.12	5.49	4.45
Current Service Cost	29.69	40.06	17.44	14.36
Benefits paid	(17.79)	(20.20)	(21.24)	(29.98)
Actuarial (gain)/ loss on obligations	23.71	(6.69)	15.75	25.52
Present Value of Obligation as at the end of the year	305.98	251.16	89.24	71.80
<b>Amount to be recognized in Balance Sheet</b>				
Present Value of Obligation as at the end of the year	305.98	251.16	89.24	71.80
Fair Value of Plan Assets as at the end of the year	213.36	215.67	-	-
Funded Status	(92.64)	(35.49)	(89.24)	(71.80)
Net Asset / (Liability) Recognized in Balance Sheet	(92.64)	(35.49)	(89.24)	(71.80)
<b>Expenses Recognized in the Statement of Profit and Loss</b>				
Current Service Cost	29.69	40.06	17.44	14.34
Past Service Cost	-	-	-	-
Interest Cost	19.21	17.12	5.49	4.46
Expected Return on Plan Assets	(15.46)	(15.00)	-	-
Net actuarial (gain)/ loss recognized in the year	23.71	(6.69)	15.75	25.52
Expenses Recognized in the Statement of Profit & Loss	57.15	35.49	38.68	44.32

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

## 25.4. Details of consumption of Raw Material

Description	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
Imported (Silicon Steel)	1,729.93	2,028.36
Indigenous (Silicon Steel)	21,066.09	26,024.57
Others	10,587.44	9,287.06
<b>TOTAL</b>	<b>33,383.46</b>	<b>37,339.99</b>

## 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	46,283.17 (50,189.55)	3,361.63 (3,911.25)	3,911.25 (6,302.85)
Others	5,143.05 (8,074.07)	- -	- -
Traded Goods	3,83.13 (3,163.18)	- -	- -
<b>TOTAL</b>	<b>51,809.35</b> (61,426.80)	<b>3,361.63</b> (3,911.25)	<b>3,911.25</b> (6,302.85)

Note: Figures in brackets represent previous year's figures 2018-19.

## 25.6. Stock of Work in process

Description	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
Stampings / Metal Castings	2,040.09	2,280.43
<b>TOTAL</b>	<b>2,040.09</b>	<b>2,280.43</b>

## 25.7. CIF Value of Imports

Description	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
Raw Materials	1,519.43	2,437.95
Stores and Spares	118.97	118.05
Traded Goods	82.23	-
Capital goods	528.45	951.74
<b>TOTAL</b>	<b>2,249.08</b>	<b>3,507.74</b>

## 25.8. Earnings in Foreign Currency

Description	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
FOB value of Exports	21,030.97	26,745.17

## 25.9. Expenditure in Foreign Currency

Description	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
Travelling and others	296.84	255.15
<b>Total</b>	<b>296.84</b>	<b>255.15</b>

## 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:

- Details of investment made are given in Note 3A & 25.13
- 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.

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

Operating Segments are components of the Company whose operating results are regularly reviewed by the The Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assesses its performance and for which discreet information is available.

The operating segment of the Company is identified to be "Specialized sheet metal components, its sub-assemblies for rotating electrical equipment and various machined components" as the CODM reviews business performance at an overall Company 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:

S. No.	Segment Revenue	For the year 2019-20 ₹ in lakhs	For the year 2018-19 ₹ in lakhs
	India	31,709.59	36,063.25
	Outside India	21,164.15	26,384.89
	<b>TOTAL</b>	<b>52,873.74</b>	<b>62,448.14</b>

## b) Assets:

Segment Assets	Carrying amount of Assets	
	As at 31.03.2020 ₹ in lakhs	As at 31.03.2019 ₹ in lakhs
India	52,056.32	47,309.94
Outside India	7,552.67	1,1094.80
<b>TOTAL</b>	<b>59,608.99</b>	<b>58,404.74</b>

## c) Revenue from Major Customers: Details of single external customer from whom the Company receives more than 10% of revenue.

Revenue from four customers of the Company's single operating segment amounts to ₹ 30,079.22 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 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).

₹ in lakhs

Particulars	Fair value hierarchy			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
31-March-2020				
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
31-March-2019				
Financial Asset				
Investment in equity instruments	1,643.05	2.05	1,641.00	-
Security Deposits	79.12	-	-	79.12
Financial Liability				
Borrowings	7,559.55	-	-	7,559.55
<b>Total</b>	<b>9,281.72</b>	<b>2.05</b>	<b>1,641.00</b>	<b>7,638.67</b>

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

## 25.13. Related party disclosures:

### I) List of Related parties:

#### (a) 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

#### (b) Relatives of Directors\* with whom transactions have taken place

- i. Smt Madhuri S Pitti
- ii. Smt Radhika A Pitti

### II) Key Managerial Personnel

- i. Shri N. K. Khandelwal
- ii. Ms. Mary Monica Braganza

### III) Companies in which Directors\* having interest with whom transactions have taken place

- i. Pitti Castings Private Limited
- ii. Pitti Electrical Equipment Pvt. Ltd.,
- iii. Pitti Components Limited
- iv. Pitti Trade and Investments Pvt Ltd

### IV) Entities in which Directors\*# having interest with whom transactions have taken place

- Badrivishal Pannalal Pitti Trust

## A. Transactions/balances outstanding with related parties

### (1) For the 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	-	1641.00	-	1641.00

# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

## (2) For the previous Financial Year 2018-19

₹ in lakhs					
Sl. No	Transactions / Outstanding balances	Directors/ Relatives	Director's interest in Company/ Entities	Key Managerial Personnel	Total
1	Remuneration	117.49	-	81.90	<b>199.39</b>
2	Rent / Lease Expenses	241.55	-	-	<b>241.55</b>
3	Rent / Lease Income	-	-	-	-
4	Purchases of goods & services	-	6,463.03	-	<b>6,463.03</b>
5	Sales of goods & services	-	700.21	-	<b>700.21</b>
6	Unsecured Loan - received	1,110.00	-	-	<b>1,110.00</b>
7	Unsecured Loan - repaid	1,160.00	-	-	<b>1,160.00</b>
8	Inter Corporate Deposits - received	-	3,300.00	-	<b>3,300.00</b>
9	Inter Corporate Deposits - repaid	-	3,250.00	-	<b>3,250.00</b>
10	Monies Received against Warrants	-	-	-	-
11	Warrants converted to Share Capital	-	-	-	-
12	Donations for CSR	-	5.20	-	<b>5.20</b>
13	Interest paid	-	88.70	-	<b>88.70</b>
14	Rent Deposit Received	-	-	-	-
15	Amount payable at the year end	764.30	789.83	13.10	<b>1,567.23</b>
16	Amount receivable at the year end	60.23	4.45	-	<b>64.68</b>
17	Investments at the year end	-	1,641.00	-	<b>1,641.00</b>

## 25.14. Deferred Tax

₹ in lakhs				
Sl. No	Particulars	Deferred Tax (Liability)/ Asset as at 01.04.2019	Current Year charge (Debit)	Deferred Tax (Liability)/ Asset as at 31.03.2020
1	Difference between Depreciation as per Co's Act. & as per IT Act.	(1,830.63)	(151.78)	(1,982.41)
2	Others	145.09	730.44	875.53
	<b>Deferred Tax Net</b>	<b>(1,685.54)</b>	<b>578.66</b>	<b>(1,106.88)</b>

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

**25.17.** Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)

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 2019-20	Year 2018-19
1	Principle amount due to suppliers under MSMED	<b>70.24</b>	-
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.	-	497.22
4	Interest paid to suppliers covered under MSMED	-	12.88
5	Interest due & Payable to suppliers covered under MSMED Act., towards payments already made.	-	-



# Notes to Financial Statements

for the year ended 31<sup>st</sup> March 2020

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.** On transition, the adoption of the new standard resulted in recognition of 'Right of Use' ("RoU") asset of 2,613.72 crore and a lease liability of 2,613.72 crore. 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 an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

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

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 that were previously identified as leases under IND AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at 1<sup>st</sup> April 2019 is 12.5% p.a.

Particulars	Category of ROU Assets				₹ in lakhs
	Land	Building	Vehicles	Computers	Total
Balance as on 1 <sup>st</sup> April 2019	-	-	-	-	-
Reclassified on account of adoption of IND AS 116	227.69	2,272.14	69.10	44.79	2,613.72
Additions	-	-	-	-	-
Deletions	-	-	-	-	-
Depreciation	17.88	119.59	27.59	25.59	190.65
Balance as on 31 <sup>st</sup> March 2020	209.81	2,152.55	41.51	19.20	2,423.07

**25.19.** Due to change in income tax rate there is decrease in current year income tax by ₹ 103.46 lakhs, decrease in deferred tax by ₹ 530.35 lakhs and write off of MAT credit by an amount of ₹ 372.45 lakhs.

**25.20.** Letters have been written for confirmation of debit and credit balances pertaining to debtors and creditors and reply from the parties is awaited.

**25.21.** Financial and derivative instruments:

Description	₹ in lakhs	
	As at 31.03.2020	As at 31.03.2019
Forward Contracts	7,267.31	1,396.65

All financial and forward contracts entered into by the Company are for hedging purpose only.

**25.22.** Statutory Auditor's Remuneration:

Sl. No	Description	₹ in lakhs	
		Year 2019-20	Year 2018-19
1	Statutory Audit	22.00	16.00
2	Tax Audit	5.00	3.00
3	Certification fee / Taxation matter	4.62	2.18

As per our Report of even date

for **Laxminiwas & Co**  
Chartered Accountants  
Firm's Registration  
Number:0111685

**Vijay Singh**  
Partner

M. No:221671

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

For and on behalf of the Board of Directors of

**Pitti Engineering Limited**  
CIN : L29253TG1983PLC004141

**Sharad B Pitti**  
Chairman & Managing  
Director  
DIN:00078716

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

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

**N. R. Ganti**  
Director  
DIN : 00021592

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

# Notice

Notice is hereby given that the 36th Annual General Meeting of Pitti Engineering Limited (Formerly Pitti Laminations Limited) will be held on Friday, 25<sup>th</sup> September 2020 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 the audited financial statements of the Company for the financial year ended 31<sup>st</sup> March 2020 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 31<sup>st</sup> March 2020 and the reports of the Board of Directors and 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, who retires by rotation 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 2020-21 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 31<sup>st</sup> March 2021 amounting to ₹2,00,000/- (Rupees two lakhs 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 2020-21 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 2020-21 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."

5. To approve remuneration to Executive Directors who are promoters or members of the promoter group and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution.

**"RESOLVED THAT** pursuant to Section 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule V of the Act and pursuant to Regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and other applicable provisions, if any, consent of the Members of the Company be and is hereby accorded for payment of remuneration as per terms and conditions approved by the shareholders at the 35<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> September 2019 to Shri Sharad B Pitti, Chairman & Managing Director and Shri Akshay S Pitti, Vice-Chairman & Managing Director who are promoters of the Company, notwithstanding that such payments exceed the limits prescribed

under Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations.

**RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to alter and vary the terms and conditions including remuneration in such manner as may be agreed to between the Board of Directors and aforesaid Directors, provided however that the remuneration payable to the said Directors shall be subject to provisions of Section 197 of the Companies Act, 2013 read with Schedule V and related rules thereunder.

**RESOLVED FURTHER THAT** that notwithstanding anything to the contrary herein contained where in any financial year during their tenure, the Company has no profits or its profits are inadequate, the Company shall pay the remuneration by way of salary, benefits, perquisites, allowances, variable pay, performance linked incentive as approved by the Board as minimum remuneration.

**RESOLVED FURTHER THAT** the aforesaid approval for payment of remuneration shall be valid for the remuneration paid during the financial year 2019-20 and up to the expiry of the current tenure of the Chairman & Managing Director

and Vice-Chairman & Managing Director."

By order of the Board  
For Pitti Engineering Limited

**Mary Monica Braganza**

Company Secretary & Compliance Officer  
FCS:5532

Place : Hyderabad  
Date : 25<sup>th</sup> June 2020

**Notes:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to relating to Special Business under item 3 to 5 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 covered under point II of annexure -1 annexed herewith.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5<sup>th</sup> May 2020 and read with circulars dated 8<sup>th</sup> April 2020 and 13<sup>th</sup> April 2020 (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 AGM of the Company is being held through VC / OAVM.

3. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12<sup>th</sup> May 2020, Notice of the AGM along with the Annual Report 2019-20 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 2019-20 will also be available on the Company's website [www.pitti.in](http://www.pitti.in) in websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://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](mailto:shares@pitti.in) in with a copy marked to [evoting@nsdl.co.in](mailto: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 23<sup>rd</sup> September 2020 through email on [shares@pitti.in](mailto: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 7<sup>th</sup> 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 6<sup>th</sup> September 2017.
11. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 19<sup>th</sup> September 2020 to Friday, 25<sup>th</sup> September 2020 (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 1<sup>st</sup> 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](http://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, 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, 22<sup>nd</sup> September 2020 (9:00 a.m. IST) and ends on Thursday, 24<sup>th</sup> September 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday 18<sup>th</sup> September 2020 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. FCS 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.co.in](mailto:evoting@nsdl.co.in). 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.

The details of the process and manner for remote e-voting are explained herein below:

Step 1: Log-in to NSDL e-voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-voting system

Details on Step 1 are mentioned below:

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" 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. 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.
4. 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 Members 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 Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID 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***
5. Your password details 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 from <a href="mailto:evoting@nsdl.com">evoting@nsdl.com</a> . 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 mentioned below in this notice.	



6. 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](http://www.evoting.nsdl.com).
  - b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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.co.in](mailto:evoting@nsdl.co.in) 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.
7. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. 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 the Home page of e-voting. Click on e-voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company, for which you wish to cast your vote.
4. Now you are ready for e-voting as the Voting page opens
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for shareholders

1. Institutional/Corporateshareholders (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, by email to [info@dajaykishan.com](mailto:info@dajaykishan.com) with a copy marked to [evoting@nsdl.co.in](mailto: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. In 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 relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of <https://www.evoting.nsdl.com> or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
4. In case of any grievances connected with facility for e-voting, please contact

Mr. Amit Vishal, Senior Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / [amity@nsdl.co.in](mailto:amity@nsdl.co.in) Tel: 91 22 2499 4360/ 1800-222-990 or Ms. Sarita Mote, Assistant Manager, NSDL at email [saritam@nsdl.co.in](mailto:saritam@nsdl.co.in) Tel: 022 2499 4890

**Process for those shareholders whose email ids are not registered with the depositories for procuring**

#### User ID and password and registration of email IDs for e-voting for the resolutions set out in this notice.

1. In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card, self attested scanned copy of Aadhar Card by email to [shares@pitti.in](mailto:shares@pitti.in).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of consolidated account statement, self-attested scanned copy of PAN card, self-attested scanned copy of Aadhar Card to [shares@pitti.in](mailto:shares@pitti.in).
3. Alternatively member may send an e-mail request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for obtaining User ID and password by proving the details mentioned in point (1) or (2) as the case may be.

#### 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 details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

#### **B. 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 36th 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](mailto:shares@pitti.in) before 3:00 p.m. (IST) on 23<sup>rd</sup> September 2020. 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](mailto:shares@pitti.in) from 19<sup>th</sup> September 2020 (9:00 a.m. (IST)) to 22<sup>nd</sup> September 2020 (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.
- f) Members, who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/1800-222-990 or contact Ms. Sarita Mote, Assistant Manager – NSDL at [saritam@nsdl.co.in](mailto:saritam@nsdl.co.in)/ 022-24994890 or Mr. Amit, Senior Manager, NSDL Email: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)/[amity@nsdl.co.in](mailto:amity@nsdl.co.in) Tel: 91 22 2499 4360

#### **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 countersign the same.

2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.pitti.in](http://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 25<sup>th</sup> June 2020, 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 31<sup>st</sup> March 2021. 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 arm's 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 PEPL for the year 2020-21 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.	135.00	26.06%
Pitti Electrical Equipment Private Limited	Purchase & sale of goods & services.	24.00	4.63%
Total		159.00	30.69%

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.

#### Item No. 5

Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 requires approval of the Members of the Company by way of a special resolution in case the remuneration payable to the Executive Directors who are promoters or members of the promoter group exceeds ₹5 crore or 2.5% of the net profits of the Company, whichever is higher to one such Director

and where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5% of the net profits of the Company.

Your Company has two Executive Promoter Directors viz., Shri Sharad B Pitti, Chairman & Managing Director and Shri Akshay S Pitti, Vice-Chairman & Managing Director. While the aggregate remuneration paid to them during the financial year 2019-2020 was within the permissible limits viz., 10% of net profits prescribed under Section 197 of the Companies Act, 2013, it has exceeded the limits prescribed under Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 viz., 5% of the net profits of the Company.

The Members at the 35th Annual General Meeting held on 19<sup>th</sup> September 2019 approved the payment of remuneration to the said Directors by way of an ordinary resolution. In view of the provisions of Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 and as a matter of abundant precaution in the event the Company's profitability is adversely impacted in future due to business environment under Section 197 read with the Schedule V a special resolution is

proposed for payment of the remuneration as approved by the Members as minimum remuneration to the said Directors in the event of absence or inadequacy of profits.

The Board of Directors of the Company at its meeting held on 25<sup>th</sup> June 2020 on recommendation of the Nomination and Remuneration Committee approved the remuneration payable to Executive Directors who are promoters or members of the promoter group in excess of limits specified above. The information as required under the Companies Act, 2013 is provided as Annexure 1 to the Explanatory Statement. The other terms and conditions of appointment as per the resolutions dated 19<sup>th</sup> September 2019 remain unchanged.

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.5 of the notice.

The Board recommends the special resolution set out at Item No. 5 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 : 25<sup>th</sup> June 2020

**Statement containing additional information as required under Schedule V of the Companies Act, 2013.****Annexure -1****I. General Information**

1)	Nature of Industry	Manufacture of electrical laminations & stamping, machining of metal components.		
2)	Date or expected date of commencement of commercial production	The Company was incorporated on 17 <sup>th</sup> September 1983. The Company started its commercial production in the year 1987.		
3)	Financial performance based on given indicators	₹ in lakhs		
	Particulars	2019-20	2018-19	2017-18
	Total Revenue	52,873.74	62,448.14	39,050.09
	Profit before finance cost, depreciation, amortization and tax	8,139.09	9,236.59	5,752.56
	Profit before Tax	1,985.55	4,033.81	1,631.49
	Profit after Tax	1,709.50	2,371.96	1,127.96
	Total Comprehensive Income	1,683.67	2,286.89	1,154.41
4)	Foreign investments or collaborations, if any.	Not Applicable		

**II. Information about Directors seeking approval of remuneration**

1)	Name of the Director	<b>Shri Sharad B Pitti</b>	<b>Shri Akshay S Pitti</b>
2)	Background Details		
	Date of Birth	11.07.1957	28.10.1985
	Date of Appointment	17.09.1983	14.10.2004
	Expertise in specific functional area	Industrial Management	Industrial Management
	Profile	Shri Sharad B Pitti is the promoter of the Company. He is a visionary and a pioneer for lamination manufacturing in the organised sector in India. He has played a pivotal role in the Company's growth and development.	Shri Akshay S Pitti is a born entrepreneur. He started at an early age and has moved through all functionalities in the organisation and gained a deep understanding of all processes and rich business experience. The Company is taking giant leaps under the able leadership of Shri Akshay S Pitti.
	Directorship held in other Companies as on date of AGM Notice	Pitti Castings Pvt Ltd Pitti Electrical Equipment Pvt Ltd Pitti Holdings Pvt Ltd Pitti Components Ltd Pitti Trade and Investment Pvt Ltd	Pitti Castings Pvt Ltd Pitti Electrical Equipment Pvt Ltd Pitti Holdings Pvt Ltd Pitti Components Ltd Pitti Trade and Investment Pvt Ltd

	Shri Sharad B Pitti	Shri Akshay S Pitti
Membership / Chairmanship of Committees of other Boards	NIL	NIL
Shareholding in the Company as on date of AGM Notice	39,20,306 equity shares	38,60,211 equity shares
3) Past remuneration	Remuneration of last 3 years are as follows: 2019-2020 : ₹69.72 lakhs 2018-2019 : ₹50.79 lakhs 2017-2018 : ₹48.25 lakhs	Remuneration of last 3 years are as follows: 2019-2020 : ₹68.07 lakhs 2018-2019 : ₹50.79 lakhs 2017-2018 : ₹48.25 lakhs
4) Job profile and his suitability	Shri Sharad B Pitti is the Chairman & Managing Director of the Company. He has been associated with the Company since its inception and has spearheaded the Company in being a leader in the lamination industry.	Shri Akshay S Pitti is the Vice-Chairman & Managing Director of the Company. He possesses top management experience in all facets of project management and manufacturing. Under his leadership, the Company has added many reputed and prestigious clients. He has provided commendable planning and executive leadership, resulting in a higher level of production, productivity and profitability.
5) Remuneration proposed	Basic Salary ₹3,85,000/- p.m HRA ₹1,54,000/- p.m Other allowances ₹2,32,948/- p.m LTA, Contribution to PF and Gratuity as per rules of the Company; Provision of car for use in Company's business and telephone at residence / and usage of cell phones. Annual increments / increases as may be decided by the Board of Directors from time to time.	Basic Salary ₹3,85,000/- p.m HRA ₹1,54,000/- p.m Other allowances ₹2,32,948/- p.m LTA, Contribution to PF and Gratuity as per rules of the Company; Provision of car for use in Company's business and telephone at residence / and usage of cell phones. Annual increments / increases as may be decided by the Board of Directors from time to time.
6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The remuneration as proposed is generally comparable with that drawn by the peers in similar capacity in the industry and is commensurate with the size of the Company and its business.	The remuneration as proposed is generally comparable with that drawn by the peers in similar capacity in the industry and is commensurate with the size of the Company and its business.
7) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Shri Sharad B Pitti is the chief promoter of the Company and is related to Shri Akshay S Pitti, Vice-Chairman & Managing Director.	Shri Akshay S Pitti is the son of Shri Sharad B Pitti, Chairman & Managing Director.

### III. Other Information

1) Reasons of loss or inadequacy of profits:

The Company operates in the engineering sector and is part of supply chain of OEM's in capital goods, generation, transportation, and industrial sectors which are directly linked to the performance of the economies. The year was marred by the slow global economies, Indian NBFC crisis and Covid 19 disruptions, thus impacting the adequacy of the profits for the year.

2) Steps taken or proposed to be taken for improvement:

The Company has been taking various strategic measures such as enhancing the product portfolio, customer base, geographical expansion, developing multiple procurement sources and bringing in house the manufacturing of certain bought out items besides being focused on increasing value add. Along with this the Company continuously works on cost optimisation to ensure competitiveness of its products and overall profitability. Further, the high growth prospects of the Indian economy in the coming years will also add glitter to its performance.

3) Expected increase in productivity and profits in measurable terms:

The Company has taken significant positive actions which are expected to yield sustained growth as well as face future challenges and it is continuing to take steps which will enable the growth in its value-added offerings to its customers. It has been aggressively pursuing and implementing its strategies to improve financial performance.

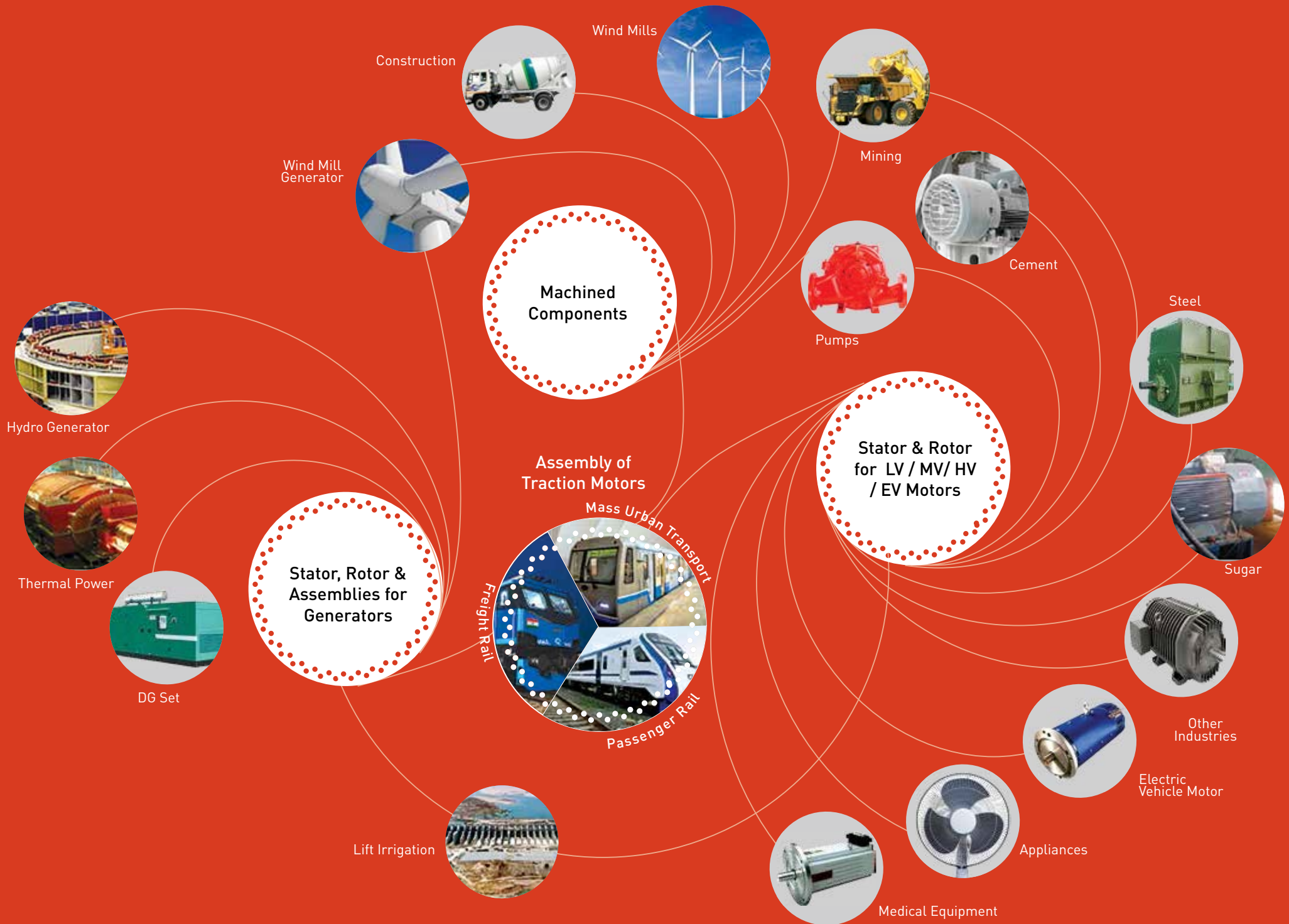
### IV. Disclosures

Disclosures on managerial remuneration, fees, stock options, if any, are mentioned in the Director's Report, forming part of the Annual Report for the Financial Year 2019-20 of the Company, to be considered at the ensuing Annual General Meeting.



We, at Pitti Engineering, are contributing to a range of engineering products, from highly efficient modern locomotives to green transport solutions through electric vehicles, from renewable energy through hydro and wind power to super critical (lesser emission) thermal power, from India's first self-propelled (engine-less) train, to ultra-modern irrigation projects. Our products find a suitable application in almost all engineering application.







**Pitti Engineering Limited**

(Formerly Pitti Laminations Limited)

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