

Pitti Engineering Limited

(Formerly Pitti Laminations Limited)

ISO 9001:2015 ISO 14001:2015

www.pitti.in



August 23, 2019

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: Submission of Annual Report for the financial year 2018-19


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 2018-19. The Annual General Meeting of the Company is scheduled to be held on Thursday, September 19, 2019 at 2:30 P.M at Kohinoor Hall, Hotel Taj Deccan, Road No.1, Banjara Hills, Hyderabad - 500 034.

The copy of the Annual Report is also available on the company's website www.pitti.in.

We request you to take the same on record.

Thanking you.

Yours faithfully,
For Pitti Engineering Limited


Monica Braganza
Company Secretary & Compliance Officer
Somajiguda
Hyderabad - 500 082
PC 5532

CIN: L29253TG1983PLC004141

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Our 4Ss of Sustained Growth

• Skill • Scale • Spread • Strategy •

FY19 in Numbers

We delivered an all-round growth and how

₹ 624.48 Cr.
Revenue
(up 63.59%)

₹ 90.10 Cr.
EBIDTA
(up 65.08%)

₹ 23.72 Cr.
PAT
(up 110.28%)

₹ 7.76
EPS
(up 81.75%)

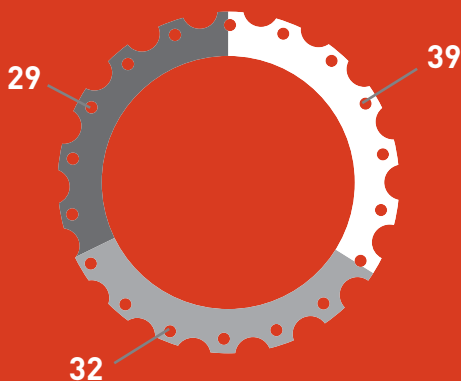
25,115 MT
Total Volume

70 %
Capacity Utilisation

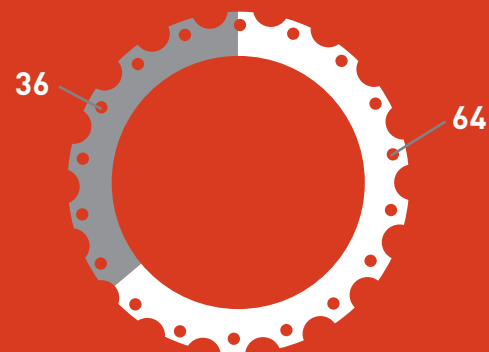
16,821 MT
Domestic volume

8,294 MT
Export volume

Volume Mix by
User Segment (%)



Volume Mix by
Geography (%)

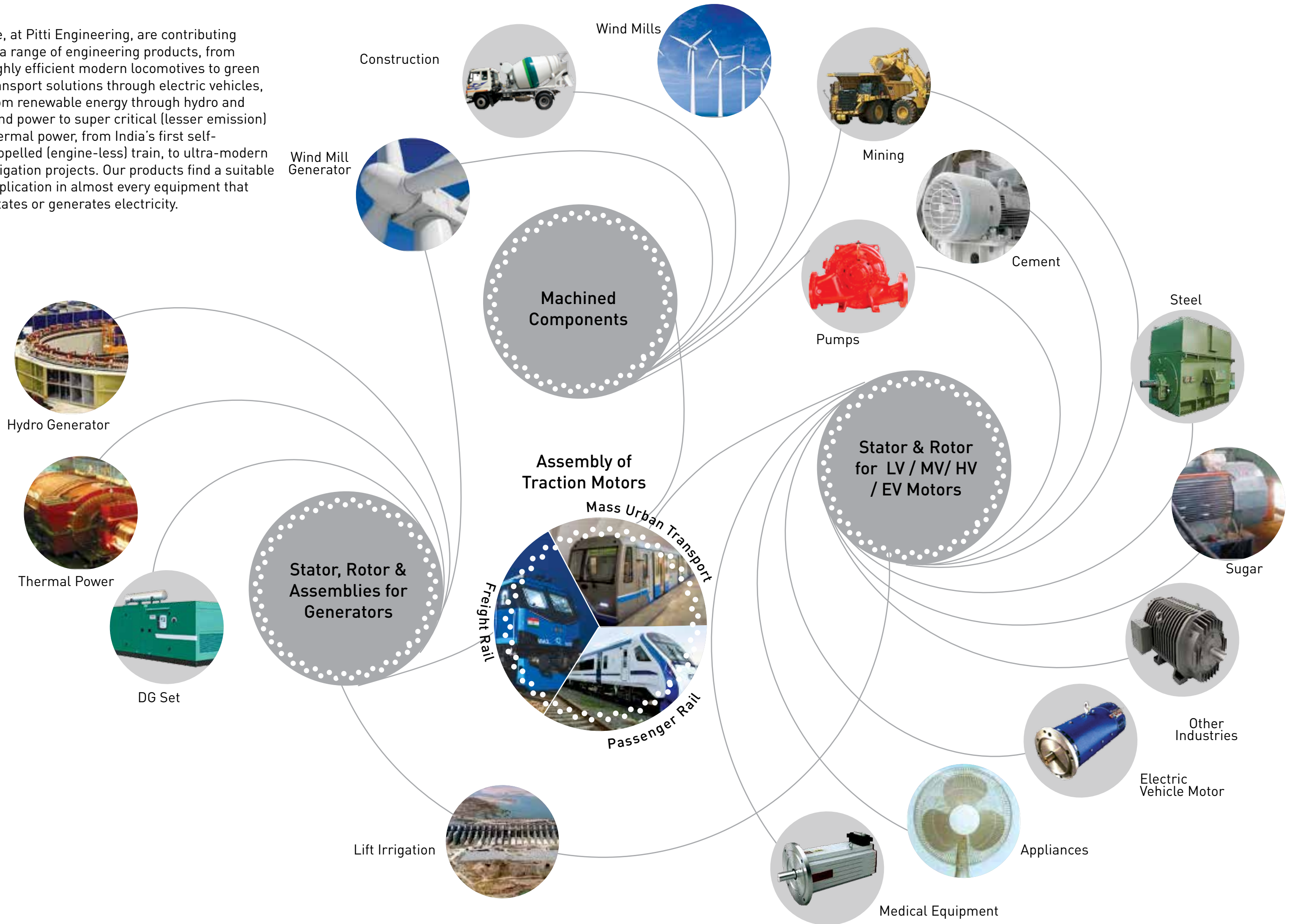


■ Transportation ■ Generation ■ Industrial

■ Domestic ■ Exports

Quantitative data is for Lamination

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 every equipment that rotates or generates electricity.





PITTI is

biog

in your life

What's where...



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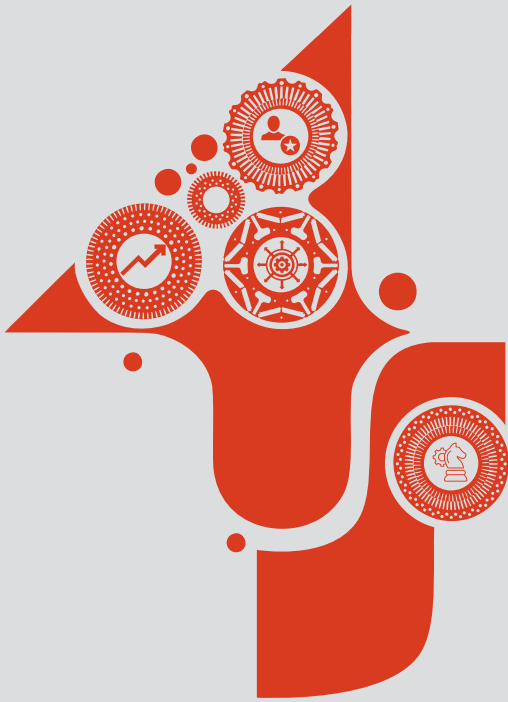
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General Meeting

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.



Our 4Ss of Sustained Growth

Skill. Scale. Spread. Strategy.

In the fast-evolving business dynamics of today, change is a decisive constant. Change, incidentally, was the underlying theme for all of us at Pitti for well over the previous 36 months. While we were doing good with what we have always been great at - laminations; a world of new opportunities could have been unlocked, provided we took some strategic calls and followed it up with precise execution.

The change warranted us to move upstream - from loose laminations to assemblies; from assemblies to larger sub-assemblies - that required raising in-house skills and developing new capabilities across sheet metal, machining and assembly.

The change also warranted scale. Scale to execute all those functions in an integrated manner under one roof. Scale also to address with precision and speed, the growing complexity in product profile, while delivering even higher volumes.

The change had to be broad-based - spread out across the customer universe, spread across user segments, spread across supply geographies and spread across newly acquired skills.

The change in strategy had to be organisation-wide, transforming the way we did business and the business itself. We knew that these were massive

changes and carrying these through would be a herculean task. All the changes would have to be strategised and implemented to perfection. The only goal we had, was sustainable growth.

We grabbed the challenge to change, with both hands and worked on it with purpose, passion and perseverance. We adopted the 4Ss. Skill, Scale, Spread and Strategy as our tools to accomplish our Goals.

We entered the fiscal year 2018-19 with the first breeze of this mammoth change - our name to Pitti Engineering Limited. And we closed the year on a record high - with many new benchmarks, including those across volumes, revenue and profitability. In the first annual report as the new Pitti Engineering Limited, we are choosing to highlight our new business enablers, the famed 4Ss... **Skill. Scale. Spread. Strategy.**

The world of Pitti Engineering

An integrated engineering solutions provider



We are one of India's largest and most reputed manufacturer of specialised sheet metal components, its sub-assemblies for rotating electrical equipment and various machined components. Our products are supplied to varied industries including industrial drives, freight and passenger rail, mass urban transportation, power generation, aerospace, oil & gas, mining and earth moving equipment, renewable energy and infrastructure projects, amongst others.

Steadily moving up the value chain all these years, we rank high as one of the few companies in the world to possess integrated processes under one roof. Employing 1,800+ professionals and workmen directly and indirectly at our 3 manufacturing plants strategically located at Hyderabad in Southern India and Aurangabad in Western India, our current installed capacity is 36,000 MT for sheet metal components and 2,47,600 hours for machining.

Our Differentiators

Sheet Metal

- Electrical motors are extensively used across spheres and the segment is poised to grow year-on-year
- We are the only Company in India that provides ready to wind specialised stators (assembled or die-cast) to motor manufacturers

Machining

- We deploy precision machines for machining of large castings and fabricated frames
- CMM machines ensure consistent quality

Supply Chain Solutions

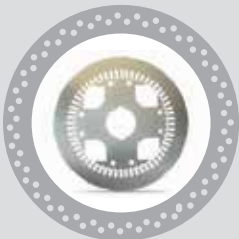
- We have a very diverse and developed vendor base across geographies and sectors for parts like steel casting/forging/Iron castings/Fabrication/extruded Components.
- We leverage this supply base along with our in-house integrated supply chain solutions to provide complete solution to the customer.

Our Global Clientele

Our Product Suite

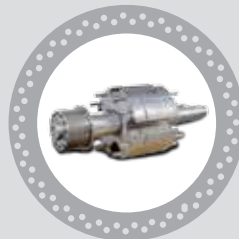
Sheet Metal



Specification

- **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

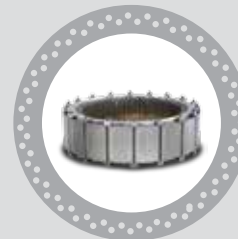
Die-cast Rotors & Assemblies



Specification

- 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

Stator Core Assemblies



Specification

- Assemblies weighing upto 9 tons

Fabricated Machined Components



Specification

- Machined Fabricated bodies with core dropping of assembled cores, fitted with Child Parts and ready for winding

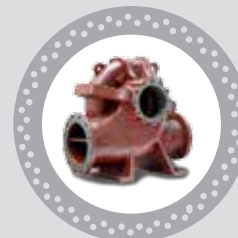
Pole Assemblies



Specification

- Assembled pole bricks

Machined Components



Specification

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

Historical Performance

Our growth through the years

Key Figures

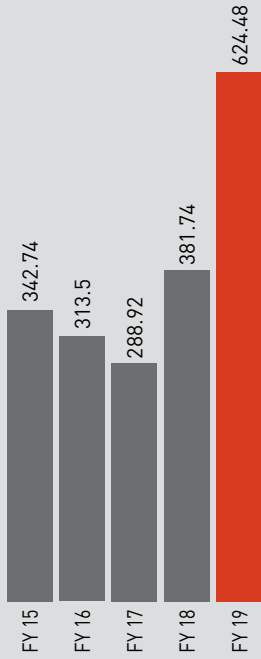
Particulars	FY 19	FY 18	FY 17	FY 16	FY 15
Balance Sheet and P&L Highlights (₹ in crores)		IND AS		IGAAP	
Revenue (excluding taxes)	624.48	381.74	288.92	313.50	342.74
EBITDA*	90.10	54.58	33.54	19.03	40.52
Finance cost	29.61	23.48	15.32	17.03	11.27
PBT	40.34	16.31	5.12	(11.42)	15.12
PAT	23.72	11.28	4.31	(9.56)	9.33
Total Comprehensive Income	22.87	11.54	5.40	(9.56)	9.33
Cash Accruals**	45.28	29.18	21.58	5.87	25.16
Net Worth	175.96	154.56	112.42	106.95	117.25
Debt	248.45	255.92	194.80	174.18	143.35
Net Fixed Assets	234.67	213.31	124.97	88.00	96.54
Inventory	100.27	129.16	144.97	117.57	105.93
Debtors	182.49	136.92	102.79	111.96	102.58
Cash & Bank	13.96	13.52	11.02	18.23	15.29
Total Assets	584.05	548.88	410.02	361.91	367.64
Per Share Amounts (in ₹)					
Earnings per share (EPS)	7.67	4.22	2.00	(3.54)	6.91
Dividend per share (DPS)	-	-	-	-	1.37
Book Value per share (BVPS)	58.99	51.82	41.66	39.64	43.45
Growth Ratio (%)					
Revenue Growth	63.59	32.13	(7.84)	(8.53)	37.21
EBITDA Growth	65.08	62.73	76.25	(53.04)	23.88
PAT Growth	110.28	161.72	145.08	(202.47)	121.62
Total Comprehensive Income Growth	98.18	113.70	156.49	(202.47)	121.62
Growth in Book Value per Share	13.84	24.39	5.10	(8.77)	5.08
Inventory - Increase / (Decrease)	(22.37)	(10.91)	23.31	(10.99)	9.44
Margin Ratios (%)					
EBITDA Margin	14.48	14.41	11.73	6.11	11.88
PAT Margin	3.80	2.95	1.49	(3.05)	2.72
Total Comprehensive Income Margin	3.66	3.02	1.87	(3.05)	2.72
Debt- Equity Ratio (in times)	1.41	1.65	1.73	1.63	1.22

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

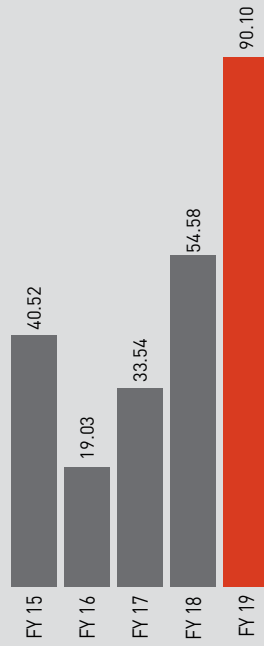
** Total Comprehensive Income + Depreciation

Key Performance Indicators

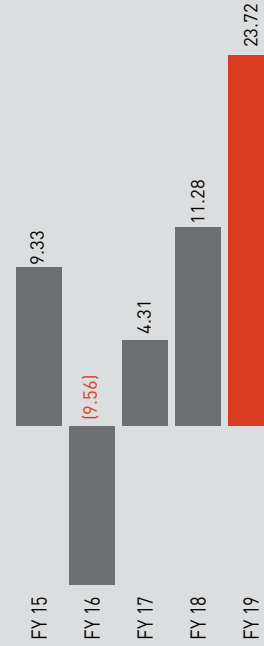
Revenue (₹ in crores)
5-year CAGR 20.11%



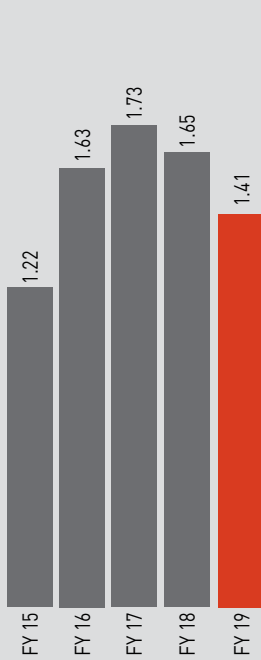
EBITDA (₹ in crores)
5-year CAGR 22.46%



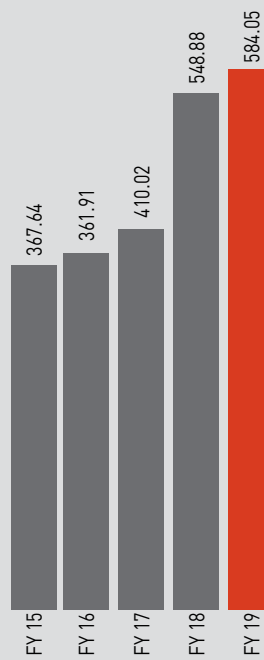
PAT (₹ in crores)
5-year CAGR 41.34%



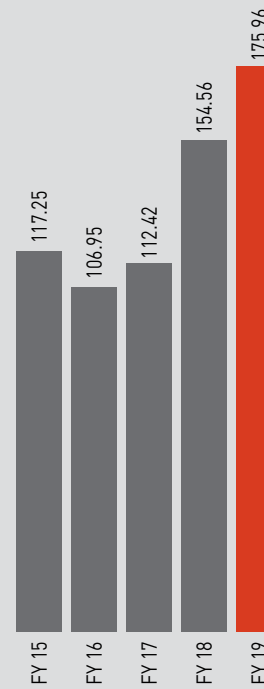
Debt Equity Ratio (times)



Total Assets (₹ in crores)



Net Worth (₹ in crores)



Chairman's Letter

A collective approach



The Company is getting future ready for certain products in various segments and applications 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, Renewable Energy, etc.

Dear Shareholders,

These are exciting times for your Company. Pitti Engineering, the new identity has been well received by the market and customers. It reflects on PEL's evolution over the past few years and the future focus. We are slowly and cautiously inching close to beat our target to become a ₹ 1,000 crore Company.

As you are aware, we began our journey over three decades back with the vision to revolutionise the manufacturing sector with our lamination products. Today, your Company is not only a major exporter of laminations and allied products from India, but has integrated multiple lateral process like Tooling, Laminations, Machining and Assembling successfully to provide a complete Engineering Solutions to its Customers.

Our journey towards becoming an integrated engineering solutions provider has not been easy and filled with many challenges. But, it is the trust and support of our partners and stakeholders, along with hard work and skill of our extended Pitti family that has made us India's largest and most reputed manufacturer of Electrical Steel Laminations, Motor Cores, Sub-Assemblies and Die-Cast Rotors. I thank each one of you in believing and investing into us. We are committed to you, our stakeholders and partners, and towards our nation's development and growth.

FY2018-19: A Historic Year

FY2018-19 has been a historic year for your Company. We have achieved highest-ever annual revenues and profits for the financial year. The total revenues for the year stand at ₹ 624.48 crore, up by 63.59%, as compared to ₹ 381.74 crore for the FY2017-18. The PAT is up by 110.28%. The Earnings Before

Finance Cost, Tax, Depreciation and Amortisation (EBITDA) for the financial year stand at ₹ 90.10 crore, up by 65.08% year on year.

We cater mainly to the capital goods and infrastructure industry, which is highly capital intensive and requires higher deployment of working capital. Still your Company reasonably leverages its debts to ₹ 248 crore, with a debt equity ratio of 1.41.

Focus Aurangabad

We owe this historical financial achievement to the successful implementation of our “Mega Project” at Aurangabad in Maharashtra. In addition to, our efforts to become smarter and more efficient, we implemented advanced manufacturing techniques and automation at our facilities.

We invested in the Aurangabad plant two years back. FY2018-19 is the first full year of operation, and has coincided well with the buoyancy in domestic capital goods sector and equally strong export markets.

The Aurangabad plant has started contributing significantly to Pitti's top-line. The integrated facility has brought us closer to the raw material sources and the customers, helping us save significant logistics and operational costs. In addition, it helped us to meet our targeted growth and demand in the domestic and international markets faster. By the end of the financial year, Aurangabad facility has reached a good capacity utilisation and would continue to contribute to our operations significantly in the years to come.

Sectoral View

During the year, we saw all our end sectors performing very well. Among them, the rail sector both

domestically and internationally has been outperforming, led by significant investments planned by the Governments. The demand from the consumer durables industry also picked up pace during the year, courtesy the cut in GST (Goods and Services Tax) rates on white goods. However, power generation sector was slightly sluggish during the year. On the other hand, the pickup in the capital goods sector saw our industrial exposure perform well.

Market condition

We have almost doubled our exports in the calendar year 2018, as against the year earlier with a definite pick up seen in the transportation and off-highway mining segment in few of our export geographies. Our share of exports to domestic stands at 42:58 for the financial year. The total exports for FY2018-19 stand at ₹ 263.85 crore.

Over the last two years, PEL has grown its top-line by 47.02% and bottom-line by 105.80% on a CAGR basis. However, we are cautious about the uncertainties stemming from the global trade wars and the prevailing liquidity crunch in the Indian economy.

We expect these ongoing trade tensions between US and China to present tactical opportunities for PEL. China commands almost 90-95% of windmill parts supply worldwide. With right policy thrust by the Government, we expect this sector to open up significant opportunities.

The Road Ahead

India is expected to continue its lead as the fastest growing economy in the world due to its demographic advantage, economic life cycle and Government thrust on reforms. According to World Economic Outlook's recent update, the lower

prices and easing inflation pressures in India is expected to keep the growth momentum intact. The Indian economy is estimated to grow at 7.3% for 2018, 7.5% in 2019 and 7.7% in 2020.

The Company has been working on the hub and spoke model of growth, by being present near to the major supplier and consumption, centres which is characterised by success of its Aurangabad Plant and in long term plans to be present in Karnataka, Gujarat and Northern India.

Therefore, the Company is getting future ready for certain products in various segments and applications like Power Systems for Data Farms, Propulsion Systems for Electric Vehicles, Sub-assemblies for Intercity Passenger and Freight movement, Components for Mass Urban Transit Systems, Renewable Energy, etc., which are in very early stage but hold the potential of growing into high volume market. Such products and sectors have already started trickling small revenues mainly due to our strategic focus towards this shift, as we expect exponential growth to come from them in the years to come.

For FY2019-20, we estimate stabilisation with a modest growth, while maintaining largely a positive outlook beyond FY2020. There are certainly promising times ahead for PEL.

Sharad B Pitti
Chairman & Managing Director

Board of Directors

Steering our strategic discourse

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. He is the Chairman of the Company's Nomination & Remuneration Committee.

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. He is also the Chairman of the Company's Stakeholders Relationship Committee.

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.

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.

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.

Awards & Accolades

Industry Recognitions

2018-19 was a significant year for Pitti Engineering Limited. Not only did our financial performance excel, the industry also accoladed PEL with awards



Cummins India Limited
– Product development support excellence award



Zee Business
Dare to Dream -
Company of the Year-2018



ABB India limited –
Best performer in quality/on time delivery/lead times



Wabtec Corporation –
Supplier of the year award

Ironing out 'Skilfully'



To handle electrical steel laminations and assemblies is a skilful art. To practice it day in-day out for more than three decades sharpens the skill to perfection. To further integrate new skills across sheet metal components, precision machining and complex assemblies across multiple applications adds diversity.

And that's precisely how we have been evolving, at Pitti Engineering. Along our business journey of nearly three and a half decades, we have steadily moved up the skill value chain. With a clear aim to strengthen brand 'Pitti' as the Numero Uno supplier from India for ready-to-wind motor sub-assemblies for a range of industrial and other applications.

Staying focused to deploy our skills towards varied applications, we have kept ourselves rooted to the sacrosanct processes, unlike most of our fragmented peers across related processes. Our righteous selection of technology and equipment, consistent focus on identification of right people, and training and developing them for specialised jobs, has enabled us to iron out complex assemblies and precision parts with ease. We have sweat it out to be the new Pitti, that we are. Thanks to our range of process innovations and technological upgrades,

our products are touching and enhancing millions of lives globally.

In the process, we have assimilated nearly 250 million manhours of engineering experience that serves as an unsurmountable entry barrier. Interestingly, most of our newly acquired skills like machining, laser cutting and assembling were born out of our desire to integrate required processes, to provide a ready to use quality product in minimum turnaround time, thus enhancing the customer experience.

Understanding the criticality of products that we supply in the overall success of our client's projects or product commitment; we in-sourced these missing links with an unquestionable commitment to offer highly reliable, high-quality offerings to our customers. What traditionally used to be a 'four-supplier, four-location, four-staged' process towards the end product, has been turned into

an 'integrated four-stage turnkey delivery' rolled out from under a single roof, now.

What started as a noble mission for reducing customer pain points, has eventually transformed us into a multi-disciplinary engineering company, that is supplying critical sub-assemblies to more than a dozen industrial, energy, transportation, mining and infrastructure sector customers. All along, we keep a sharp eye on continually upping our skill quotient. And keep accepting challenging customer assignments which require ingenuity, experimentation and pilot batching.

We continue to hone our skilfulness by way of continuous process improvements, technological advancements and automation, expansion of our tool library and upskilling of our talent pool.

Laminations

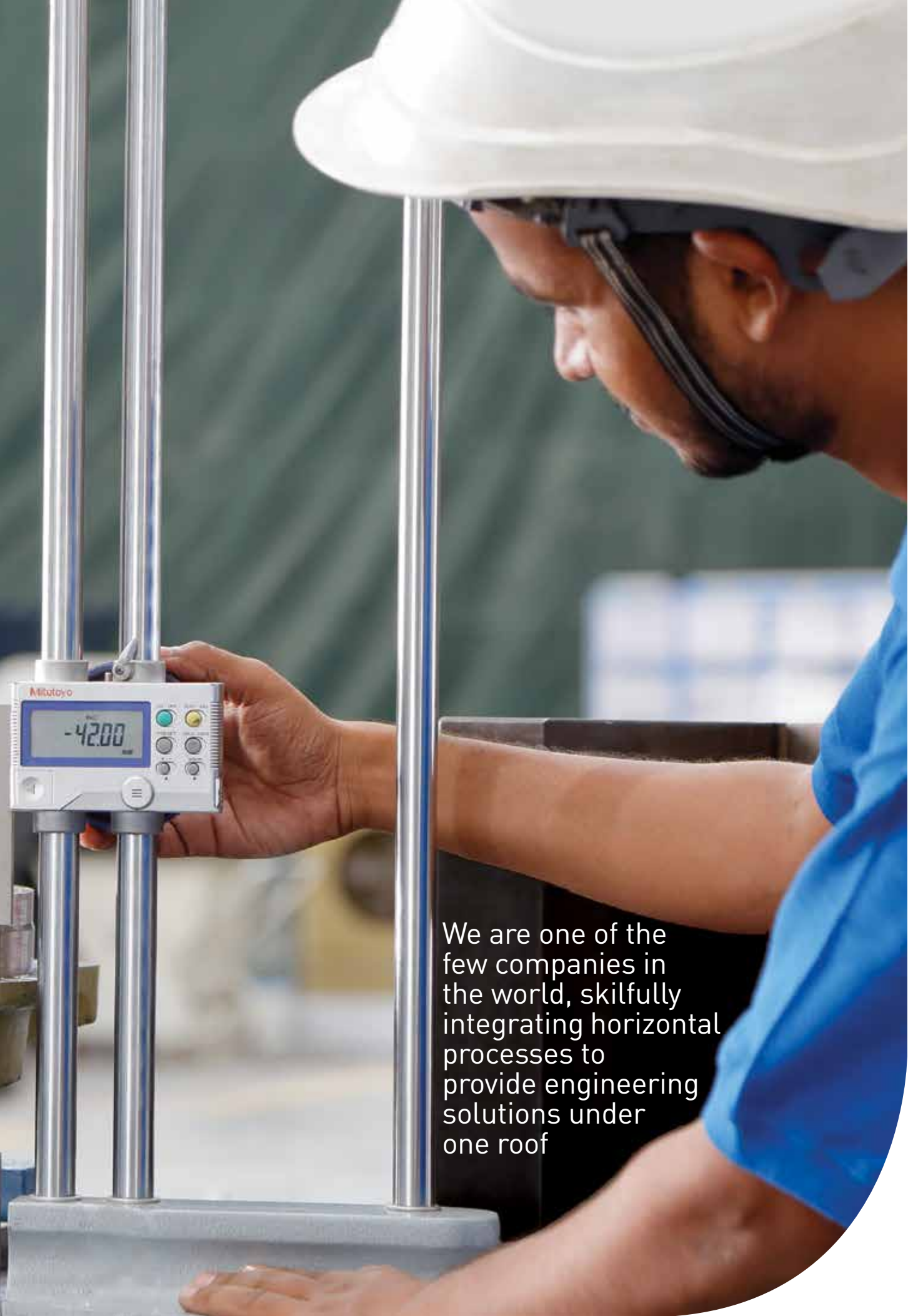
36,000

Metric Tons per annum

Machine Shop

2,47,600

Hours per annum



We are one of the few companies in the world, skilfully integrating horizontal processes to provide engineering solutions under one roof

'Scaling' for New Highs



We are Scaling up on a larger canvas and touching more lives.

Acquiring world class skills is just one pre-requisite, though a critical one. Scaling up fast and flexibly, vertically and horizontally, in line with the growing business needs of one's customers is equally pivotal. This is where our resolve of customer-centricity, strength of balance sheet and appetite for diversification in adjacent domains got tested. Ticking all the relevant boxes, we reinvented a new Pitti, one that can deliver significant value addition, much higher volumes, much larger sizes and much wider applications – all this while maintaining a faster turnaround time and enviable accuracy.

Putting the best of lean manufacturing at display, we equipped ourselves to ensure critical deliveries without any cost and time over-run. Our relentless addition of capacities and capabilities over the previous three years have not only supported steady growth in our revenues, but also profitability margins. The

fact that most of our expansions were achieved with optimal capital allocations, helped us deliver enhanced shareholder returns. With the current utilisation levels of around 70%, our next Capex cycle appears some quarters away.

The recent addition of our integrated manufacturing facility at Aurangabad has served well in terms of not only raising our sales volumes and revenues, but also profitability. Besides,

advanced manufacturing features like robotics, automation and IoT, integrated sheet metal, machining and assembly operations have helped improve efficiency and remove redundancies. Strategically located closer to the sourcing, as well as delivery locations, the plant has helped rein in logistics cost. With the plant yet to reach full utilisation levels, the available headroom allows us to accommodate additional volumes over the coming year.

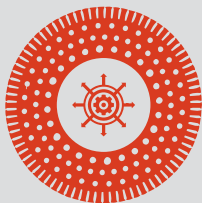
Our integrated manufacturing facility at Aurangabad



- Capacity: 26,000 MT (Laminations) and 36,000 hrs (Machine Shops)
- Closer to the customers and raw material sources
- Significant reduction in logistics and operational costs
- Latest manufacturing techniques such as Robotics, Machine Learning, IoT, etc.
- Deploys nearly 650-strong talent pool



'Spreading' Glocally



We are expanding our supply footprints across geographies and application segments

Adding scale to skills readies a business for long innings. The stakes go higher in this ivy league. De-concentration of customer universe, diversification of user industries and expansion of sales geographies become critical to de-risk the business as one climbs up the ladder.

User Industry



Aerospace



Automotive



Earth Moving



Home Appliances



Industrial Motors



Locomotive



Medical Equipment



Mining



Oil & Gas



Power Generation



Railways



Transportation

Expanding Supply Footprint



It is in this direction that we have relentlessly been expanding our customer base, end user segments and export geographies. Effective scaling up of our capabilities with successful foray into adjacencies, are leading to enhanced confidence of some of our global customers. In turn, we are raising our stature in their global supply chain, which is opening up new export geographies for us. Strengthened design and engineering capabilities, coupled with value-added product lines are not only adding new revenue streams, but also insulating us from geographic or sectoral cyclicality.

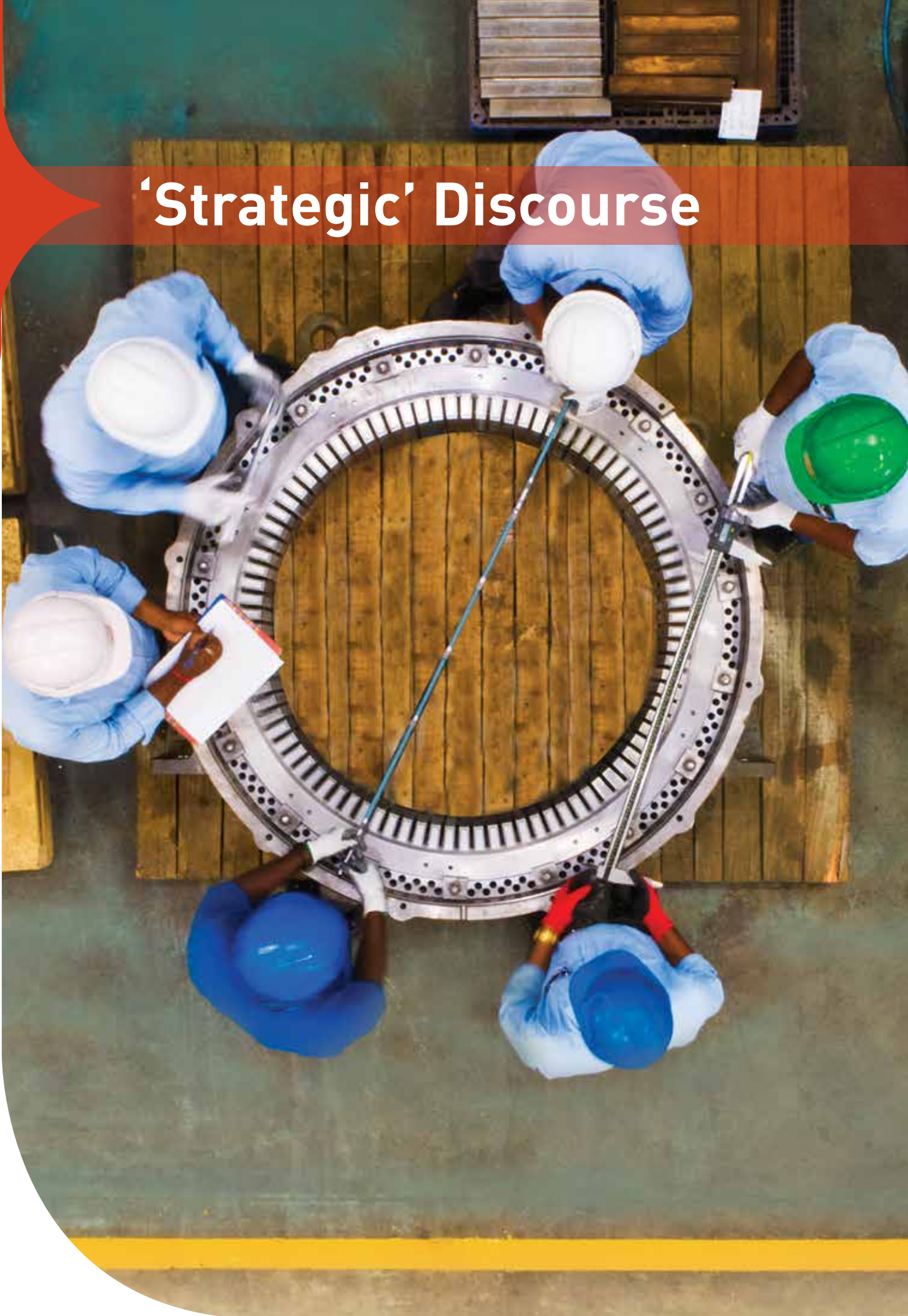
Till about a decade ago, all our supplies were headed towards DG sets and various industrial drives. Thanks to our thoughtful expansion of business offerings and diversification of user segments,

more than half of our revenues come from newer segments today. We did successfully broad base our supplies across a range of industry segments, including power generation, railways and metros, aerospace, automotive, consumer durables, mining & earth moving, oil & gas and infrastructure.

With the thrust been given to indigenisation under the 'Make in India' campaign by the Government, we are geared up to seize unfolding opportunities in sectors like urban transportation, railways, wind power, lift irrigation and electric mobility. In the export markets, there has been a definite pick up in the off-highway mining segment for some of our export geographies. Currently, our exports are headed to highly quality sensitive markets including the US, Mexico, Brazil, Germany.

A small, yet key addition to our user segment was consumer electricals - where we started supplying lamination assemblies for fans. A couple of ongoing pilot projects for electric mobility are going to open new avenues for us. Our openness to inculcate innovation in process designing for new products in line with customers' requirements coupled with our readiness to walk that extra mile in related adjacencies will keep fuelling our horizontal spread.

'Strategic' Discourse





We are readying ourselves for the big leap

The period between 2015 to 2018 has proved to be the defining phase of our evolution. We envisioned a new Pitti, meticulously executed our expansion and diversification plans, intensified our product and market development activities and the result became visible in the stellar performance delivered in FY2019.

Creating a new Pitti stands accomplished now. Our immediate strategic priority is to optimise newly added capacities and capabilities, towards growing revenue and profitability margins. Our twin-focus remains on higher value addition in our products and diversification of application segments and geographies. We are intensifying our new product development activities through prototyping, pilot batching and subsequent scale up.

Becoming an integral part of global supply chain of some reputed customers has brought us new learnings. Demand forecasting, developing robust supply chain, flexible manufacturing in line with dynamically evolving customer demand, interactive skilling and development of our talent pool - are some of the new aspects of our capability building program. Introduction of latest technologies across manufacturing, packaging and dispatches has made our operations more efficient.



De-risking our business by reducing dependence on any user segment and export geographies, coupled with building an extensive product portfolio across segments shall help us meet growth opportunities both locally and globally. The adoption of hub and spoke model in our manufacturing locations is aimed at taking last

stage value addition closer to our sourcing and/or consumption centres in India.

Our strategic discourse has prepared the organisation for the long haul of big play to achieve ₹ 1,000 crore revenue mark and steadily grow from thereon.

Management Discussion and Analysis



GLOBAL AND INDIAN ECONOMY

According to World Economic Outlook, April 2019, the global economic growth is expected to pick up in the second half of 2019, led by significant policy accommodations by major economies. This trend is expected to continue in 2020, which will grow by 3.6%. Beyond 2020, the global economic growth is expected to stabilise at around 3.6% for the mid-term led mainly by robust growth in India and China, and their increasing share in the world income.

Meanwhile, India is expected to continue its lead as the world's fastest growing major economy and an attractive investment destination. The economic growth in the country is projected to pick up to 7.3% in 2019 and 7.5% in 2020, supported by recovery in investments and robust consumption demand amidst the softening stance of monetary policy and expected impetus from the fiscal policy. This scenario is expected to open up great opportunities for Pitti Engineering Limited (PEL) across major industries

such as capital goods, transportation and power. In 2018, the Indian economy grew at 7.1% backed by investments and reforms by the Government such as the implementation of Goods and Services Tax (GST), new Insolvency and Bankruptcy Code (IBC) and opening up of sectors for Foreign Direct Investments (FDIs).

On the other hand, the growth rates for many economies such as US, UK and Germany have been revised

downwards. Led by a slew of factors including the ongoing trade tensions, tighter financial conditions across economies, uncertainty over fiscal policy and introduction of new emission norms. The ongoing trade tensions between US and China are expected to provide tactical opportunities to PEL, especially in the areas of windmill parts wherein China holds 90-95% of the world supply.

Overview of the World Economic Outlook Projections

(Percent change, unless noted otherwise)

	2018	2019 (P)	2020 (P)
World Output	3.6	3.3	3.6
US	2.9	2.3	1.9
Euro area	1.8	1.3	1.5
India	7.1	7.3	7.5
China	6.6	6.3	6.1
Mexico	2.0	1.6	1.9
Brazil	1.1	2.1	2.5
Germany	1.5	0.8	1.4
Canada	1.8	1.5	1.9
UK	1.4	1.2	1.4

Source: WEO, April 2019

INDUSTRY OVERVIEW

Capital Goods/Engineering

Over the last few years, the Indian engineering sector has witnessed remarkable growth led by enhanced investments in infrastructure and industrial production. The initiatives like 'Make in India' and 100% Foreign Direct Investment (FDI) have led to major investments with international players foraying into the Indian engineering sector. As per the data released by Department for Promotion of Industry and Internal Trade (DPIIT), the FDI inflows into India's miscellaneous mechanical and engineering industries during April 2000 to December 2018 stood at around US \$ 3.56 billion.

India's engineering exports increased by 16.8% year-on-year to US \$ 76.2 billion during 2017-18 as against US \$ 65.24 billion in the previous fiscal, according to Engineering Export Promotion Council (EEPC). In FY2016-17, the turnover of capital goods and engineering industry stood at US \$ 125.4 billion. The market size of construction equipment industry is expected to grow to US \$ 5 billion by FY2019-20 from US \$ 4.3 billion in FY2017-18. By FY2021-22, the electrical equipment market size is forecast to reach US \$ 100 billion.

Heightened construction activity in the country and Government's push



towards 'Ease of Doing Business' and 'Make in India' provides an apt environment for PEL to tap opportunities in the sector and expand into newer avenues of the engineering sector.

Railways

Rail-based transportation is expected to play a key role in the economic development and growth of the country as Government focuses on investments in rail infrastructure through its investor-friendly policies. It has moved quickly to enable Foreign Direct Investment (FDI) in railways to improve infrastructure for freight and high-speed trains. The share of rail-based transportation in the overall land-based freight transport is targeted to increase from 36% to 45% by 2030.

At present, several domestic and foreign companies are looking at investing in Indian rail projects.

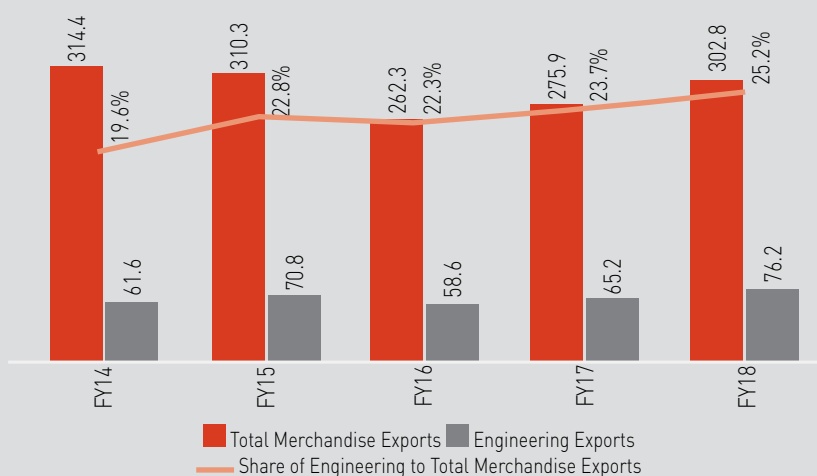
According to the data released by the Department for Promotion of Industry and Internal Trade (DPIIT), FDI inflows into Railways Related Components stood at US \$ 940.92 million during April 2000 to December 2018.

In 2018, the Indian Railways achieved all-round progress with firm focus on safety and passenger services by leveraging latest technology and the 'Make in India' initiative. The Government of India has undertaken serious efforts towards expansion, technology upgradation and modernisation of the entire rail-based transportation, including Metro Train network and the Dedicated Rail Freight Corridor.

Under the 'Make in India' Policy, Indian Railways has achieved 100% indigenisation in the manufacturing of around 20-25% of total fleet of the track machines, such as Utility Vehicles (UTVs), Rail Bound Maintenance Vehicles (RBMVs), Track Laying Equipment (TLE), Rail Threader & Rail-cum-Road Vehicles (RCRVs). The railways is also looking at further increasing the local content in the fleet machines to 51% to 80% from 20% to 50% at present. Indian Railways' capital expenditure stood at ₹ 1,33,396 crore for FY2018-19, an all-time high and was up ₹ 30,000 crore from the capex achieved a year ago.

Trend in India's overall merchandise exports and engineering exports

US\$ Billion



Source: DGCI&S



This provides PEL a larger canvas to play in the railways modernisation and expansion drive of the Government. The Indian Railways entered into ₹ 40,000 crore agreements with US-based GE and France-based Alstom to setup locomotive factories in Marhowra and Madhepura districts

of Bihar. Spread over 10 years, the agreements cover 1,000 diesel locomotives to be manufactured by GE and 800 electric locomotives by Alstom. These projects would result into around ₹ 1,000 crore of business for PEL during the tenure of the agreement.

Highlights

Union Budget 2018-19

- The Government announced addition of 12,000 wagons and 5,000 coaches during 2018-19
- Modernisation of 600 railway stations with footfall of over 25,000

Interim Budget 2019-20

- Overall, the capital expenditure programme to be of ₹ 1,58,658 crore
- Semi high-speed “Vande Bharat Express” introduced - first indigenously developed and manufactured
- All Unmanned Level Crossings on broad gauge network eliminated
- ‘Safest year’ for railways in its history

Source: PIB

Infrastructure

The Government of India has floated a slew of policies to support the infrastructure sector. Some of these include Smart Cities Mission, Swachh Bharat Mission, Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Bharatmala Pariyojana and Pradhan Mantri Awas Yojna.

Bharatmala Pariyojana aims at optimising efficiency of freight and passenger movement across the country by bridging critical infrastructure gaps through effective development of Economic Corridors, Inter Corridors and Feeder Routes, National Corridor Efficiency Improvement, Border and International connectivity roads, Coastal and Port connectivity roads and Greenfield expressways. In the Phase I, a total of around 24,800 kms is being considered, in addition to 10,000 kms of balance road works under NHDP (National Highway Development Programme). This takes the total road construction to 34,800 kms at an estimated cost of ₹ 5,35,000 crore. The Phase I is planned over a five years period of i.e. 2017-18 to 2021-22.

Moreover, the Government’s ‘Housing for All’ scheme and policy reforms such as Regulation and Development Act (RERA), REITs (Real Estate Investment Trust), Insolvency and Bankruptcy Code (IBC) have fast tracked development on strong growth trajectory led by investments, transparency and accountability.

These revolutionary reforms are expected to revive the infrastructure sector and attract more investment opportunities. The increased spend on irrigation projects and smart cities model by the Government will result in enhanced business opportunities for PEL. PEL has supplied Stator and Pole Laminations to Andritz Hydro for making major components of Pumps used in Kaleshwaram lift irrigation project.

PEL has also supplied parts for making 12,000 HP motor to Toshiba Mitsubishi Electric Industrial System Corporation (TMEIC), to be used in Steel plant.

Such business opens up a niche segment for PEL.

Highlights

Union Budget 2018-19

- The Government earmarked a capex of ₹ 1,22,000 crore for expansion of National Highways, ensuring seamless connectivity of interior, backward and border areas of the country through Bharatmala Pariyojana programme.
- Of the expansion planned of National Highways, more than 9,000-km length was achieved in 2017-18.
- Under Pradhan Mantri Krishi Sinchai Yojana (PMKSY), ₹ 6,000 crore is to be spent on 48 irrigation projects under the Accelerated Irrigation Benefits Programme (AIBP) and command area development. The allocation for the PMKSY increased by 27.5% to ₹ 9,429 crore.
- ₹ 2.04 lakh crore outlay allocated for around 99 smart cities in the country that are under various stages of project completion.

Source: PIB

Power

The Government of India has undertaken various measures and policy changes to meet the rising demand for power in the country. Some of these include Rural Electrification under the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY); Saubhagya - Pradhan Mantri Sahaj Bijli Har Ghar Yojana for universal household electrification by March 2019 and Ujwal Discom Assurance Yojana (UDAY) for a sustainable solution to the operational and financial efficiencies of DISCOMS across the country.

These measures by the Government have shown results with the power supply in the country improving remarkably. The growth in the availability of electricity

Interim Budget 2019-20

- India is the fastest highway developer in the world
- 27 kms of highways built each day
- Stuck projects completed - Eastern Peripheral Highway around Delhi and Bogibeel rail-cum-road bridge in Assam and Arunachal Pradesh
- Clean Rivers, safe drinking water to all Indians and efficient use of water through micro-irrigation

has surpassed the growth in the requirement of electricity. During the period extending between April to December 2017, the peak and energy shortage has been a 2% and 0.7% respectively, as per the Ministry of Power Annual Report 2017-18.

The total electricity generation in the country has increased from 771.6 Billion Unit (BU) in 2009-10 to 1,141.988 Billion Unit (BU) during April-February (2018-2019). The electricity generation target of conventional sources for the year 2018-19 has been fixed as 1,265 Billion Unit (BU), comprising of 1,091.500 BU thermal; 130.000 BU hydro; 38.500 nuclear; and 5.000 BU import from Bhutan. The electricity generation in the year 2018-19 is expected to grow at around 4.87% over actual conventional generation of 1,206.306 BU for 2017-18.

According to Central Electricity Authority (CEA), the total installed power capacity in India stands at 3,50,162 MW, as on March 2019.



This comprises of 63.7% thermal, 54.6% coal, 13% hydro, 1.9% nuclear and 21.2% renewable energy sources. The renewable energy sources include Small Hydro Project, Biomass Gasifier, Biomass Power, Urban & Industrial Waste Power, Solar and Wind Energy.

The Government of India has undertaken a two-pronged approach to cater to the energy demand of its citizens, while ensuring minimum growth in CO₂ emissions and its impact on the ecosystem.

Generation and growth in conventional generation in the country during 2009-10 to 2018-19

Year	Energy Generation From Conventional Sources(Bu)	% of Growth
2009-10	771.551	6.6
2010-11	811.143	5.56
2011-12	876.887	8.11
2012-13	912.056	4.01
2013-14	967.150	6.04
2014-15	1,048.673	8.43
2015-16	1,107.822	5.64
2016-17	1,160.141	4.72
2017-18	1,206.306	3.98
2018-19*	1,141.988	3.77

* Upto February 2019 (Provisional)

(Source : CEA)

On the power generation side, the Government is promoting greater use of renewable sources in the total energy mix, mainly through solar and wind, and at the same time shifting towards super critical technologies for coal-based power plants.

(Source: Ministry of Power)

In its roadmap, the Government plans to achieve 175 GW (gigawatts) capacity in renewable energy by 2022, which would include 100 GW of solar power and 60 GW of wind power. The Union Government of India is also preparing

a 'rent a roof' policy for supporting its target of generating 40 GW of power through solar rooftop projects by 2022.

The Government's focus on renewal energy provides PEL with opportunities in the clean energy and wind power segment. PEL is working with Siemens, Gamesa, Suzlon, Regen, etc. for supply of various components for windmill generators.

PEL is geared up to supply products compliant to IE-2, IE-3 and IE-4 Energy Efficiency norms also.

Total Installed Capacity

Fuel	MW	% of Total
Total Thermal	2,22,927	63.7
Coal	1,91,093	54.6
Lignite	6,260	1.8
Gas	24,937	7.1
Oil	638	0.2
Hydro (Renewable)	45,399	13.0
Nuclear	6,780	1.9
RES* (MNRE)	74,082	21.2
Total	3,50,162	

* Installed capacity in respect of RES (MNRE) as on 31.01.2019.RES (Renewable Energy Sources) include Small Hydro Project, Biomass Gasifier, Biomass Power, Urban & Industrial Waste Power, Solar and Wind Energy.

(Source: CEA)



Highlights of Interim Budget 2019-20

International Solar Alliance

- To promote renewable energy
- First treaty based international inter-Governmental organisation headquartered in India
- Installed solar generation capacity grown over ten times in last five years

Oil & Gas

India is the second largest oil refiner in Asia, as on September 2018, and third largest energy consumer in the world. The Government has undertaken various policy measures to meet the growing demand, including 100% FDI in many sub-segments of the sector such as natural gas, petroleum products, and refineries, among others. According to data released by the Department of Industrial Policy and Promotion (DIPP), the petroleum and natural gas sector attracted FDI worth US \$ 7.00 billion between April 2000 and December 2018.

In 2018, the total refining capacity of India stood at 5,010 thousand barrels per day (mbd), which is 15% of Asia's total refining capacity in 2018. According to Global Data's report: 'India Crude Oil Refinery Outlook to 2023', India's total refining capacity is expected to grow at an average annual growth rate (AAGR) of 5.3% to 6,525 mbd in 2023.

India plans to raise the share of natural gas in its primary energy basket. In the next few years, the country plans to increase the share of natural gas in the basket to 15% from the current 6%. India's use of natural gas is expected to grow at 4.9% annually through 2040 to 171 billion cubic meters, just behind China.

The Government of India is also planning to set up around 5,000 compressed biogas (CBG) plants by 2023. These plants meant for

extracting biogas from agricultural residue, cattle dung and municipal solid waste will have an estimated annual CBG production of 15 million tonnes. Moreover, the Government plans to set up a gas exchange in order to bring market-driven pricing in the energy market of India.

In 2018, the Government of India approved National Policy on Biofuels. The expected benefits of this policy are health benefits, cleaner environment, employment generation, reduced import dependency, boost to infrastructural investment in rural areas and additional income to farmers.

[Source: Press Information Bureau, Bloomberg]

The favourable regulatory developments and Government's various initiatives towards making India pollution free are expected to provide PEL significant opportunities in the Oil & Gas sector.

Automotive

India is world's 4th largest automobile market with a production of 3,09,15,420 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in April-March 2019 as against 2,90,94,447 in April-March 2018, registering a growth of 6.26% over the same period last year, according to Society of Indian Automobile Manufacturers (SIAM). The vehicles on Indian roads are estimated to consist of 79% two-wheelers, 14% four-wheeler cars, 4% three-wheelers and 3% buses and trucks, according to a NITI Aayog report.

Over the last decade, a slew of factors has created an opening for Electric Vehicles (EVs) to enter into mass market in the country. One of the key factors leading to this includes, India's commitment to cut GHG (greenhouse gases) emissions intensity by 33% to 35% below 2005 levels by 2030. Amongst others, including advancements in

renewal energy, rapid urbanisation, rise of GPS-enabled devices, advances in battery technology and outlook on energy security. The EV revolution would enable the country to lower its carbon emissions, while providing convenient and cost-effective mobility.

With the transport sector currently responsible for 16% of global GHG emissions, the Government is in the process of establishing an ecosystem for EVs. In March, the Government announced ₹ 10,000 crore FAME-II scheme to bring clarity and policy stability, and to provide a big push to popularise EVs in India. Through this scheme, the Government plans to support 10 lakh electric two-wheelers, 5 lakh three-wheelers, 55,000 four-wheelers and 7,000 buses.

As part of the Vision for India of 2030 announced during the Interim Budget 2019-20, the Government aims at making India pollution-free by leading transport revolution with EVs and focus on renewables. Under the National Smart Grid Mission, the Government plans to monitor the implementation of policies and programmes related to Smart Grid activities in the country. The mission envisages the implementation of Advanced Metering Infrastructure (AMI), medium sized micro grids, distributed generation EV charging infrastructure, among others.

With the enhanced focus of Government towards electric mobility, the lamination business of PEL would grow significantly. The lamination is a core component of electric motors and impact the overall performance of the vehicle. PEL has supplied components for Electric Motors for Buses manufactured by multinational joint ventures and the Buses are running on trial basis presently.

PEL would enjoy the first-mover advantage in this segment with its innovative products.

OPERATIONAL AND FINANCIAL REVIEW

The key financial highlights are given below

Year	2018-19 (₹ in crores)	2017-18 (₹ in crores)	Growth (%)
Revenue	624.48	381.74	63.59%
EBIDTA	90.10	54.58	65.08%
Total Comprehensive Income	22.87	11.54	98.18%

PEL's total income for the FY19 grew by 63.59 % to ₹ 624.48 crore from ₹ 381.74 crore over last year. The exponential growth in revenues was on the back of strong domestic and export demand. Our products developed for the customers engaged in the modernisation plan of the Indian Railways have been providing the required traction to our growth.

Our Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the FY19 stood at ₹ 90.10 crore, up by 65.08%. The Total Comprehensive Income was up by 98.18% to ₹ 22.87 crore in FY19 from ₹ 11.54 crore in FY18.

With the implementation of 'Mega Project', we have adopted advanced manufacturing techniques and automation. This has helped us in improving our margins and operational efficiencies.

On CAGR basis over last two years, we have grown our top-line by 47.02% and bottom-line by 105.80%. As on 31st March 2019, our debt levels were ₹ 248 crore. Considering that we work in capital goods industry which is working capital intensive, our present debt levels are adequate.



KEY RATIOS

Particulars	FY19	FY18	Change %	Reasons
Inventory Turnover (Days)	61.00	118.00	-48%	Reduction in holding period enables better inventory management and effective utilisation of funds to maintain the adequate inventory level.
Debtors Turnover (Days)	85.00	103.00	-17%	Debtors Turnover improved primarily on account of advance receivables of export as against the agreed credit period.
Interest Coverage Ratio	3.90	3.16	23%	Interest Coverage Ratio improved on the back of better financial performance in FY 2018-19 as compared with FY 2017-18.
Current Ratio	1.10	1.08	2%	Current Ratio improved on account of effective management of working capital funds.
Debt Equity Ratio (DER)	1.41	1.65	-15%	Debt Equity Ratio improved due to timely repayment of long-term loans and supported by accumulated profits.
PBT to Net Sales (%)	6.48	4.31	51%	Profitability ratios improved significantly due to substantial increase in the turnover and better achievement of operation profit.
PAT to Net Sales (%)	3.81	2.98	28%	
Return on Net worth (%)	13.00	7.47	74%	Return on Net worth improved due to twofold rise in Total comprehensive income to ₹ 22.87 crore in FY 2018-19 as compared with previous year of ₹ 11.54 crore.



Human Resources Development and Industrial Relations

At PEL, we enjoy an excellent track record of cordial and harmonious industrial relations. We are developing digitally integrated resource management systems and processes aimed at enhancing value, capability and vitality of our people and organisation at large.

We believe in an inclusive growth and have been nurturing our talent to innovate and grow together with us. We have reworked our internal policies to make them more employee-friendly. Some of the measures undertaken, include flexible timing and reduction of mandatory working hours per month to give employees a good work-life balance.

We are on a constant endeavour to improve safety and manufacturing standards at all our plants and offices. We have been incorporating best-in-class engineering standards in the design and project execution. Besides, we also undertake various procedures to ensure environmental protection.

There were 916 employees on the rolls as on 31st March 2019.

RISK MANAGEMENT MEASURES

External Risk Factors

Economic Environment & Market Conditions:

Risk Identification: The Company operates its business in the global environment which is volatile, uncertain, complex and ambiguous. The Company, in order to expand globally is continuously in search of new markets, new products, resources, lower production costs and new customers, amongst other opportunities. It is also facing growing complexity in terms of the varied business practices and additional risks faced from new political and economic environments. The management of such risks can ensure new markets and better profits. The economic environment of the Company keeps changing and the Company must move in tandem. Inherent risk of doing business in international markets must take into account economic, environmental, exchange control, tariffs, trade barriers, longer payment cycles and growing technological issues and increased competition.

Risk Mitigation: PEL has broad based its customer basket into domestic and export geographies, multiple customers and diverse end use applications to mitigate the

market, customer and business cycle dependence and ensure stability in operations.

On the purchasing front too, the Company has also broad-based its vendors overseas and domestic purchases for raw material in order to maintain a good balance. Historically, the strength of its relationship with its vendors and customers has resulted in significant recurring revenues from existing customers.

Political Environment

Risk Identification: Any adverse change in the political environment of the customer countries, will have an impact on the growth strategies of the Company. Environmental and economic scanning and panning is an ongoing exercise.

Risk Mitigation: Risks that are likely to emanate are managed by constant engagement with the Government, reviewing and monitoring the country's industrial, labour and related policies and involvement in representative industry-bodies.

Competition

Risk Identification: In an increasingly global market, the Company faces rising levels of competition. Risk of competition is inherent to all business activities. The Company faces competition from the existing players operating in the segment in which the Company operates. Considering that, the business where the Company operates is in the high growth phase, there is always an inherent risk that the existing competition may get accentuated with the advent of new players.

Risk Mitigation: Significant entry barriers will help the Company to retain its market share as it would be a long drawn out process to establish a new enterprise by investing huge resources.

The fact that most of the customers have been with the Company ever

since its inception demonstrates the Company's values and the commitment to quality deliverables and good relationships enabling the Company to retain its market share.

PEL believes that it is strongly placed to consolidate its market position as a leading supplier of laminations and allied products due to its competitive strength which include:

- One-stop Engineering Solution Provider- end to end value added products under one roof.
- Customer centric approach.
- Track record of high quality products and order execution.
- Specialised Industry Expertise.
- Ethical values.
- Strength to cater to long working capital cycle needs of the industry.

Revenue Concentration and liquidity aspects

Risk Identification: Each business area such as laminations, castings, stampings, job-work has specific risk which affects profitability and liquidity.

Risk Mitigation: The risks are identified for each product so as to mitigate them and contribute to total revenue, profitability and liquidity.

However, the Company has identified revenue contribution by each segment of business such as laminations, stampings, castings and machining and approximately balances the risk associated with Revenue Concentration and liquidity aspects.

Technology Obsolescence

Risk Identification: The Company strongly believes that technological obsolescence is a practical reality. Pro-active technology upgradation in tune with the changing times

has always been receiving focussed attention of the management.

Risk Mitigation: Technological obsolescence is evaluated on a continual basis and the necessary investments are made to bring in the best proven technology. A constant endeavour is being made to ensure that its plants are equipped with state of art technologies in order to maintain its commitment to quality deliverables in time and least cost and best service to secure cost competitiveness. The Company has developed excellent in-house technical expertise in the production team. It is constantly on the lookout for latest state of art technologies which would increase the productivity and reduce the cost.

As the Company's products are made to order and are critical inputs in the electrical and engineering industries as per customer design, the management does not perceive any risk on account of product obsolescence.

Legal & Contractual Compliance

Risk Identification: Legal risk is the risk in which the Company is exposed to legal action. As the Company is governed by various laws and the Company has to do its business within the framework of law, the Company is exposed to legal risk.

Risk Mitigation: The Company operates its exports business primarily in US, Germany and Mexico where investment flows are free and where well-established political, business and legal frame works are in place.

In the event of the Company exploring business prospects in countries where the political systems are still evolving, it would recognise the possible frequent changes in investment and economic policies that might occur in those countries and finalise the business plans with

the enterprises located therein only after carefully considering the pros and cons of the business decisions.

As regards business on the domestic front, the Company makes representations to the Government at the centre and state as the case may be as part of the collective effort of the business fraternity through trade associations, chambers and federations in case policies announced are likely to cause impediments to the business.

The Company will also examine and explore ways and means to minimise the tax risks through consultations and deliberations with experts in the relevant field to ensure that the tax frame work is properly put in place.

The Company has established proper internal financial controls through periodic Internal Audit, Statutory Audit, Tax Audit, ISO Audit / Transfer Pricing Audit and Customer Quality Audit. The Company has also framed proper system to ensure compliance with provisions of all applicable laws through periodic secretarial audit.

Contracts with customers typically contain clauses / restrictions / measures and non-adherence of which could result in litigation. Additionally, there will be other obligations and general corporate legal risks.

PEL has an experienced team of professionals, who focus on evaluating the risks involved in a contract, ascertaining its responsibilities under the applicable law of contract, restricting its liabilities under the contract and covering the risks involved so that they can ensure adherence to all contractual commitments.

There may be instances of defaults by Customer's in fulfilling contractual obligations as a result of which the Company may face financial losses. Similarly, defaults by the Company

in fulfilling one or more contractual obligations due to reasons such as misrepresentations, breach of warranties etc cannot be ruled out.

The Company has developed proper system to ensure that proper drafting of the contract and adequate indemnity clauses are incorporated in the contracts entered into with one or more parties. In addition, internal controls from technical team and strict supervisions and checks on execution of contracts and delivery are undertaken.

Fluctuations in Foreign Exchange

Risk Identification: The Company is exposed to substantial risk on account of currency movements in global foreign exchange market. The exchange rate between the rupee and the currency in other countries has changed substantially in recent years and is always fluctuating. The objective of foreign currency risk management is to protect cash flows and profit. The policy for foreign currency risk management ensures that the finance department continuously tracks movement of foreign currencies, avails the services of experts, and hedges the risk through appropriate mechanisms such as forward contracts/derivatives, margins from volatility on account of fluctuations in exchange rates.

Risk Mitigation: The functional currency of the Company is the Indian Rupee, however, a major portion of the business is transacted in US Dollars and accordingly, faces foreign currency exposure for export sales and purchases from overseas suppliers in foreign exchange.

The risks are measured through the net open position i.e. the difference between un-hedged outstanding receipt and payments. The risk can be controlled by a mechanism of "Stop Loss" which means the Company goes for hedging (forward booking) on



open position when actual exchange rate reaches a particular level as compared to transacted rate.

The risk on account of foreign currency is managed through hedging. PEL risk management strategy is to identify risks it is exposed to, evaluate and measure those risks, decide on managing those risks, regular monitoring and reporting to management. The risk management policies with regard to foreign exchange fluctuation is approved by senior management and include implementing hedging strategies for foreign currency exposure, specification of transaction limits, identification of personnel involved in execution, monitoring, controlling such transactions.

Further the Company is protected on its export pricing with its customer as the unit cost of the product gets adjusted to the exchange fluctuation of the previous quarter. Therefore practically, there is open exchange risk only for one quarter volume.

Internal Risk Factors

Operational Efficiency

Risk Identification: Operational Efficiency is an integral part of an organisation. Continuous productivity increase, increases the competitiveness of the organisation. If not attended to, the inevitable

consequences include increased cost, undermined profitability and pressure on growth. The Risk is assessed by evaluating the potential for incidents along with the degree of impact that could have on an organisation should they occur.

Risk Mitigation: The Company is constantly working to limit the operational risks which requires the combined efforts of all business and support functions, and the tools required to be developed. Apparent trends are analysed, and various operating groups combine into task forces to address these. The business continuity plan is reviewed annually by each unit.

Safety , Health and Environment

Risk Identification: Safety, health and environment constitutes an important aspect in organisation's growth. It can ensure:

- ◆ Increased safety and environmental performance
- ◆ Ensure sustainable development
- ◆ Improve financial performance
- ◆ Enhance Reputation

Risk Mitigation: PEL endeavours to protect the environment in all its activities, as a social responsibility. Extensive plantations of trees around plants are undertaken for green belt



development to keep the pollution at lowest level.

The Company values the safety, health and environment as an apex legal committee monitors the same. PEL is EMS 14000 certified.

Human Resource Management

Risk Identification: The Human Resource constitutes the most important asset and strength of the Company. The risk management measures relating to human resource is therefore necessary to cover all risks related to employees like competence enhancement, growth, career, succession planning and reduce attrition in key result areas and among key managerial personnel. The measures deals with the nature of risk involved in relation to employees, objectives of risk management and measures to manage risk.

Risk Mitigation: PEL ensures that right person is assigned to the right job and that they grow and contribute towards organisational excellence at all levels. Risks in matters of human

resources are sought to be minimised and contained by following a policy of providing equal opportunity to every employee, inculcate in them a sense of belonging and commitment and also effectively train them in spheres other than their own specialisation.

Company's ability to execute projects and to develop new customers depends largely in its ability to attract, train, motivate, develop a talent pool and retain highly skilled professionals, particularly key managerial personnel in manufacturing side such as technical personnel, plant managers and marketing officers.

Company's growth has been driven by its pool of talented human resources and the ability to engage them. To attract, retain and motivate the entire team, PEL seeks to provide an environment that rewards entrepreneurial initiative and continuous learning, which fosters collaboration and performance. Employees are encouraged to make suggestions on innovations, cost saving procedures, exchange of ideas related to manufacturing procedures etc.

INTERNAL CONTROL MECHANISM

As a business philosophy, our management believes in growth with a strong governance system. At PEL, we have a proper and adequate system of internal controls commensurate with our size and business operation to ensure timely and accurate financial reporting in accordance with applicable accounting standards, safeguarding of assets against unauthorised use or disposition and compliance with all applicable regulatory laws and Company policies. Our Internal Auditors review internal control systems on a regular basis to achieve effectiveness into the system. Internal audit reports are also reviewed by the Audit Committee of the Board.

The Audit Committee reviews the internal audit reports and the remedial measures taken by the concerned departmental heads in the light of audit observations. The Statutory Auditors also scrutinises the internal audit report as part of their statutory audit functions.

The Statutory Auditors also conduct a limited review as part of the listing obligations and the reports are placed before the Audit Committee and forwarded to the regulatory authorities. The observations of the Audit Committee with regard to the efficacy of the audit report and the effective remedial measures that have been taken by us are placed before the Board for consideration.

BUSINESS OUTLOOK, OPPORTUNITIES AND THREATS

At PEL, we plan to further consolidate our presence in the established markets and align ourselves to focus on new growth prospects, ably supported by our longstanding presence in the market, strong expertise, vast product mix and 'under one roof' strategy. We have undertaken the giant leap into the next phase of growth with the new identity, and focus to be an integrated engineering solutions provider. There are a number of initiatives undertaken by us to support the growth, and create value for shareholders.

Some of these initiatives are

- A contract from GE India amounting to ₹ 750 crore received to supply traction motor related products, along with some other products to be used in locomotives for catering to the requirements of Indian Railways. The production against this contract has come in full swing from 2018-19.
- Machined casting business generated significant interest from customers such as GE India, Weg and Wabtech. Plant 4 has been set up at Hyderabad with machining capabilities of large metal components. The commercial production at the plant started in 2017 and is running at optimal capacity.
- Started new facility in Aurangabad with both laminations and

machining capabilities which began operations in 2018. The new plant deploys some of the latest manufacturing techniques, including Robotics, Machine Learning, IoT, etc.

- Focus on improving product mix by supplying more value-added products for critical applications
- Hub and spoke model of manufacturing with the aim to undertake last stage value addition closer to consumption centers.

Opportunities

Economic Optimism

A slew of factors will act as a catalyst towards the core sector growth in India:

- A stable economic environment
- Government's push towards infrastructure development and industrial activity
- Initiatives such as 'Power for All', 'Make in India' and 'Housing for All'
- Measures to streamline business and investment environment
- Make India pollution free by leading transport revolution with Electric Vehicles and focus on Renewables

We primarily cater to core sectors of the Indian economy. The growth in these sectors is directly related to the health of the economy, and therefore, critical for the country

Moreover, the ongoing trade tensions among major economies is expected to provide tactical opportunities for us. Currently, China commands almost 90-95% of windmill parts supply worldwide. At PEL, we expect this sector to bring much significant opportunities for us under the current scenario.

The technological shift to EV and thrust by Government of India is a huge opportunity ahead of us.

Geographical Relocation

At PEL, we have set up our own facility at Aurangabad, Maharashtra. The presence in Maharashtra has brought us closer to the customers and source of raw materials. This geographical relocation significantly reduced our logistics and operational costs. Maharashtra accounts for nearly 60% of our domestic market supplies.

Quality

We are India's first commercial manufacturer of laminations to be certified by BVQI of UK for ISO 9002. The long-standing customer relationship testifies our high product quality and stringent systems.

Value Creation

Our integrated operations provide us an edge over the competition. The under one roof and hub and spoke strategy has garnered significant value to us across various stages of production from lamination and machining, to complete value-added products.

Product Mix

We have developed 4,500+ unique solutions till date.

Threats

While we are strategically positioned to utilise our strengths in leveraging the underlying industrial opportunities, we also take into account certain potential threats, which may impact the smooth running of the business operations. Some of these include:

- Evolving industrial trends
- Rising competition scenario
- Emerging customer preferences
- Potential disruptions in supplies
- Regulatory changes
- Global Trade War
- Liquidity crunch in India

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 35th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March 2019.

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. Pitti Engineering products find varied end use across sectors such as industrial drives, freight and passenger rail, mass urban transportation, power generation, aerospace, oil & gas, mining and earth moving equipment, renewable energy and infrastructure projects amongst others.

FINANCIAL RESULTS

The financial performance of your Company for the year ended 31st March 2019 is summarised below:

Particulars	₹ in lakhs	
	2018-19	2017-18
Net Revenue from Operations	62,221.47	37,879.24
Other Income	226.67	294.30
Profit before Finance Costs, Depreciation, Amortisation and Tax	9,236.59	5,742.85
Less: Finance costs	2,961.40	2,348.15
Profit before Depreciation, Amortisation and Tax	6,275.19	3,394.70
Less: Depreciation & Amortisation	2,241.38	1,763.21
Profit before Tax	4,033.81	1,631.49
Less: Tax expenses	1,661.85	503.53
Profit after Tax	2,371.96	1,127.96
Add: Other comprehensive income	(85.07)	26.45
Total comprehensive income for the year	2,286.89	1,154.41
Add: Surplus at the beginning of the year	6,349.64	5,342.13
Less: Dividend	-	-
Less: Transferred to General reserve	-	-
Surplus carried to Balance sheet	8,636.53	6,496.54

OPERATING RESULTS AND BUSINESS

The Company has achieved the highest ever annual revenue and profits for the financial year 2018-19. The net revenue and total comprehensive income have registered a growth of 64.26% and 98.10% respectively compared to the same period last year. We owe this historical financial achievement to the successful implementation of our "Mega Project" at Aurangabad, in addition to our efforts to become smarter and more efficient with the implementation of advanced manufacturing techniques and automation at our facilities.

The Company is in the process of obtaining approvals for availing incentives under the Package Scheme of Incentives (PSI) 2013 for its Aurangabad plant and under the T-IDEA (Telangana State Industrial Development and Entrepreneur Advancement) Incentive Scheme 2014 for its Hyderabad plant.

The Net revenue from operations for the financial year 2018-19 was ₹ 622.21 crore as against ₹ 378.79 crore in the previous year and the total comprehensive income for the period was ₹ 22.87 crore as against ₹ 11.54 crore in the previous year.

The total debt as on 31st March 2019 was ₹ 248.45 crore which includes ₹ 75.60 crore long-term debt and ₹ 172.85 crore of short term debt. Cash and cash equivalents at the year end was ₹ 13.96 crore resulting in a net debt position of ₹ 234.49 crore. We continued to maintain a conservative leverage profile with a total debt to equity ratio of 1.41x.

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 2018-19. The Board of Directors of the Company has adopted a dividend distribution policy. The policy is also available on the website of the Company www.pitti.in.

SHARE CAPITAL

During the year under review there has been no change in the authorised and paidup share capital of the Company.

The Company has allotted 22,22,222 convertible warrants at a price of ₹ 90/- each to be converted into 22,22,222 equity shares of ₹ 5/- (including a premium of ₹ 85/- per share) on preferential basis to the persons belonging to Promoter/ Promoter Group on 14th February 2018. The subscription amount of 25% of warrant price has been received and fully paid- up equity shares of the Company will be allotted on receipt of balance 75% warrant price within 18 months from date of allotment.

CHANGE IN NAME OF THE COMPANY

Further to the special resolution passed by the shareholder of the Company at the Extra-Ordinary General Meeting held on 11th April 2018 approving the change in the name of the Company from 'Pitti Laminations Limited' to 'Pitti Engineering Limited', the Ministry of Corporate Affairs, Office of Registrar of Companies, Hyderabad has issued a Certificate of Incorporation pursuant to change of name on 8th May 2018.

Consequent to change in name of the Company from Pitti Laminations Limited to Pitti Engineering Limited the scrip code of the Company on the National Stock Exchange of India Limited has been change from PITTILAM to PITTIEENG.

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.

The details of the Directors seeking re-appointment including re-appointment of Independent Directors of the Company for a second term is provided in the notice convening the 35th Annual General meeting of the Company.

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

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

Committees of the Board

Detailed composition of the 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 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 Board functioned as a cohesive body and is well engaged with different perspectives. The Board has a good blend of corporate and professional experience with relevant and diverse skills suited to the requirements of the Company which enables focused discussion and decision making. It was also noted that the Committees of the Board are functioning well and satisfaction and appreciation was expressed on the performance of Independent Directors and the Executive Directors of the Company.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts for the financial year ended 31st March 2019, the applicable Accounting Standards

have been followed and there are no material departures from the same;

- b) such accounting policies as mentioned in the notes to the financial statements have been applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2019 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.

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 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.

Effective from 1st April 2019 a revised vigil mechanism/whistle blower policy was adopted to comply with the amended SEBI (Prohibition of Insider Trading) Regulations, 2015 to report instances of leak of unpublished price sensitive information.

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new / revised standard operating procedures. The Company's internal control system is commensurate

with its size, scale and complexities of its operations. The internal audit is entrusted to M/s. SVD & Associates, Chartered Accountants. The main thrust of internal audit is to test and review controls, appraisal of risks and business processes, besides benchmarking controls with best practices in the industry.

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

Further, the Statutory Auditors of the Company have also issued an attestation report on internal control over financial reporting (as defined in section 143 of Companies Act, 2013) for the financial year ended 31st March 2019, 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 1st April 2019 a revised policy on related party was adopted to comply with the amended SEBI Listing Regulations.

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

EXTRACT OF ANNUAL RETURN

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.

SECRETARIAL STANDARDS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE

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

AUDITORS AND AUDITOR'S REPORT

Statutory Auditors

M/s. Laxminiwas & Co, Chartered Accountants were appointed as Statutory Auditors of the Company at the Annual General Meeting held on 6th September 2017 for a term of five years, subject to ratification by the Members at every Annual General Meeting (AGM). Pursuant to the notification dated 7th May 2018 issued by Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by Members at each AGM has been done away with. Accordingly, no such item has been considered in notice of the 35th 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 2019-20. 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 35th 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 2018-19. The Secretarial Audit Report for the financial year ended 31st March 2019 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 : 6th May 2019

ANNEXURE-1

ANNEXURE TO THE DIRECTORS' REPORT

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

(A) Conservation of Energy**(i) Steps taken or impact on conservation of energy**

All Water Coolers installed are controlled through SCADA monitoring system hence timers are installed of power switch on / off.

Die Lamps have been replaced with LED Lights on old press machine.

Air Audits have been carried out for leakages and closed the leakages to avoid power losses

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

N/A

(iii) Capital investment on energy conservation equipment's

₹ 3 lakhs

(B) Technology Absorption**(i) Efforts made towards technology absorption**

Converting old gear feeders to servo feeders, added VFD drives, converted contactor logic to PLC logic

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

Over all reduction in energy consumption, cost benefit and improvement in production output. Overhauling of old equipment's which otherwise had to be scrapped due to non-availability of spares.

(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**

Particulars	₹ in lakhs	
	2018-19	2017-18
Foreign exchange earnings	26,745.17	11,099.08
CIF value of imports	3,507.74	5,178.76
Expenditure in foreign currency	255.15	259.16

For and on behalf of the Board of Directors

Sharad B Pitti

Chairman & Managing Director

DIN: 00078716

Place : Hyderabad
Date : 6th May 2019

ANNEXURE-2

PARTICULARS OF REMUNERATION

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

1. The ratio of 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	23.97:1	5.26% (Increase on account of leave encashment during the year)
Shri Akshay S Pitti Vice-Chairman & Managing Director	23.97:1	5.26% (Increase on account of leave encashment during the year)
Shri Nand Kishore Khandelwal President – Corporate Resources & CFO	32.62:1	30.73% (Variable salary – 18.91%, Fixed salary – 11.82%)
Ms. Mary Monica Braganza Company Secretary & Compliance Officer	6.03:1	NA (Appointed w.e.f 16.12.2017, hence percentage increase in remuneration is not applicable)

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

2. Percentage increase in the median remuneration of employees in the financial year was 5.71%.
3. Number of permanent employees on the rolls of the Company: There were 916 employees on the rolls as on 31st March 2019.
4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average percentage increase in the salaries of employees other than the managerial personnel in the financial year 2018-19 is 9.56% and there is no increase in the remuneration of managerial personnel except due to change in the amount of leave encashment over previous year which comes to 5.26%.

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

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

For and on behalf of the Board of Directors

Sharad B Pitti

Chairman & Managing Director

DIN: 00078716

Place : Hyderabad

Date : 6th May 2019

ANNEXURE-3

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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.	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. The Company's CSR Policy is in alignment with the provisions of the Companies Act, 2013. The activities undertaken include projects in urban and rural development, welfare activities, women empowerment, eradicating hunger, promoting health care and education. The CSR policy is available on the website of the Company, www.pitti.in
2	The Composition of the CSR Committee.	Shri Sharad B Pitti (Chairman) Shri Akshay S Pitti Shri Gummalla Vijaya Kumar
3	Average net profit of the Company for last three financial years	₹ 259.47 lakhs
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 5.19 lakhs
5	Details of CSR spent for the financial year: a) Total amount to be spent for the financial year b) Amount unspent, if any: c) Manner in which the amount spent during the financial year	₹ 5.19 lakhs Nil The manner in which the amount is spent is annexed here with.
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 uniforms to needy students	Education	Hyderabad, Telangana	2,24,600	2,24,597	2,24,597	Through implementing agency	Badrivishal Pannalal Pitti Trust
2	Providing financial assistance for women & widows	Women empowerment	Hyderabad, Telangana	56,400	56,325	56,325	Through implementing agency	Badrivishal Pannalal Pitti Trust
3	Providing health care by organising medical camps	Health care	Hyderabad, Telangana	2,39,000	2,38,611	2,38,611	Through implementing agency	Badrivishal Pannalal Pitti Trust
Total				5,20,000	5,19,533	5,19,533		

Sharad B Pitti
Chairman & Managing Director
DIN: 00078716

Akshay Pitti
Member- CSR Committe
DIN : 00078760

Gummalla Vijaya Kumar
Member- CSR Committe
DIN 00780356

Place : Hyderabad
Date : 6th May 2019

ANNEXURE-4

FORM NO. AOC-2

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended 31st March 2019 which were not at arm's length basis.

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

The details of contracts or arrangements or transactions at arm's length basis for the year ended 31st March 2019 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 [Office premise for a period of 20 years from 1 st April 2018; Plant II for a period of 20 years from 2 nd November 2016 and Plant IV for a period of 30 years from 2 nd November 2016. The lease rentals are at arms length.]	81.48
Smt Madhuri S Pitti Spouse of Shri Sharad B Pitti			160.07
Pitti Casting Pvt. Ltd. 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.)	7,163.24
Shri Sharad B Pitti Chairman & Managing Director	Unsecured loans – Received	NA	350.00
	Unsecured loans – Repaid		400.00
Shri Akshay S Pitti Vice Chairman & Managing Director	Unsecured loans – Received	NA	760.00
	Unsecured loans – Repaid		760.00
Pitti Electrical Equipment Pvt. Ltd. Directors & relatives interested	Inter Corporate Deposits – Received	NA	3,300.00
	Inter Corporate Deposits – Repaid		3,250.00
Smt Radhika A Pitti Spouse of Shri Akshay	Remuneration	Ongoing	15.91

For and on behalf of the Board of Directors

Sharad B Pitti

Chairman & Managing Director

DIN: 00078716

Place : Hyderabad

Date : 6th May 2019

FORM NO. MGT-9**Extract of Annual Return**

As on the financial year ended on 31st March 2019 [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 th 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	81.51
2	Others - Metal scrap, traded goods and tools	3830, 46699, 28229	18.49

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	
A. Promoter / Promoter Group									
(1) Indian									
a) Individual / HUF	1,14,98,269	-	1,14,98,269	38.55	84,45,026	-	84,45,026	28.31	(10.24)
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	75,35,556	-	75,35,556	25.26	-
Sub-total (A) (1)	1,90,33,825	-	1,90,33,825	63.81	1,90,33,825	-	1,59,80,582	53.58	(10.24)
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp	-	-	-	-	-	-	-	-	-
d) Banks / FII	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	1,90,33,825	-	1,90,33,825	63.81	1,90,33,825	-	1,59,80,582	53.58	(10.24)
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FII	29,647	200	29,847	0.10	8,39,378	200	8,39,578	2.81	2.71
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	8,68,998	-	8,68,998	2.91	5,94,998	-	5,94,998	1.99	(0.92)
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	8,98,645	200	8,98,845	3.01	14,34,376	200	14,34,576	4.81	1.80
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	15,65,750	1,000	15,66,750	5.25	19,90,422	1000	19,91,422	6.68	1.42
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	47,83,235	3,44,856	51,28,091	17.19	64,09,261	3,06,656	67,15,917	22.52	5.32
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	24,11,186	-	24,11,186	8.08	30,18,184	-	30,18,184	10.12	2.04

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	
c) Others specify									
i. NRI	4,24,837	-	4,24,837	1.42	3,27,419	-	3,27,419	1.10	(0.33)
ii. Clearing Members	87,253	-	87,253	0.29	77,537	-	77,537	0.26	(0.03)
iii. IEPF	2,75,438	-	2,75,438	0.92	2,80,588	-	2,80,588	0.94	0.02
iv. Directors & Relatives	1,620	-	1,620	0.01	1,620	-	1,620	0.01	-
Sub-total (B) (2)	95,49,319	3,45,856	98,95,175	33.17	1,21,05,031	3,07,656	1,24,12,687	41.61	8.44
Total Public Shareholding (B) = (B)(1) + (B)(2)									
C. Shares held by custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	2,94,81,789	3,46,056	2,98,27,845	100	2,95,19,989	3,07,856	2,98,27,845	100.00	-

(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 Shares Pledged/ of the encumbered to Company total shares	No. of Shares	% of total Shares	% of Shares Pledged / of the encumbered to Company total shares	
1	Shri Sharad B Pitti	55,64,449	18.66	8.38	39,20,306	13.14	6.60	(5.52)
2	Shri Akshay S Pitti	41,58,200	13.94	6.84	27,49,100	9.22	4.91	(4.72)
3	Smt Madhuri S Pitti	17,58,620	5.90	-	17,58,620	5.90	-	-
4	Sharad B Pitti (HUF)	17,000	0.06	-	17,000	0.06	-	-
5	Pitti Electrical Equipment Pvt. Ltd.	75,35,556	25.26	-	75,35,556	25.26	-	-

(iii) Change in Promoters and Promoter Group Shareholding

Sl. No.	Name of the Promoter	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	55,64,449	18.66	27.11.18	*Invocation	16,44,143	39,20,306	13.14	39,20,306	13.14
2	Shri Akshay S Pitti	41,58,200	13.94	27.11.18	*Invocation	14,09,100	27,49,100	9.22	27,49,100	9.22
3	Smt Madhuri S Pitti	17,58,620	5.90	-	-	-	17,58,620	5.90	17,58,620	5.90
4	Sharad B Pitti (HUF)	17,000	0.06	-	-	-	17,000	0.06	17,000	0.06
5	Pitti Electrical Equipment Pvt. Ltd.	75,35,556	25.26	-	-	-	75,35,556	25.26	75,35,556	25.26

* Bank of Baroda had invoked the shares pledged to it as a collateral for securing a loan availed by Pitti Casting Private Limited (wherein Shri Sharad B Pitti and Shri Akshay S Pitti are promoters / Directors).

(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	-	-	23.11.18	Invocation of pledge	30,53,243	10.24	30,53,243	10.24
				30.11.18	Sell	78,044	0.26	29,75,199	9.97
				07.12.18	Sell	26,129	0.09	29,49,070	9.89
				28.12.18	Sell	26,295	0.09	29,22,775	9.80
				04.01.19	Sell	2,76,485	0.93	26,46,290	8.87
				11.01.19	Sell	2,82,590	0.95	23,63,700	7.92
				18.01.19	Sell	4,95,000	1.66	18,68,700	6.26
				25.01.19	Sell	5,60,000	1.88	13,08,700	4.39
				01.02.19	Sell	3,09,500	1.04	9,99,200	3.35
				08.02.19	Sell	27,210	0.09	9,71,990	3.26
				15.02.19	Sell	54,500	0.18	9,17,490	3.08
				15.03.19	Sell	32,167	0.11	8,85,323	2.97
				22.03.19	Sell	87,500	0.29	7,97,823	2.67
2.	Passage to India Master Fund Limited	8,68,998	2.91	15.06.18	Sell	10,000	0.03	8,58,998	2.88
				22.06.18	Sell	20,000	0.07	8,38,998	2.81
				24.08.18	Sell	54,000	0.18	7,84,998	2.63
				31.08.18	Sell	11,000	0.04	7,73,998	2.59
				07.09.18	Sell	10,000	0.03	7,63,998	2.56
				14.09.18	Sell	22,000	0.07	7,41,998	2.49
				15.02.19	Sell	21,000	0.07	7,20,998	2.42
				22.02.19	Sell	35,000	0.12	6,85,998	2.30
				01.03.19	Sell	14,000	0.05	6,71,998	2.25
				08.03.19	Sell	7,000	0.02	6,64,998	2.23
				15.03.19	Sell	35,000	0.12	6,29,998	2.11
				22.03.19	Sell	28,000	0.09	6,01,998	2.02
				31.03.19	Sell	7,000	0.02	5,94,998	1.99
3.	HSB Securities & Equities Limited	-	-	27.04.18	Buy	200	0.00	200	0.00
				04.05.18	Buy	500	0.00	700	0.00
				11.05.18	Sell	200	0.00	500	0.00
				18.05.18	Buy	1,426	0.00	1,926	0.01
				25.05.18	Buy	500	0.00	2,426	0.01
				01.06.18	Sell	700	0.00	1,726	0.01

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
				08.06.18	Sell	1,626	0.00	100	0.00
				22.06.18	Buy	500	0.00	600	0.00
				13.07.18	Sell	400	0.00	200	0.00
				20.07.18	Buy	1,251	0.00	1,451	0.00
				10.08.18	Sell	1,151	0.00	300	0.00
				12.10.18	Buy	1,700	0.01	2,000	0.01
				26.10.18	Sell	1,750	0.01	250	0.00
				23.11.18	Buy	1,350	0.00	1,600	0.01
				18.01.19	Buy	1,65,871	0.56	1,67,471	0.56
				25.01.19	Buy	96,730	0.32	2,64,201	0.89
				01.02.19	Buy	3,18,178	1.07	5,82,379	1.95
				08.02.19	Buy	8,187	0.03	5,90,566	1.98
				15.02.19	Sell	84,196	0.28	5,06,370	1.70
				22.02.19	Buy	79,519	0.27	5,85,889	1.96
				31.03.19	Sell	47,098	0.16	5,38,791	1.81
4	Satish Kumar Agarwal	-	-	01.02.19	Buy	5,14,576	1.73	5,14,576	1.73
5	Barclays Wealth Trustees India Pvt. Ltd.	3,46,130	1.16	-	-	-	-	3,46,130	1.16
6	Ravindar Reddy Nandi	-	-	12.10.18	Buy	3,895	0.01	3,895	0.01
				28.12.18	Sell	1,895	0.01	2,000	0.01
				04.01.19	Buy	2,21,000	0.74	2,23,000	0.75
				25.01.19	Buy	18,000	0.06	2,41,000	0.81
7	Tejal Merchantile Pvt. Ltd.	1,85,000	0.62	21.09.18	Buy	7,500	0.03	1,92,500	0.65
8	IL and FS Securities Services Limited	2,82,731	0.95	06.04.18	Sell	5,000	0.02	2,77,731	0.93
				13.04.18	Buy	45,000	0.15	3,22,731	1.08
				20.04.18	Sell	5,895	0.02	3,16,836	1.06
				27.04.18	Buy	1,332	0.00	3,18,168	1.07
				04.05.18	Buy	3,217	0.01	3,21,385	1.08
				11.05.18	Buy	3,325	0.01	3,24,710	1.09
				18.05.18	Sell	16,000	0.05	3,08,710	1.03
				25.05.18	Sell	2,846	0.01	3,05,864	1.03
				01.06.18	Buy	14,424	0.05	3,20,288	1.07
				08.06.18	Sell	19,430	0.07	3,00,858	1.01
				15.06.18	Sell	11,394	0.04	2,89,464	0.97
				29.06.18	Buy	1,000	0.00	2,90,464	0.97
				06.07.18	Buy	10,397	0.03	3,00,861	1.01
				13.07.18	Buy	795	0.00	3,01,656	1.01

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
				20.07.18	Buy	15	0.00	3,01,671	1.01
				27.07.18	Sell	2,077	0.01	2,99,594	1.00
				03.08.18	Sell	833	0.00	2,98,761	1.00
				10.08.18	Buy	15,689	0.05	3,14,450	1.05
				17.08.18	Buy	17,457	0.06	3,31,907	1.11
				24.08.18	Sell	2,750	0.01	3,29,157	1.10
				31.08.18	Sell	50	0.00	3,29,107	1.10
				07.09.18	Buy	28,500	0.10	3,57,607	1.20
				14.09.18	Sell	3,000	0.01	3,54,607	1.19
				21.09.18	Buy	25,833	0.09	3,80,440	1.28
				30.09.18	Sell	22,414	0.08	3,58,026	1.20
				05.10.18	Buy	11,495	0.04	3,69,521	1.24
				12.10.18	Buy	7,085	0.02	3,76,606	1.26
				19.10.18	Sell	21,957	0.07	3,54,649	1.19
				26.10.18	Sell	17,200	0.06	3,37,449	1.13
				02.11.18	Buy	550	0.00	3,37,999	1.13
				09.11.18	Sell	3,350	0.01	3,34,649	1.12
				16.11.18	Sell	10,731	0.04	3,23,918	1.09
				23.11.18	Sell	500	0.00	3,23,418	1.08
				30.11.18	Sell	4,401	0.01	3,19,017	1.07
				07.12.18	Sell	2	0.00	3,19,015	1.07
				14.12.18	Buy	18,900	0.06	3,37,915	1.13
				21.12.18	Sell	750	0.00	3,37,165	1.13
				04.01.19	Sell	2,13,414	0.72	1,23,751	0.41
				11.01.19	Buy	4,066	0.01	1,27,817	0.43
				18.01.19	Buy	6,028	0.02	1,33,845	0.45
				25.01.19	Buy	2,088	0.01	1,35,933	0.46
				01.02.19	Buy	80	0.00	1,36,013	0.46
				08.02.19	Buy	843	0.00	1,36,856	0.46
				15.02.19	Buy	49,953	0.17	1,86,809	0.63
				22.02.19	Buy	1,727	0.01	1,88,536	0.63
				01.03.19	Sell	32,914	0.11	1,55,622	0.52
				08.03.19	Sell	11,137	0.04	1,44,485	0.48

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
				15.03.19	Sell	2,679	0.01	1,41,806	0.48
				22.03.19	Buy	2,118	0.01	1,43,924	0.48
				31.03.19	Sell	1,493	0.01	1,42,431	0.48
9	Nitin Tandon	1,38,000	0.46	01.04.18	-	-	-	1,38,000	0.46
10	Punamchand Ramnarayan Rathi	1,33,615	1.16	01.04.18	-	-	-	1,33,615	0.45

#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	55,64,449	18.66	55,64,449	18.66
	Date wise increase / (decrease) in shareholding during the year 27.11.2018	(16,44,143)	(5.51)	39,20,306	13.14
	At the end of the year	39,20,306	13.14	39,20,306	13.14
2	Shri Akshay S Pitti				
	At the beginning of the year	41,58,200	13.94	41,58,200	13.94
	Date wise increase / (decrease) in shareholding during the year 27.11.2018	(14,09,100)	(4.72)	27,49,100	9.22
	At the end of the year	27,49,100	9.22	27,49,100	9.22
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	-	-	-	-

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
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	-	-	-	-
7	Shri S Thiagarajan	-	-	-	-
	At the beginning of the year	-	-	-	-
	Date wise increase / (decrease) in shareholding during the year	-	-	-	-
	At the end of the year	-	-	-	-
	Other KMPs				
8	Shri N K Khandelwal				
	At the beginning of the year	15,000	0.050	15,000	0.050
	Date wise increase / (decrease) in shareholding during the year				
	03.05.2018	1,500	0.005	16,500	0.055
	21.05.2018	2,000	0.007	18,500	0.062
	12.02.2019	2,000	0.007	20,500	0.069
	14.02.2019	500	0.002	21,000	0.070
	18.02.2019	500	0.002	21,500	0.072
	20.02.2019	1,000	0.003	22,500	0.075
	18.03.2019	1,000	0.003	23,500	0.079
	At the end of the year	23,500	0.079	23,500	0.079
9	Ms. Mary Monica Braganza				
	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

Particulars	Secured loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	22,674.48	2,898.27	-	25,572.75
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	18.97	-	-	18.97
Total (i + ii + iii)	22,693.45	2,898.27	-	25,591.72
Change in indebtedness during the financial year				
• Addition	889.66	4,140.00	-	5,299.66
• Reduction	(1,490.77)	(4,666.52)	-	(6,157.29)
Net Change	(601.11)	(256.52)	-	(857.63)
Indebtedness at the end of the financial year				
(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
Total (i + ii + iii)	22,123.80	2,721.58	-	24,845.38

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	50.79	50.79	101.58
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Others	-	-	-
	Total	50.79	50.79	101.58
	Ceiling as per the Act			425.81

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	2.20	2.65	1.15	1.05	1.90	8.95
Commission	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-
Total	2.20	2.65	1.15	1.05	1.90	8.95

C. Remuneration to Key Managerial Personnel:

₹ in lakhs

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Shri Nand Kishore Khandelwal	Ms. Mary Monica Braganza	
		President – Corporate Resources & CFO	Company Secretary & Compliance Officer	
1.	Gross salary	69.12	12.78	81.90
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Others, please specify	-	-	-
	Total	69.12	12.78	81.90

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

₹ in lakhs

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)
A. COMPANY					
Penalty			-----NIL-----		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			-----NIL-----		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			-----NIL-----		
Punishment					
Compounding					

For and on behalf of the Board of Directors

Sharad B Pitti

Chairman & Managing Director

DIN: 00078716

Place : Hyderabad

Date : 6th May 2019

SECRETARIAL AUDIT REPORT

For The Financial Year Ended on 31st March 2019

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 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.

Ajay Kishen

Practicing Company Secretary
FCS:6298 CP:5146

Place: Hyderabad
Date: 6th May 2019

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: 6th May 2019

REPORT ON CORPORATE GOVERNANCE

STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

Composition of Board

As on 31st March 2019, 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. Four 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:

16th May 2018; 13th August 2018; 15th October 2018 and 7th February 2019.

The necessary quorum was present for all the meetings.

Detailed agenda containing management reports and other

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

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

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting and the number of Directorships and Committee Memberships / Chairmanships held by them as on 31st March 2019 is given below.

Name of the Director	Category	Number of Board Meetings attended during the year 2018-19	Whether attended last AGM held on 24.09.2018	Number of Directorships in other Companies	Number of Committees Membership (s)/ Chairmanship(s) held in other public Companies*	Names of the other Listed entities where the person is Director & category of directorship
Shri Sharad B Pitti Chairman & Managing Director DIN 00078716	Promoter Executive Director	3	Yes	4	Nil	Nil
Shri Akshay S Pitti Vice-Chairman & Managing Director DIN 00078760	Promoter Executive Director	4	Yes	4	Nil	Nil
Shri N R Ganti DIN 00021592	Independent Non- Executive	4	Yes	Nil	Nil	Nil
Shri Gummalla Vijaya Kumar DIN 00780356	Independent Non- Executive	4	Yes	Nil	Nil	Nil

Name of the Director	Category	Number of Board Meetings attended during the year 2018-19	Whether attended last AGM held on 24.09.2018	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	4	Yes	10	9 [Incl. 2 as Chairman]	1. Suven Life Sciences Ltd. Independent Director 2. Olectra Greentech Ltd. Independent Director 3. BGR Energy Systems Ltd. Independent Director 4. JOCIL Ltd. Independent Director upto 31.03.2019
Ms. Gayathri Ramachandran DIN 02872723	Independent Non-Executive	3	No	9	7 [Incl. 1 as Chairman]	1. SKIL Infrastructure Ltd. Independent Director 2. JPT Securities Ltd. Independent Director 3. KLG Capital Services Ltd. Independent Director
Shri S Thiagarajan DIN 02721001	Independent Non-Executive	4	Yes	Nil	Nil	Nil

* In accordance with Regulation 26 of the SEBI Listing Regulations, Membership (s) / Chairmanship(s) of only Audit Committees and Stakeholders' Relationship Committees in all 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 in the required skills, expertise and competence on the following matrix which allows the company to carry on its business efficiently.

- Governance and Board Service
- 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 24th May 2018 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 the Board, the Independent Directors fulfil the conditions specified by the Companies Act, 2013 and the SEBI Listing Regulations and are independent of 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.

Governance policies

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

- Code of conduct & ethics for directors & senior management
- Code for independent directors
- Corporate social responsibility policy
- Remuneration policy
- Policy for preservation of documents

- Policy for determining the materiality of an event
- Dividend distribution policy
- Insider trading policy
- Code of practices and procedures for fair disclosure of unpublished price sensitive information
- Vigil mechanism / Whistle blower policy
- Policy and procedure of enquiry in case of leak of unpublished price sensitive information
- Policy for determining material subsidiaries
- Policy on Related Party Transactions

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

Equity shares and convertible instruments held by Directors

The number of equity shares and convertible warrants held by Executive and Non-Executive Directors as on 31st March 2019 is given below:

Name	Equity shares	Convertible warrants
Shri Sharad B Pitti	39,20,306	Nil
Shri Akshay S Pitti	27,49,100	11,11,111
Shri N R Ganti	1,600	Nil
Shir Gummalla Vijaya Kumar	20	Nil
Shri M Gopalakrishna	Nil	Nil
Ms. Gayathri Ramachandran	Nil	Nil
Shri S Thiagarajan	Nil	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 24th September 2018 to answer the shareholders queries.

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

16th May 2018, 13th August 2018, 15th October 2018 and 7th February 2019

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

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

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

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

- | | | |
|---|--|---|
| <p>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.</p> <p>b) Recommendation for appointment, re-appointment and terms of appointment of the statutory auditor and the fixation of audit fees.</p> <p>c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.</p> <p>d) Reviewing, with the management, the annual financial statements and auditor's report thereon</p> | <p>before submission to the Board for approval, with particular reference to:</p> <p>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;</p> <p>ii. Changes, if any, in accounting policies and practices and reasons for the same;</p> <p>iii. Major accounting entries involving estimates based on the exercise of judgment by management;</p> <p>iv. Significant adjustments made in the financial statements arising out of audit findings;</p> <p>v. Compliance with listing and other legal requirements relating to financial statements;</p> <p>vi. Disclosure of any related party transactions; and</p> <p>vii. Modified opinion(s) in the draft audit report.</p> <p>e) Reviewing along with the management, the quarterly financial statements before</p> | <p>submission to the board for approval.</p> <p>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.</p> <p>g) Reviewing and monitor the auditor's independence and performance, and effectiveness of audit process.</p> <p>h) Approval of any subsequent modification of transactions of the listed entity with related parties.</p> |
|---|--|---|

- i) Scrutiny of inter-corporate loans and investments.
- j) Valuation of undertakings or assets of the listed entity, whenever it is necessary.
- k) Evaluation of internal financial controls and risk management systems.
- l) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- n) Discussion with internal auditors of any significant findings and follow up thereon.
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- r) To review the functioning of the Whistle Blower mechanism.
- s) Approval of appointment of chief financial officer after assessing the qualifications, experience & background, etc. of the candidate.
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- u) Review of information by Audit Committee.
- Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - Management letters/ letters of internal control weaknesses issued by the statutory auditors;
 - 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 document / prospectus / notice in terms of Regulation 32(7) of the Listing Regulations.

Nomination and Remuneration Committee

The Committee's composition is in compliance with the provisions of section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations. The Chairman of the Committee attended the AGM held on 24th September 2018 to answer the shareholders queries.

During the year under review, the Committee met once on 10th August 2018.

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

Name	Category	Position	Number of meetings	
			Held	Attended
Shri N R Ganti	Independent Director	Chairman	1	1
Shri S Thiagarajan	Independent Director	Member	1	1
Shri Gummalla Vijaya Kumar	Independent Director	Member	1	1

SEBI vide notification dated 9th May 2018 notified the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulation 2018 making amendments inter alia to the terms of reference to the Nomination and Remuneration Committee.

The Board of Directors of the Company at their meeting held on 7th February 2019 have approved the revision in terms of reference for Nomination and Remuneration Committee in line with the SEBI

notification dated 9th May 2018. 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 amended terms of reference to the Nomination and Remuneration Committee is 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 and contribution by a Director, commitment, effective deployment of knowledge and

expertise, 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. 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

Remuneration of Directors

The details of remuneration to the Directors for the financial year ended 31st March 2019

₹ in lakhs

Name	Salary	Benefits & Allowances*	Sitting Fees	Total
Shri Sharad B Pitti	46.20	4.59	-	50.79
Shri Akshay S Pitti	46.20	4.59	-	50.79
Shri N R Ganti	-	-	2.20	2.20
Shir Gummalla Vijaya Kumar	-	-	2.65	2.65
Shri M Gopalakrishna	-	-	1.15	1.15
Ms. Gayathri Ramachandran	-	-	1.05	1.05
Shri S Thiagarajan	-	-	1.90	1.90

* 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:

19th September 2018 and
1st December 2018

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

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

The Board of Directors of the Company at their meeting held on 7th February 2019 have approved the revision in terms of reference for the Stakeholders Relationship Committee in line with the SEBI notification dated 9th May 2018. 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 amended 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 2018-19 are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	3	3	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 once on 16th May 2018.

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

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

- 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
2015-16	26.09.2016 4:00 P.M.	West Minister Hall, The Central Court Hotel, 6-1-71, Lakdikapool, Hyderabad 500 004	None
2016-17	06.09.2017 4:00 P.M.	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 P.M.	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 st April 2019 to 21 st 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.

Extra-ordinary General Meeting

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

Resolutions passed by postal ballot

No postal ballot was conducted during the year 2018-19. 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.

The Company's policy on materiality of 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.

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 revised whistle blower policy

on 29th March 2019 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. 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. Please refer the Management Discussion and Analysis Report for the same.

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

The Company has not raised any funds through preferential allotment or qualified institutions placement during the financial year ended 31st March 2019.

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

A certificate from Shri Ajay Kishen, Practicing Company Secretary certifying that none of the Directors on the Board of the

Company have been debarred or disqualified from being appointed or continuing as Directors of the Company is annexed to this Report.

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

The Board of Directors accepted all the recommendation(s) of the Committees of the Board during the financial year ended 31st March 2019.

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

	₹ in lakhs
Particulars	FY 2018-19
Audit fees	16.00
Tax audit fees	3.00
Certification fee / taxation matter	2.18

j) Disclosure of complaints received under Sexual Harassment of Women at Workplace

(Prevention, Prohibition and Redressal) Act, 2013

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

k) Adoption of Mandatory and Non-Mandatory Requirements

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

- The financial statements for the year ending 31st March 2019 do not contain any audit qualification.
- The Internal auditor reports to the Audit Committee.

l) The Disclosures 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 is L29253TG1983PLC004141.

Annual General Meeting for the Financial Year 2018-19

Day & Date : Thursday, 19th September 2019

Time : 2:30 P.M.

Venue : Kohinoor Hall at Hotel Taj Deccan, Road No. 1, Banjara Hills, Hyderabad -500 034

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

Financial Calendar

Financial Year	1 st April to 31 st March
Tentative calendar for declaration of results for quarter ending	
30 th June 2019	on or before 14 th August 2019
30 th September 2019	on or before 14 th November 2019
31 st December 2019	on or before 14 th February 2020
31 st March 2020	on or before 30 th May 2020
Dividend	No dividend for the FY 2018-19 is proposed
Book Closure	From 13 th September 2019 to 19 th September 2019 [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*

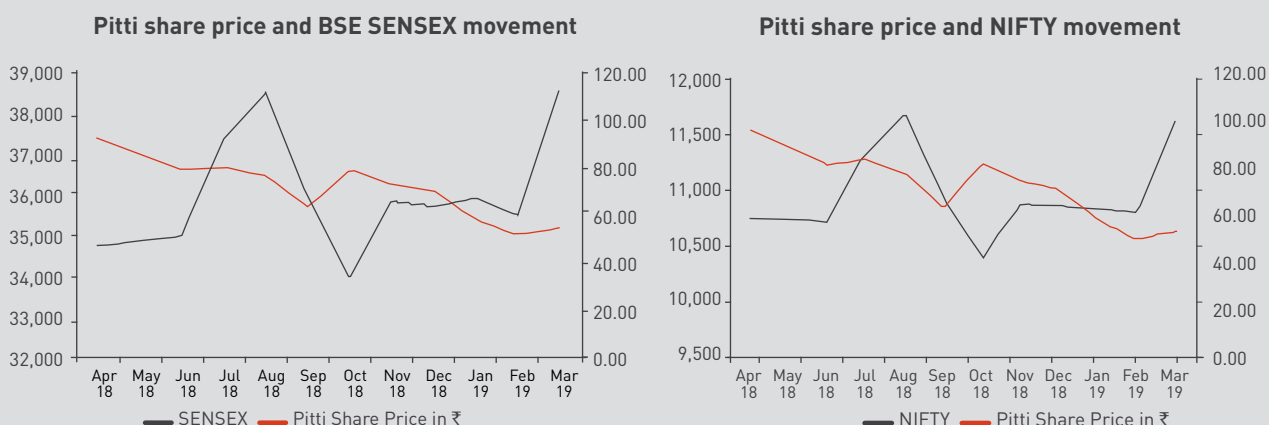
* Consequent to change in name of the Company from Pitti Laminations Limited to Pitti Engineering Limited the script code of the company has been change from PITTILAM to PITTIENG.

The Company has paid the requisite annual listing fees to both the Stock Exchanges for financial year 2019-20. The securities of the Company have never been suspended from trading.

Stock market price data

Month	BSE Limited (BSE)			National Stock Exchange (NSE)		
	High price ₹	Low price ₹	Volume (Nos)	High price ₹	Low price ₹	Volume (Nos)
April 2018	107.55	83.10	5,67,976	107.00	83.80	27,01,995
May 2018	110.00	85.80	5,95,933	110.40	85.00	30,58,547
June 2018	98.80	80.25	2,41,191	99.65	77.20	21,07,604
July 2018	87.00	74.10	89,658	88.80	74.50	4,86,376
August 2018	93.70	77.60	2,26,739	93.80	78.10	18,69,008
September 2018	81.75	63.05	1,03,975	81.00	63.00	6,04,069
October 2018	93.65	60.20	3,31,756	93.90	62.00	19,19,802
November 2018	90.15	75.55	97,994	90.70	75.60	9,11,897
December 2018	83.30	71.50	74,107	82.50	71.20	7,21,803
January 2019	74.35	47.85	3,16,529	74.80	47.50	47,25,660
February 2019	59.65	48.05	60,217	59.65	48.20	7,38,568
March 2019	62.00	50.55	96,438	62.50	50.00	9,51,626

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



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 SEBI Listing Regulations. The said certificate is submitted by the Company to the Stock Exchanges.

Distribution of shareholding as on 31st March 2019

Shares held	No. of Shareholders	%	No. of Shares	%
Up to 5000	10,191	80.54	17,52,314	5.87
5001 to 10000	1,158	9.15	9,46,051	3.17
10001 to 20000	597	4.72	9,39,023	3.15
20001 to 30000	191	1.51	4,93,263	1.65
30001 to 40000	96	0.76	3,51,894	1.18
40001 to 50000	85	0.67	4,00,423	1.34
50001 to 100000	169	1.34	12,41,202	4.16
Above 100000	166	1.31	2,37,03,675	79.48
Total	12,653	100.00	2,98,27,845	100.00

Shareholding pattern as on 31st March 2019

Category	No of Shares	%
Promoters & Promoter group	1,59,80,582	53.58
Foreign portfolio investors	5,94,998	1.99
Financial institutions/Banks	8,39,578	2.81
Individuals	97,34,101	32.63
Bodies Corporate	19,91,422	6.68
NRI	3,27,419	1.10
Clearing Members	77,537	0.26
Directors and Relatives	1,620	0.01
IEPF Account	2,80,588	0.94
Total	2,98,27,845	100.00

Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 98.97% of the Company's equity share capital are dematerialised as on 31st March 2019. 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	2,39,01,103	80.13
CDSL	56,18,886	18.84
Physical	3,07,856	1.03
Total	2,98,27,845	100.00

The annual custody/issuer fee for the financial year 2019-20 will be paid by the Company to Central Depository Services Limited and National Securities Depository Limited within due date.

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

SEBI has vide notification No. SEBI/LAD/NRO/GN/2018/24 dated 8th June 2018 made transfer of shares of listed companies to be mandatorily in demat mode only. Effective from 31st March 2019, the shares of the Company can be transferred only in dematerialised form, as per notification issued by SEBI. With a view to facilitate seamless transfer of shares in future and as advised by the Stock Exchanges, shareholders

holding shares in physical form are requested to dematerialise their shareholding in the Company. Such shareholders may, accordingly, get in touch with any Depository Participant having registration with SEBI to open a demat account.

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

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

The Company does not have any outstanding GDRs/ADRs / Convertible Instruments as on 31st March 2019.

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

The subscription amount of 25% of warrant price has been received and fully paid-up equity shares of the Company will be allotted on receipt of balance 75% warrant price within 18 months from 14th February 2018.

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: Positive 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
2011-12	06.08.2012	11.09.2019
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 24th September 2018 (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 2011-12. Communication has been 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 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 2011-12 and the corresponding shares will be due for transfer to IEPF on 11th September 2019.

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

Pursuant to Section 124(5) of the Companies Act, 2013, the Company during the year under review, has credited the Unclaimed dividend of ₹ 2,89,782/- pertaining to the financial year 2010-11 to the Investor Education and Protection Fund.

In accordance with the provisions of the Companies Act, 2013 the Company has transferred 5,150

equity shares on 20th October 2018 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. 17th September 2018.

The Shareholders may claim their unclaimed dividend for the years prior to the financial year 2010-11 and the corresponding shares, from the IEPF Authority by applying in the prescribed Form No. IEPF-5. This Form can be downloaded from the website of the IEPF Authority www.iepf.gov.in, the access link of which is also available on the Company's website www.pitti.in under the section 'Investor Desk'

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

Equity shares in the suspense account

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

Particulars	No. of shareholders	No. of shares
Aggregate number of shareholder and the outstanding shares lying in the unclaimed suspense account as on 1 st April 2018	272	71,800
Aggregate number of shareholders and the outstanding shares transferred to the unclaimed suspense account during the year	0	0
Number of shareholders who approached the Company for transfer of shares from the unclaimed suspense account during the year	12	4,400
Number of shareholders to whom the shares were transferred from the unclaimed suspense account during the year	12	4,400
Number of shareholders whose unclaimed dividends were transferred to the IEPF account as per section 124 of the Companies Act, 2013	260	67,400
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 31 st March 2019	260	67,400

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

Compliance certificate of the Auditors

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

DECLARATION

As provided under Regulation 26(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Board Members and Senior Management Personnel have affirmed compliance with the company's Code of Conduct and Ethics for the year ended 31st March 2019.

For and on behalf of the Board of Directors

Place : Hyderabad
Date : 6th May 2019

Sharad B Pitti
Chairman & Managing Director
DIN: 00078716

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 PITT 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 9th 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 31st March 2019 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

Place: Hyderabad
Date : 6th May 2019

Ajay Kishen
Practicing Company Secretary
FCS:6298 CP:5146

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 ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2019, 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 issued by Institute of Chartered Accountants India (ICAI), the Standards on Auditing 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 on Reports or Certificates for Special Purposes 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 31st March 2019.
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's Registration Number: 011168S

Place : Hyderabad
Date : 6th May 2019

Vijay Singh
Partner
Membership Number: 221671

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 31st March 2019 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 : 6th May 2019

Financial Statements



INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF PITTI ENGINEERING LIMITED
(formerly known as Pitti Laminations Limited)**

Report on the Audit of the 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 31st March 2019, 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 31st March 2019, 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.

Sl. No	Key Audit Matter	Auditors Response
1	<p>Significant judgement for creating Provision for Bad and Doubtful debts to the tune of ₹ 1.32 Cr</p> <p>Creation of Provision for Bad and Doubtful debts involves significant management judgement about recoverability of receivables from Debtors.</p>	<p>We have obtained the balance outstanding from debtors as on 31st March 2019 along with the aging. We've noted that outstanding debtors for over 180 days and 365 days amount to ₹ 1.50 Cr and ₹ 1.32 Cr respectively. On the basis of this observation we've discussed with the management and are of the opinion that the same must be impaired. However, the management has opined that though the amount is overdue for more that 180 days, the amount is recoverable and has created a Provision for Bad and Doubtful debts amounting to ₹ 1.32 Cr.</p>
2	<p>Assets amounting to the tune of ₹ 1.96 Cr have been written off in the current financial year.</p>	<p>We obtained the Fixed Assets verification report done by the management internally. We verified the aforesaid report, accounting in books of account along with its validity.</p>

Other Information

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 rule 7 of the companies (accounts) rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 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 Laxminivas & Co.
Chartered Accountants
Firm's Registration Number: 011168S

Hyderabad
6th May 2019

Vijay Singh
Partner
Membership Number: 221671

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 31st March 2019 and therefore the provisions of the clause 3 (v) of the order are not applicable to the company.
- (vi). We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii). According to the information and explanations given to us, in respect of statutory dues :
- a) The company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Customs duty, Goods and Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities,
 - b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service tax, Customs Duty, Cess and other material statutory dues in arrears as at 31st March 2019 for a period of more than six months from the date they became payable.
 - c) Details of dues of Income Tax, Service Tax which have not been deposited as at 31st March 2019 on account of dispute are given below:

Sl.No.	Nature of statute	Latest Order reference	Status as per Company	Status
			Payable/(receivable)	
1	Service tax	Appeal No.25823, 25615/2013	68,55,196	Still cases under stay granted status
Total			68,55,196	

- (viii). According to the information and explanation given to us, the company has not defaulted in repayment of dues to bank and financial institutions as at balance sheet date.
- (ix). The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) however company has taken term loans during the year, according to the information and explanation given to us, the money raised by way of term loans were applied for the purpose for which it was raised.
- (x). To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi). In our opinion and according to the information and explanations give to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii). In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.
- (xiii). According to the information and explanations given to us and based on our examination of the records of

the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv). During the year, the company has not made any preferential allotment or Private Placement of shares or fully or partly paid convertible debentures and hence reporting clause 3 (xiv) of the order is not applicable to the company.
- (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

Hyderabad
6th May 2019

Annexure B to the Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of **Pitti Engineering Limited** ("the Company") (formerly known as Pitti Laminations Limited) as of 31st March 2019 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 31st March 2019, 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

Hyderabad

6th May 2019

BALANCE SHEET

as at 31st March 2019

(₹ in lakhs)

Particulars	Notes	As at 31.03.2019	As at 31.03.2018
ASSETS			
NON-CURRENT ASSETS			
(a) Property, plant and equipment	2A	22,025.27	19,667.12
(b) Assets held for Sale		262.00	262.00
(c) Capital work-in-progress		459.63	934.15
(d) Intangible Assets	2B	719.83	468.09
(e) Financial Assets			
(i) Investments	3A	1,641.00	1,734.84
(ii) Loans	3B	81.61	95.66
(f) Other non-current assets	4	414.88	362.93
TOTAL NON - CURRENT ASSETS		25,604.22	23,524.79
CURRENT ASSETS			
(a) Inventories	5	10,027.32	12,916.37
(b) Financial Assets			
(i) Investments	6A	2.05	1.63
(ii) Trade receivables	6B	18,249.08	13,691.77
(iii) Cash and Cash equivalents	6C	1,396.40	1,352.41
(iv) Other financial assets	6D	71.59	78.75
(c) Other current assets	7	3,054.08	3,331.20
TOTAL CURRENT ASSETS		32,800.52	31,372.13
TOTAL ASSETS		58,404.74	54,896.92
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	8	1,491.81	1,491.81
(b) Other equity	9	15,604.58	13,464.59
(c) Monies Received against Warrants		500.00	500.00
TOTAL EQUITY		17,596.39	15,456.40
LIABILITIES			
NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	10	7,559.55	8,868.19
(b) Other Long Term Liabilities		1,400.00	100.00
(c) Provisions	11	435.58	521.20
(d) Deferred tax liabilities(net)	12	1,685.54	970.51
TOTAL NON-CURRENT LIABILITIES		11,080.67	10,459.90
CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	13A	15,224.21	14,765.76
(ii) Trade payables	13B		
Dues to micro and small enterprises		-	64.64
Dues to others		10,365.28	10,743.30
(iii) Other financial liabilities	13C	2,550.44	2,399.92
(b) Other current liabilities	14	519.19	487.89
(c) Provisions	15	218.55	146.61
(d) Income tax liabilities (net)	16	850.01	372.50
TOTAL CURRENT LIABILITIES		29,727.68	28,980.62
TOTAL EQUITY AND LIABILITIES		58,404.74	54,896.92

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

N.R. Ganti
Director
DIN : 00021592

DIN:00078716

Vijay Singh
Partner
M. No:221671

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

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

Place : Hyderabad
Date : 6th May 2019

Place : Hyderabad
Date : 6th May 2019

STATEMENT OF PROFIT & LOSS

for the period ended 31st March 2019

(₹ in lakhs)

Particulars	Notes	For the Year 2018-19	For the Year 2017-18
INCOME			
Revenue from operations	17A	61,426.80	38,276.52
Other Operating revenue	17B	794.67	326.07
Total Revenue from Operations		62,221.47	38,602.59
Other income	18	226.67	294.30
TOTAL REVENUE		62,448.14	38,896.89
EXPENSES			
Cost of Materials consumed	19	37,339.99	22,829.08
Purchase of stock-in-trade		3,020.12	2,045.62
Changes in inventories of work-in-process, finished goods and scrap	20	2,534.91	(196.68)
Excise duty	17A	-	723.35
Employee benefits expenses	21	5,168.73	3,561.78
Finance costs	22	2,961.40	2,348.15
Depreciation and amortization expenses	2A&2B	2,241.38	1,763.21
Other expenses	23	5,147.80	4,190.89
TOTAL EXPENSES		58,414.33	37,265.40
Profit before tax		4,033.81	1,631.49
TAX EXPENSES	24		
(a) Current tax		946.82	-
(b) Tax relating to earlier years		-	13.80
(c) Deferred tax		715.03	489.73
TOTAL TAX EXPENSES		1,661.85	503.53
Profit for the period		2,371.96	1,127.96
Other Comprehensive Income			
(i) Items that will not be reclassified subsequently to profit or loss			
Remeasurement of the net defined benefit liability/assets		8.34	26.54
Change in fair value of non-current investment		(93.84)	-
Change in fair value of current investment		0.43	(0.09)
(ii) Items that will be reclassified subsequently to profit or loss			
Total other comprehensive income		(85.07)	26.45
Total Comprehensive Income		2,286.89	1,154.41
Earnings per Equity Share of Face Value of ₹ 5/- each	25.1		
(a) Basic		7.67	4.22
(b) Diluted		7.14	3.91

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

Vijay Singh
Partner
M. No:221671

Place : Hyderabad
Date : 6th May 2019

Sharad B Pitti
Chairman & Managing Director

DIN:00078716

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

Place : Hyderabad
Date : 6th May 2019

N.R. Ganti
Director
DIN : 00021592

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2019

(a) Equity Share Capital

(₹ in lakhs)

Particulars	Note No.	
Balance as at 1st April 2017		1,349.59
Changes in equity share capital during the year	8 (a)	142.22
Balance as at 31st March 2018		1,491.81
Balance as at 1st April 2018		1,491.81
Changes in equity share capital during the year	8 (a)	-
Balance as at 31st March 2019		1,491.81

(b) Other Equity

	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 st April 2017	3,799.79	750.48	5,113.69	1.60	226.84	9,892.40
Profit and loss during period			1,127.96			1,127.96
Premium on Shares issued during the year	2,417.78					2,417.78
Fair Valuation of investments				(0.09)		(0.09)
Actuarial Gain / Loss					26.54	26.54
Balance as on 31st March 2018	6,217.57	750.48	6,241.65	1.51	253.38	13,464.59
Adjustment as per Ind AS 115			(146.90)			(146.90)
Restated balance as on 1 st April 2018	6,217.57	750.48	6,094.75	1.51	253.38	13,317.69
Balance as on 1 st April 2018	6,217.57	750.48	6,094.75	1.51	253.38	13,317.69
Profit and loss during period			2,371.96			2,371.96
Fair Valuation of investments				(93.41)		(93.41)
Actuarial Gain Loss					8.34	8.34
Balance as on 31st March 2019	6,217.57	750.48	8,466.71	(91.90)	261.72	15,604.58

As per our Report of even date

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

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

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Place : Hyderabad
Date : 6th May, 2019

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

CASH FLOW STATEMENT

for the period ended 31st March 2019

(₹ in lakhs)

Particulars	Year 2018-19		Year 2017-18	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax	4,033.81		1,631.49	
Adjusted for				
Depreciation	2,241.38		1,763.21	
Interest Income	(97.32)		(115.50)	
Bad debts written off	9.47		21.07	
Provision for Doubtful Debts	132.07		-	
Loss / (Profit) on sale of fixed assets (net)	166.16		88.19	
Re-measurement gains/(losses) on employee defined benefit plans	8.34		26.54	
Re-measurement gains/(losses) on Investments	(93.41)		-	
Unrealised foreign exchange differences	(134.12)		236.31	
Finance Costs	2,961.40	9,227.78	2,348.15	5,999.46
Operating Profit before Working Capital changes		9,227.78		5,999.46
Working Capital changes adjusted for				
Trade & Other financial and non financial assets	(4,394.29)		(4,052.05)	
Inventories	2,889.05		(261.19)	
Trade Payables and other financial and non financial liabilities	(189.17)		1,269.09	
		(1,694.41)		(3,044.16)
Cash generated from operations		7,533.37		2,955.30
Taxes Paid		(469.31)		(110.03)
Cash Flow before extraordinary items		7,064.06		2,845.27
Net Cash Flow From Operating Activities - (A)		7,064.06		2,845.27
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(4,570.62)		(11,256.34)
Advances to Fixed Assets		(302.21)		(261.60)
Proceeds from sale of fixed assets		27.72		37.83
Increase in investment		93.42		0.09
Advance received for Assets held for sale		-		100.00
Interest income received		104.27		93.91
Net Cash used in Investing Activities - (B)		(4,647.42)		(11,286.11)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital		-		2,560.00
Proceeds from issue of share warrants		-		500.00
Finance charges		(2,828.73)		(2,346.90)
Working Capital Borrowings		458.45		3,879.66
Other Long Term Liabilities / Funds		1,300.00		-
Long Term Funds (Term Loans from financial institutions and other unsecured loans)		(1,546.54)		6,522.00
Long Term Funds (Funds from Promoters and Promoters Group converted to Share Capital)		-		(2,560.00)
		(2,616.82)		8,554.76
Net Cash used in Finance Activities - (C)		(2,616.82)		8,554.76
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		(200.18)		113.92
Opening Balance in Cash and Cash Equivalents		342.09		228.17
Closing Balance in Cash and Cash Equivalents		141.91		342.09

CASH FLOW STATEMENT

for the period ended 31st March 2019

(₹ in lakhs)

Particulars	Year 2018-19	Year 2017-18
Components of cash and cash equivalents:		
Cash on hand	3.10	2.92
Balances with banks		
On current accounts	6.68	10.07
On EEFC accounts	2.58	0.97
Term Deposit Accounts with in 3 months of maturity	110.07	305.69
On unpaid dividend account	19.48	22.44
Total cash and cash equivalents	141.91	342.09

As per our Report of even date

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

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

Vijay Singh
Partner
M. No:221671

Place : Hyderabad
Date : 6th May 2019

Sharad B Pitti
Chairman & Managing Director

DIN:00078716

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

Place : Hyderabad
Date : 6th May 2019

N.R. Ganti
Director
DIN : 00021592

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

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1.1. CORPORATE INFORMATION

Pitti Engineering Limited (Formerly Pitti Laminations Limited) ("the Company") is a public Company domiciled in India and incorporated under the Companies Act, 1956. 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 equipment and various machined components.

1.2. BASIS OF PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

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 the Act 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.

(a) Basis of Accounting

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

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

(b) Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with Ind AS requires management to make judgments, estimates

and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

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

(c) Current/ Non-Current Classification

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

- (i) Expected to be realized or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realized within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

1.3. PROPERTY, PLANT AND EQUIPMENT

Freehold land is measured at cost and not depreciated. All other items of property, plant and

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

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 CENVAT / Value Added Tax / 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.

Dismantling cost is estimated at 5% of the original cost of the assets and to that extent the provision is created and shown 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 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 except tools. 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.

The useful life of each tool has been estimated in number of strokes; hence amortization 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 amortized during that year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

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

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

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

Product development cost is 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 component 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

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

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 are derecognized.

1.4. REVENUE RECOGNITION

Effective from 1st April 2018, the Company has adopted Ind AS 115, "Revenue from Contracts with Customers". 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 realiation 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 on accrual basis.

1.5. INVESTMENTS

Investments are classified into current and non-current investments. Investments that are

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

1.6. INVENTORIES

(a) Inventories include Raw Material, work in progress, finished goods, scrap and stores, spares and consumables are carried at the lower of cost and net realisable value.

(b) The following basis of valuation is applied for valuation of Inventories.

Sl. No.	Particulars	Basis of Valuation
1	Raw Material	Weighted average cost or net realisable value whichever is lower
2	Work in Process	Weighted average cost or net realisable value whichever is lower
3	Finished Goods	Weighted average cost or net realisable value whichever is lower
4	Stores & Spares	Weighted average cost or net realisable value whichever is lower
5	Scrap	At Realisable value

(c) The cost of inventories has 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.

(d) Net realisable 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.

1.7. 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 (₹), which is the Company's functional and presentation currency.

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

(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 recognised 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 recognised 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.

Any Profit or Loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.

1.8. 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 recognised 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 recognised in profit or loss on the earlier of:

- (i) The date of the plan amendment or curtailment, and
- (ii) The date that the Company recognises related restructuring costs

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

- (i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine Settlements; and
- (ii) Net interest expense or income

1.9. 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 capitalised as part of the costs of such assets. Other Borrowing costs are recognised as expenses in the year in which they are incurred.

1.10. LEASES

At the inception of a lease, the lease arrangement is classified either as a finance lease or an operating lease, based on the substance of the arrangement.

Assets acquired by way of finance lease are capitalised at the lower of the fair value and the present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charge and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance costs in the Statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

Leases other than finance leases are operating leases, and the leased assets are not recognised on the Company's balance sheet. Payments made under operating leases are recognised in the Statement of Profit or Loss as an expense over the term of lease.

1.11. 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 recognised 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 recognised for the asset in prior years.

1.12. 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.

1.13. SEGMENT REPORTING

Segments are identified having regard to the dominant source and nature of risks and returns and internal organisation and management structure. The Company has considered only one business segments as the primary segments for disclosure.

Geographical segment is recognised as Secondary Segment.

1.14. 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.

1.15. 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 recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised 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.

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

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 recognised 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 recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, 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 recognised 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 utilised.

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 utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised 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 recognised outside profit or loss is recognised outside profit or loss (either in

other comprehensive income or in equity). Deferred tax items are recognised 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.

1.16. 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 recognised 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 recognised 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 Amortised 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

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

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 recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised 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.

1.17. 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 possible.

Non-current assets classified as held for sale are presented separately from other assets in the balance sheet.

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

Note: 2A&2B

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

(₹ in lakhs)

Particulars	GROSS BLOCK			DEPRECIATION FOR ADJUSTMENTS			NET BLOCK	
	As at 01.04.2018	ADDITIONS	As at 31.03.2019	As at 01.04.2018	FOR THE YEAR	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
Tangible Assets: 2A								
Land	716.86	-	716.86	-	-	-	716.86	716.86
Factory Building								
- on Own premises	2,873.35	588.87	3,462.22	565.13	83.19	648.32	2,813.90	2,308.22
- on Lease hold Property	1,262.95	35.07	1,298.02	529.03	50.73	579.76	718.26	733.92
Plant & Equipment								
- Own Plant & Equipment	19,981.69	1,455.12	20,848.59	8,664.84	1,540.01	9,733.16	11,115.43	11,316.85
- Lease hold Plant & Equipment (Finance Lease)	1,919.17	935.79	2,756.93	37.46	192.73	220.06	2,536.87	1,881.71
Tools	2,537.63	1,365.30	3,797.74	104.37	127.41	222.21	3,575.53	2,433.26
Patterns, Match plates & Mould Box	-	192.44	187.64	-	7.17	7.17	180.47	-
Office Equipment	224.04	75.03	211.34	163.53	33.49	116.08	95.26	60.51
Furniture & Fixtures	210.16	8.28	163.92	173.42	6.00	129.67	34.25	36.74
Other-Computers	513.40	15.68	322.28	444.65	27.54	267.57	54.71	68.75
Vehicles	623.14	136.43	738.87	250.84	62.39	293.14	445.73	372.30
Less : Assets held for Sale (Land and Building)	(453.04)	-	(453.04)	(191.04)	-	(191.04)	(262.00)	(262.00)
Sub Total	30,409.35	4,808.01	34,051.37	10,742.23	2,130.66	12,026.10	22,025.27	19,667.12
Capital Work In Progress	934.15	4,695.94	459.63	-	-	-	459.63	934.15
Note: 2B								
Intangible Assets								
Computer Software	740.45	6.51	746.96	392.70	66.44	459.14	287.82	347.75
Product Development Expenses	146.37	355.95	502.32	26.03	44.28	70.31	432.01	120.34
Sub Total	886.82	362.46	1,249.28	418.73	110.72	529.45	719.83	468.09
Total	31,296.17	5,170.47	35,300.65	11,160.96	2,241.38	12,555.55	22,745.10	20,135.21
Previous Year	18,622.86	12,960.61	31,296.17	9,537.67	1,763.21	11,160.96	20,135.21	9,085.19

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

NOTE 3A : INVESTMENTS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Other investment		
Investment with Pitti Castings Private Ltd. (Unquoted)		
a. Equity Shares	408.00	501.84
(40,80,000 equity shares at face value ₹ 10/-each, previous year 40,80,000) Presented as per Fair Market Value as per Ind AS Requirement		
b. Redeemable Preferential shares	1,233.00	1,233.00
(1,23,30,000 Preferential shares (non-cumulative non-participative redeemable) at face value ₹ 10/- each)		
TOTAL	1,641.00	1,734.84

NOTE 3B : LOANS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Secured, Considered good	-	-
TOTAL	-	-
Unsecured, considered good		
Deposits:		
Rent	79.12	90.84
With suppliers	2.49	4.82
TOTAL	81.61	95.66
Significant increase in Credit Risk	-	-
TOTAL	-	-
Credit impaired	-	-
TOTAL	-	-
GRAND TOTAL	81.61	95.66

NOTE 4 : OTHER NON CURRENT ASSETS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Unsecured, considered good		
Capital Advance for Fixed Assets	302.21	261.60
Deposits:		
With Govt. bodies	112.67	101.33
TOTAL	414.88	362.93

NOTE 5 : INVENTORIES

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
(At lower of Weight Average cost or Net realisable value)		
Raw material	2,750.71	3,195.58
Material in Transit	52.15	21.16
Work in process	2,280.43	2,411.09
Finished goods	3,911.25	6,302.85
Stores and spares	1,016.70	956.96
Scrap	16.08	28.73
TOTAL	10,027.32	12,916.37

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

NOTE 6A : INVESTMENTS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Investment in Equity Shares		
I. Quoted		
Development Credit Bank Ltd.	2.04	1.62
Face Value 1,000 Equity Shares of ₹ 10/- each		
Presented as per Fair Market Value as per Ind AS Requirement		
II. Unquoted		
Saraswat Co-operative Bank Ltd.	0.01	0.01
50 Equity Shares of ₹ 10/- each (Unquoted)		
TOTAL	2.05	1.63

NOTE 6B : TRADE RECEIVABLES

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
(Secured, considered good)		
Overdue Outstanding for a period exceeding six months	-	-
Others*	434.56	-
TOTAL	434.56	-
(Unsecured, considered good)		
Overdue Outstanding for a period exceeding six months	150.02	162.36
Others	17,806.04	13,550.48
TOTAL	17,956.06	13,712.84
Significant increase in Credit Risk	(132.07)	-
TOTAL	(132.07)	-
Credit Impaired	(9.47)	(21.07)
TOTAL	(9.47)	(21.07)
GRAND TOTAL	18,249.08	13,691.77

*Sales against Letter of Credit

NOTE 6C : CASH AND CASH EQUIVALENTS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Cash on Hand	3.10	2.92
Balances with banks		
Current Accounts	6.68	10.07
EEFC Accounts	2.58	0.97
Term Deposit Accounts with in 3 months of maturity	110.07	305.69
Unclaimed dividend account (Refer note a)	19.48	22.44
Cash & Cash equivalents	141.91	342.09
Other bank balances		
Term Deposit Accounts (Refer note b)	1,254.49	1,010.32
TOTAL	1,396.40	1,352.41

Note:

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

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

NOTE 6D : OTHER FINANCIAL ASSETS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Interest Accrued on Deposits	71.59	78.75
TOTAL	71.59	78.75

NOTE 7 : OTHER CURRENT ASSETS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
(Unsecured and considered good)		
Advances to:		
Material suppliers/contractors	247.66	103.31
Central excise, Sales tax,GST etc.,	1,587.47	2,087.34
Export Incentive Receivables	477.93	394.34
Others*	74.12	122.59
Income Tax and other taxes	72.48	47.37
MAT Credit Receivable	328.51	366.12
Employees	2.40	3.17
Prepaid expenses	263.51	206.96
TOTAL	3,054.08	3,331.20

* Amount receivable from Maharashtra Government towards Industrial Promotions Subsidy (IPS) for new unit under Package Scheme of Incentive - 2013.

NOTE 8 : EQUITY SHARE CAPITAL

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Authorised Capital		
6,00,00,000 (Previous Year 6,00,00,000) Equity Shares of ₹ 5/- each (Previous Year ₹ 5/- each)	3,000.00	3,000.00
TOTAL	3,000.00	3,000.00
Issued, Subscribed and Paid up	1,491.39	1,491.39
2,98,27,845 (Previous year 2,98,27,845) Equity shares of ₹ 5/- each (Previous Year ₹ 5/- each)		
8,300 (Previous year 8,300) Equity Shares forfeited of ₹ 5/- each (Previous year of ₹ 5/- each)	0.42	0.42
TOTAL	1,491.81	1,491.81

Notes

(a) Reconciliation of equity shares

(₹ in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
Issued, subscribed and paid-up capital		
At the beginning of the period	1,491.39	1,349.17
Issued during the period	-	142.22
At the closing of the period	1,491.39	1,491.39

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

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

Name of the shareholder	As at 31.03.2019		As at 31.03.2018	
	%	No. of shares	%	No. of shares
Shri Sharad B Pitti	13.14	39,20,306	18.66	55,64,449
Shri Akshay S Pitti	9.22	27,49,100	13.94	41,58,200
Smt. Madhuri S Pitti	5.90	17,58,620	5.90	17,58,620
Pitti Electrical Equipment Pvt. Ltd.	25.26	75,35,556	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 previous year the Company has allotted 22,22,222 convertible warrants at a price of ₹ 90/- each to be converted into 22,22,222 equity shares of ₹ 5/- (including a premium of ₹ 85/- per share) to the persons belonging to Promoter / Promoter Group. The subscription amount of 25% of warrant price has been received and fully paid-up equity shares of the Company will be allotted on receipt of balance 75% warrant price within 18 months from 14th February 2018.

Note 9 : OTHER EQUITY

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Securities Premium		
At the beginning of the year	6,217.57	3,799.79
Add: during the period	-	2,417.78
At the closing of the period	6,217.57	6,217.57
General Reserve		
At the beginning of the year	750.48	750.48
Less: adjustment as per Schedule -II of Companies Act, 2013	-	-
Add: Transferred from P&L Account during the year	-	-
At the closing of the period	750.48	750.48
Surplus in the Statement of Profit and Loss		
At the beginning of the year	6,496.54	5,423.99
Retained Earnings (Ind AS Adj)	(146.90)	(81.86)
Add : Profit/(Loss) for the period	2,286.89	1,154.41
Less : Interim & Proposed dividend (inclusive of tax)	-	-
Less : Transferred to general reserve during the year	-	-
Net Surplus in the Statement of Profit and Loss	8,636.53	6,496.54
TOTAL	15,604.58	13,464.59

NOTE 10 : BORROWINGS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
A. Secured Loans		
Term Loans from Banks (Refer Note a)	2,510.09	3,386.44
Term Loans from others (Refer Note b)	2,335.61	2,675.76
Sub total	4,845.70	6,062.20
Vehicle Loans		
From Banks & Financial Institutions (Refer Note c)	173.95	174.27
Sub total	173.95	174.27
Total - A	5,019.65	6,236.47
B. Unsecured loans		
Sales Tax Deferral (Refer Note d)	59.90	161.72
From Others (Refer Note e)	2,480.00	2,470.00
Total - B	2,539.90	2,631.72
TOTAL - (A+B)	7,559.55	8,868.19

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

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),(vi) and (vii) for terms of repayment)
- (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 (viii to x) for terms of repayment)
- (c) Secured against / equipments / vehicles funded by the respective lender.
- (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 yearly instalments based on the deferment availed in the respective years, commences from January, 2018 till November, 2020.
- (e) Includes ₹ 1,470 lakhs (previous year ₹ 1,470 lakhs) brought in by the promoters and promoters group for the purpose of working capital and capital expenditure.

Note: 11 : PROVISIONS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Provision for Gratuity	-	17.26
Provision for Leave encashment	71.80	57.46
Provision for Dismantling of PPE	363.78	446.48
TOTAL	435.58	521.20

Note: 12 : DEFERRED TAX LIABILITIES (NET)

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
At the beginning of the year	970.51	480.78
Provision for the year	715.03	489.73
Closing balance	1,685.54	970.51

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

Note: 13A : BORROWINGS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Working capital borrowings from Banks (Secured) (a)	15,078.55	14,575.76
Working capital borrowings from Others	145.66	-
Inter Corporate Deposit	-	190.00
TOTAL	15,224.21	14,765.76

Note:

- (a) Working capital facilities from Banks includes State Bank of India, Indian Overseas Bank and Kotak Mahindra Bank (at interest rate ranging from 9.40% 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 guaranty of the Promoters of the company.

NOTE 13B : TRADE PAYABLES

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Dues to micro enterprises and small enterprises*	-	64.64
Dues to others	10,365.28	10,743.30
TOTAL	10,365.28	10,807.94

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 25.19)

* The amount mentioned is principle only.

NOTE 13C : OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Unclaimed Dividend	19.48	22.44
Interest accrued	130.26	18.97
Sales Tax (Deferral) due less than 12 months	101.82	76.55
Term loan instalments due less than 12 months (Refer note a)	1,738.92	1,802.75
Vehicle loan instalments due less than 12 months (Refer note b)	90.59	68.03
Others*	469.37	411.18
TOTAL	2,550.44	2,399.92

* The amount includes ₹ nil current year (Previous year ₹ 1.99 lakhs) towards Interest payable to MSMED Vendors.

Notes:

- a) Terms of repayment are given below:

- (i) Loan taken from TATA Capital Financial Service Ltd., at interest rate of 14.25% is repayable in 12 monthly instalments of ₹ 18.55 lakhs each till March 2019 and cleared on 25th March 2019 in full during the current year and 47 monthly instalments of ₹ 0.44 lakhs each till March, 2020.
- (ii) Loan taken from TATA Capital Financial Service Ltd., at interest rate of 13.75% is repayable in 15 monthly instalments of ₹ 0.72 lakhs (previous year 39 monthly instalments of ₹ 0.72 lakhs) each till June, 2020, at interest rate of 13.75% is repayable in 20 monthly instalments of ₹ 2.08 lakhs each till November, 2021 and against this loan ₹ 76.45 lakhs (previous year ₹ 162.55 lakhs) opened as Lien marked Fixed Deposits for the purpose of repayment of this loan and at interest rate of 13.75% is repayable in 10 monthly instalments of ₹ 10.86 lakhs each till January, 2020.

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

- (iii) Loan taken from Hewlett Packard Financial Services India Pvt. Ltd., at interest rate of 11.50% is repayable in 18 quarterly instalments of ₹ 8.75 lakhs including interest each till August, 2020.
 - (iv) Loan taken from Hewlett Packard Financial Services India Pvt. Ltd., at interest rate of 11.50% is repayable in 19 quarterly instalments of ₹ 0.88 lakhs including interest, each till October, 2020.
 - (v) Loan taken from State Bank of India at interest rate of 12.50% is repayable in 6 quarterly instalments of ₹ 50.00 lakhs each till September, 2018 and cleared on 1st October 2018 in full during the current year.
 - (vi) Loan taken from State Bank of India at interest rate of 3.75% above MCLR i.e. present effective rate is 12.30% is repayable in 20 quarterly instalments of ₹ 95.00 lakhs each commences from June, 2017 till March, 2022.
 - (vii) Loan taken from State Bank of India at interest rate of 3.75% above MCLR i.e. present effective rate is 12.30% is repayable in 20 quarterly instalments of ₹ 162.50 lakhs each commences from September, 2017 till June, 2022.
 - (viii) Loan taken from Hero Fincorp Ltd., at interest rate of 13.50% is repayable in 63 monthly instalments of ₹ 4.44 lakhs including interest each commences from April, 2018 till June, 2023.
 - (ix) Loan taken from Reliance Commercial Finance Ltd., at interest rate of 13.35% is repayable in 37 monthly instalments of ₹ 10.72 lakhs including interest each commences from March, 2018 till December, 2020.
 - (x) Loan taken from Tata Capital Financial Service Ltd., at interest rate of 13.00% is repayable in 60 monthly instalments of ₹ 15.66 lakhs each commences from May, 2018 till April, 2023.
- (b) Terms of repayment are given below :
- (i) ECB Loan taken from DMG Mori Finance GmbH, at interest rate of 2.50% is repayable in 61 monthly instalments including interest commences from September, 2017 to till September, 2022, and the instalment amounts are as follows -
 - 12 monthly equal instalments of ₹ 1.56 lakhs.
 - 7 monthly equal instalments of ₹ 2.49 lakhs.
 - 5 monthly equal instalments of ₹ 2.62 lakhs.
 - 12 monthly equal instalments of ₹ 3.28 lakhs.
 - 12 monthly equal instalments of ₹ 8.19 lakhs.
 - 12 monthly equal instalments of ₹ 8.85 lakhs.
 - Final month instalment of ₹ 49.87 lakhs.
 - (ii) ECB Loan taken from DMG Mori Finance GmbH, at interest rate of 2.50% is repayable in 61 monthly instalments including interest commences from September, 2017 to till September, 2022, and the instalment amounts are as follows-
 - 12 monthly equal instalments of ₹ 1.97 lakhs.
 - 7 monthly equal instalments of ₹ 3.14 lakhs.
 - 5 monthly equal instalments of ₹ 3.31 lakhs.
 - 12 monthly equal instalments of ₹ 4.14 lakhs.
 - 12 monthly equal instalments of ₹ 10.34 lakhs.
 - 12 monthly equal instalments of ₹ 11.17 lakhs.
 - Final month instalment of ₹ 62.97 lakhs.
 - (iii) ECB Loan taken from DMG Mori Finance GmbH, at interest rate of 2.50% is repayable in 61 monthly instalments including interest commences from November, 2017 to till September, 2022, and the instalment amounts are as follows-
 - 12 monthly equal instalments of ₹ 2.49 lakhs.
 - 5 monthly equal instalments of ₹ 3.98 lakhs
 - 7 monthly equal instalments of ₹ 4.19 lakhs.
 - 12 monthly equal instalments of ₹ 5.24 lakhs.

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

- 12 monthly equal instalments of ₹ 13.10 lakhs.
 - 12 monthly equal instalments of ₹ 14.15 lakhs.
 - Final month instalment of ₹ 79.78 lakhs.
- (iv) ECB Loan taken from DMG Mori Finance GmbH, at interest rate of 2.50% is repayable in 61 monthly instalments including interest commences from June, 2018 to till September, 2023, and the instalment amounts are as follows-
- 10 monthly equal instalments of ₹ 3.19 lakhs.
 - 2 monthly equal instalments of ₹ 3.36 lakhs.
 - 12 monthly equal instalments of ₹ 5.38 lakhs.
 - 12 monthly equal instalments of ₹ 6.72 lakhs.
 - 12 monthly equal instalments of ₹ 16.81 lakhs.
 - 12 monthly equal instalments of ₹ 18.16 lakhs.
 - Final month instalment of ₹ 102.35 lakhs.

(C) Terms of repayment are given below:

- (i) Loan taken from Kotak Mahendra Prime Ltd., at interest rate of 9.39% 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 8.90% 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% 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% 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% 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% 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% is repayable by way of 60 monthly instalments of ₹ 0.67 lakhs including interest each till November, 2023.

NOTE 14 : OTHER CURRENT LIABILITIES

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Advances from Customers	416.61	169.43
Other Liabilities	102.58	318.46
TOTAL	519.19	487.89

NOTE 15 : PROVISIONS

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Provision for employee benefits :		
Provision for Gratuity	35.49	31.36
Provision for Bonus	183.06	115.25
Provision for Leave encashment	-	-
TOTAL	218.55	146.61

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

NOTE 16 : INCOME TAX LIABILITIES (NET)

(₹ in lakhs)

	As at 31.03.2019	As at 31.03.2018
Provision for taxation (net)	850.01	372.50
TOTAL	850.01	372.50

NOTE 17A : REVENUE FROM OPERATIONS

(₹ in lakhs)

	For the Year 2018-19	For the Year 2017-18
A. Sales & Services:		
Sale of Products	54,862.10	34,371.24
Sale of Scrap	8,476.33	4,144.95
Sale of Traded Goods	3,786.93	2,510.62
Sale of Tools	344.09	792.49
Job work & Service Income	715.46	725.72
Gross Sales & Services (inclusive of Excise/VAT/CST/GST)	68,184.91	42,545.02
Less : VAT/CST/GST	(6,201.77)	(4,115.30)
Gross Sales & Services (inclusive of Excise)	61,983.14	38,429.72
Less: Excise Duty	-	(723.35)
Net Sales & Services	61,983.14	37,706.37
Less : Discounts to Customers	(556.34)	(153.20)
Revenue from Sales & Services with out Excise Duty & GST	61,426.80	37,553.17
Add : Excise Duty	-	723.35
Revenue from Operations	61,426.80	38,276.52

NOTE 17B : OTHER OPERATING REVENUE

(₹ in lakhs)

	For the Year 2018-19	For the Year 2017-18
Export incentives and others	794.67	326.07
TOTAL	794.67	326.07

NOTE 18 : OTHER INCOME

(₹ in lakhs)

	For the Year 2018-19	For the Year 2017-18
Interest on Deposits	97.32	115.50
Profit on Sale of Asset	-	-
Other Misc. Receipts	129.35	178.80
Dividend Income	0.00	0.00
TOTAL	226.67	294.30

Note : Other Misc. Receipts includes ₹ Nil for current year (₹ 57.02 lakhs for previous year) towards Industrial Promotions Subsidy(IPS) for new unit under Package Scheme of Incentive - 2013.

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

NOTE 19 : COST OF MATERIAL CONSUMED

(₹ in lakhs)

	For the Year 2018-19	For the Year 2017-18
Opening stock	3,216.74	3,442.98
Add: Purchases	36,926.11	22,602.84
Less : Material in Transit	(52.15)	(21.16)
Less: Closing stock	(2,750.71)	(3,195.58)
Consumption	37,339.99	22,829.08

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

(₹ in lakhs)

	For the Year 2018-19	For the Year 2017-18
A. Opening stocks:		
Work-in-process	2,411.09	2,698.37
Finished goods	6,302.85	5,834.20
Scrap	28.73	13.42
Total - A	8,742.67	8,545.99
B. Closing stocks:		
Work-in-process	2,280.43	2,411.09
Finished goods	3,911.25	6,302.85
Scrap	16.08	28.73
Total - B	6,207.76	8,742.67
C. (Increase)/Decrease in stocks (A-B)	2,534.91	(196.68)

Note 21 : EMPLOYEE BENEFIT EXPENSE

(₹ in lakhs)

	For the Year 2018-19	For the Year 2017-18
Employees remuneration and benefits	4,641.35	3,132.03
Employees settlement expenses	-	49.68
Contribution to PF/ESI	227.49	167.39
Gratuity expenses	43.83	36.24
Remuneration to Directors	92.40	92.40
Staff welfare expenses	163.66	84.04
TOTAL	5,168.73	3,561.78

Note 22 : FINANCE COSTS

(₹ in lakhs)

	For the Year 2018-19	For the Year 2017-18
Interest on Term Loans	673.04	288.42
Interest on Working Capital	1,488.18	1,280.06
Interest on Income Tax	48.43	38.72
Bank Charges	691.39	590.01
Forex Loss/(Gain) (net)	60.36	150.94
TOTAL	2,961.40	2,348.15

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

Note 23 : OTHER EXPENSES

(₹ in lakhs)

	For the Year 2018-19	For the Year 2017-18
Consumption of Stores, Spares, Tools & Dies	945.58	695.37
Power & fuel	436.20	382.57
Repairs & Maintenance :		
Plant	146.78	195.66
Building	78.34	19.43
Vehicles	14.15	11.96
Other Assets	67.77	53.00
Loss on Sale/Scrap of Fixed Assets	166.16	88.19
Bad Debts written off	9.47	21.07
Provision for Doubtful Debts	132.07	-
Other selling & Distribution expenses	331.00	313.48
Packing Cost	968.08	539.42
Carriage outwards	288.04	271.18
Travelling & Conveyance	389.45	323.36
Insurance	89.98	65.45
Rent	244.97	233.66
Rates & Taxes (Excluding Taxes on Income)	59.56	117.90
Sitting Fees	8.95	14.55
Remuneration to auditors :		
Audit Fee	16.00	15.00
Tax Audit Fee	3.00	2.00
Certification Fee /Taxation matter	2.18	4.48
Communication Expenses	39.25	40.86
Professional consultancy	299.67	337.54
CSR Expenses	5.19	8.48
Miscellaneous Expenses	405.96	436.28
TOTAL	5,147.80	4,190.89

NOTE 24 : TAX EXPENSES

(₹ in lakhs)

	For the Year 2018-19	For the Year 2017-18
Current tax	946.82	366.12
MAT Credit available	-	(366.12)
Taxes on Earlier Years	-	13.80
Deferred (credit)/expenses	715.03	489.73
TOTAL	1,661.85	503.53

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

NOTE 25: NOTES TO ACCOUNT

25.1. Earnings per share (EPS) from continuing operations

(₹ in lakhs)

Particulars	For the Year 2018-19	For the Year 2017-18
Earnings		
Total Comprehensive income/(loss) for the period (₹ in lakhs)	2,286.89	1154.41
Shares		
Number of shares at the beginning of the period	2,98,27,845	2,69,83,400
Add: Shares issued during the period	-	28,44,445
Total number of equity shares outstanding at the end of the period	2,98,27,845	2,98,27,845
Weighted average number of equity shares outstanding during the period	2,98,27,845	2,73,38,956
Earnings per share of par value ₹ 5/- Basic (₹)	7.67	4.22
Earnings per share of par value ₹ 5/- Diluted (₹)	7.14	3.91

25.2. Contingent Liabilities & Commitment

(₹ in lakhs)

Particulars	As at 31.03.2019	As at 31.03.2018
(a) Contingent Liabilities- Claims against the Company not acknowledged as debts:		
(i) Service Tax liability for which appeals preferred by the company is pending with CESTAT, Bangalore for the FY 2008-09 to 2011-12 up to December, 2011.	68.55*	68.55*
(b) Commitments		
(i) Bank guarantees	1,109.11	1,109.11
(ii) Estimated amount of liability on account of Capital Commitments	166.18	10.25

* 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	
	2018-19	2017-18	2018-19	2017-18
Discount Rate	7.65%	7.75%	7.65%	7.75%
Rate of increase in Compensation levels	2% p.a.	2% p.a.	2% p.a.	2% p.a.
Rate of Return on Plan Assets	7.4%	8%	0%	0%
Expected Average remaining working lives of employees (years)	25yrs	26Yrs	25yrs	26yrs

(₹ in lakhs)

Changes in Present Value of Obligations	Gratuity Plan		Leave Encashment Plan	
	2018-19	2017-18	2018-19	2017-18
Present Value of Obligation as at the beginning of the year	220.87	191.87	57.45	57.37
Interest Cost	17.12	14.49	4.45	4.33
Current Service Cost	40.06	45.25	14.36	0.08
Benefits paid	(20.20)	(23.09)	(29.98)	(38.53)
Actuarial (gain)/ loss on obligations	(6.69)	(7.65)	25.52	34.20
Present Value of Obligation as at the end of the year	251.16	220.87	71.80	57.45
Amount to be recognized in Balance Sheet				
Present Value of Obligation as at the end of the year	251.16	220.87	71.80	57.45

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

Changes in Present Value of Obligations	Gratuity Plan		Leave Encashment Plan	
	2018-19	2017-18	2018-19	2017-18
Fair Value of Plan Assets as at the end of the year	215.67	172.25	-	-
Funded Status	(35.49)	(48.62)	(71.80)	(57.46)
Net Asset / (Liability) Recognized in Balance Sheet	(35.49)	(48.62)	(71.80)	(57.46)
Expenses Recognized in the Statement of Profit and Loss				
Current Service Cost	40.06	45.25	14.34	(0.08)
Past Service Cost	-	-	-	-
Interest Cost	17.12	14.49	4.46	4.33
Expected Return on Plan Assets	(15.00)	(8.19)	-	-
Net actuarial (gain)/ loss recognized in the year	(6.69)	(7.65)	25.52	34.20
Expenses Recognized in the Statement of Profit & Loss	35.49	43.89	44.32	38.61

25.4. Details of consumption of Raw Material

(₹ in lakhs)

Description	For the Year 2018-19	For the Year 2017-18
Imported (Silicon Steel)	2,028.36	727.42
Indigenous (Silicon Steel)	26,024.57	17,296.83
Others	9,287.06	4,804.84
TOTAL	37,339.99	22,829.08

25.5. Stock and Turnover of Manufactured and Traded goods

(₹ in lakhs)

Description	Turnover	Closing Inventory (FG)	Opening Inventory (FG)
Sale of Products	50,189.55 (31,138.62)	3,911.25 (6,302.85)	6,302.85 (5,834.20)
Others	8,074.07 (5,010.26)	-	-
Traded Goods	3,163.18 (2,127.64)	-	-
TOTAL	61,426.80 (38,276.52)	3,911.25 (6,302.85)	6,302.85 (5,834.20)

Note: Figures in brackets represent previous year's figures 2017-18.

25.6. Stock of Work in process

(₹ in lakhs)

Description	As at 31.03.2019	As at 31.03.2018
Stampings / Metal Castings	2,280.43	2,411.09
TOTAL	2,280.43	2,411.09

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

25.7. CIF Value of Imports

(₹ in lakhs)

Particulars	For the Year 2018-19	For the Year 2017-18
Raw Materials	2,437.95	838.20
Stores and Spares	118.05	134.48
Capital goods	951.74	4,206.08
TOTAL	3,507.74	5,178.76

25.8. Earnings in Foreign Currency

(₹ in lakhs)

Particulars	For the Year 2018-19	For the Year 2017-18
FOB value of Exports	26,745.17	11,099.08

25.9. Expenditure in Foreign Currency

(₹ in lakhs)

Particulars	For the Year 2018-19	For the Year 2017-18
Travelling and others	255.15	259.16
TOTAL	255.15	259.16

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:

a) Primary Segment Reporting

The Company has one business segment only, comprising of tooling, stampings and machining. Hence the reporting is done as a single segment.

b) Secondary Segment by Geographical Segment

(₹ in lakhs)

Sl. No	Segment Revenue	For the Year 2018 - 19	For the Year 2017 - 18
a)	India	36,063.25	28,817.34
b)	Outside India	26,384.89	10,079.55
	TOTAL	62,448.14	38,896.89

Total carrying amount of segment assets by geographical location of assets, for each geographical segment whose assets are 10% or more of the total assets of all geographical segments and the additions to the same are as under

(₹ in lakhs)

Segment Assets	Carrying amount of		Additions to Fixed Assets during the year			
	Assets		Year 2018-19		Year 2017-18	
	As at 31.03.2019	As at 31.03.2018	Put to use	CWIP	Put to use	CWIP
India	47,309.94	47,821.71	5,170.47	4,695.94	12,960.61	10,145.31
Outside India	1,1094.80	7,075.21	-	-	-	-
TOTAL	58,404.74	54,896.92	5,170.47	4,695.94	12,960.61	10,145.31

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

25.12. Fair values hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(₹ in lakhs)

Particulars	Fair value hierarchy			
	Total	Quoted prices	Significant	Significant
		in active	observable	unobservable
	Level 1	Level 2	Level 3	
31-Mar-19				
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
TOTAL	9,281.72	2.05	1,641.00	7,638.67
31-Mar-18				
Financial Asset				
Investment in equity instruments	1,736.47	1.63	1,734.84	-
Security Deposits	90.84	-	-	90.84
Financial Liability				
Borrowings	8,868.19	-	-	8,868.19
TOTAL	10,695.50	1.63	1,734.84	8,959.03

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) Entities in which Directors' having interest

- i. Pitti Castings Private Limited
- ii. Pitti Electrical Equipment Pvt. Ltd.,

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

- iii. Pitti Components Limited
- iv. Pitti Holdings Private Limited
- v. Badrivishal Pannalal Pitti Trust

A. Transactions/balances outstanding with related parties

(1) For the Financial Year 2018-19

(₹ in lakhs)

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

* Including CSR expenses of ₹ 5.19 lakhs

(2) For the previous Financial Year 2017-18

(₹ in lakhs)

Sl. No	Transactions / Outstanding balances	Directors / Relatives	Director's interest in firm / company	Key Managerial Personnel / Relatives	Total
1	Remuneration	111.94	-	64.03	175.97
2	Rent / Lease	154.11	-	-	154.11
3	Purchases	-	3,091.68	-	3,091.68
4	Sales	-	683.40	-	683.40
5	Unsecured Loan - received	1,910.00	-	-	1,910.00
6	Unsecured Loan – repaid	1,600.00	-	-	1,600.00
7	Unsecured Loan – Converted to Share Capital	2,060.00	-	-	2,060.00
8	Inter Corporate Deposits – received	-	1,110.00	-	1,110.00
9	Inter Corporate Deposits – repaid	-	800.00	-	800.00
10	Inter Corporate Deposits – Converted to Share Capital	-	500.00	-	500.00
11	Monies Received against Warrants	250.00	250.00	-	500.00
12	Allotment of Warrants	250.00	250.00	-	500.00
13	Donations paid	-	8.50	-	8.50*
14	Interest paid	-	94.64	-	94.64
15	Amount payable at the year end	815.43	733.49	3.69	1,552.61
16	Amount receivable at the year end	39.81	483.50	-	523.31
17	Investments at the year end	-	1,734.84	-	1,734.84

* Including CSR expenses of ₹ 8.48 lakhs

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

25.14. Operating Lease: (As a Lessee)

(₹ in lakhs)

Sl. No	Particulars	As at 31.03.2019	As at 31.03.2018
1	Within one year	254.88	151.68
2	Between one year and five years	1,165.64	398.24
3	Above five years	6,742.13	1,073.47

25.15. Financial Lease: (As a Lessee)

(₹ in lakhs)

Sl. No	Particulars	As at 31.03.2019	As at 31.03.2018
1	Within one year	197.64	130.64
2	Between one year and five years	1,669.32	1,844.70
3	Above five years	-	-

25.16. Deferred Tax

(₹ in lakhs)

Sl. No	Particulars	Deferred Tax (Liability)/ Asset as at 01.04.2018	Current Year charge (Debit)	Deferred Tax (Liability)/ Asset as at 31.03.2019
1	Difference between Depreciation as per Co's Act. & as per IT Act.	(1,026.64)	(803.99)	(1,830.63)
2	Others	56.13	88.96	145.09
	Deferred Tax Net	(970.51)	(715.03)	(1,685.54)

25.17. 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.

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

25.19. 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

(₹ in lakhs)

Sl. No	Description	Year 2018-19	Year 2017-18
1	Principal amount due to suppliers under MSMED	-	64.64
2	Interest accrued and due to suppliers covered under MSMED on the above amount, unpaid	-	1.99
3	Payment made to suppliers (with Interest) beyond the appointed day during the year.	497.22	415.18
4	Interest paid to suppliers covered under MSMED	12.88	7.44
5	Interest due & Payable to suppliers covered under MSMED Act., towards payments already made.	-	-

The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with company.

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

NOTES TO FINANCIAL STATEMENTS

for the period ended 31st March 2019

25.21. Financial and derivative instruments:

(₹ in lakhs)

Description	As at 31.03.2019	As at 31.03.2018
Forward Contracts	1,396.65	2,789.39

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

25.22. Auditor's remuneration

(₹ in Lakhs)

Sl. No	Description	Year 2018-19	Year 2017-18
1	Statutory Audit	16.00	15.00
2	Tax Audit	3.00	2.00
3	Internal Audit	3.00	3.00
4	Secretarial Audit	0.50	0.50
5	Cost Audit	2.00	2.00
6	Certification fee/ Taxation matter	2.18	4.48

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
M. No:221671

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

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

Place : Hyderabad
Date : 6th May 2019

Place : Hyderabad
Date : 6th May 2019

NOTICE

Notice is hereby given that the 35th Annual General Meeting of Pitti Engineering Limited (Formerly Pitti Laminations Limited) will be held on Thursday, the 19th day of September 2019 at 2.30 P.M. at the Kohinoor Hall at Hotel Taj Deccan, Road No. 1, Banjara Hills, Hyderabad – 500 034 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 31st March 2019 and the reports of the Board of Directors and Auditors thereon and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT the audited financial statements of the Company for the financial year ended 31st March 2019 and the reports of the Board of Directors and Auditors thereon placed before this meeting, 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 2019-20 and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under,

as amended from time to time, the remuneration payable to M/s. S S Zanwar & Associates, Cost Accountants (Firm Registration No.100283), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March 2020 amounting to ₹ 2,00,000/- (Rupees Two lakhs only) plus goods and service tax as applicable and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified.”

4. To approve related party transaction for the financial year 2019-20 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 2019-20 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 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, 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 or in its absolute discretion deem necessary, proper, desirable and to finalise any documents and writings in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors of the Company or to any one or more Directors of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this resolution.”

5. To revise the remuneration payable to Shri Sharad B Pitti, Chairman & Managing Director and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT in partial modification to the resolution passed by the Members at the 33rd Annual General Meeting held on 6th September 2017 and subject to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Act and subject to such other consent as may be required, approval of Members of the Company be and is hereby accorded for the revision in the remuneration of Shri Sharad B Pitti (DIN 00078716) Chairman & Managing Director of the Company as per the terms and conditions set out in the explanatory statement

annexed to the notice convening this meeting with effect from 1st October 2019 till completion of the remaining period of his present term of appointment viz., 30th April 2022 and 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 Shri Sharad B Pitti, provided however that the remuneration payable to the Chairman & Managing Director shall not exceed the overall ceiling of the total managerial remuneration as provided under Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6. To re-appoint and revise the remuneration payable to Shri Akshay S Pitti, Vice-Chairman & Managing Director 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 Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Act and subject to such other consent as may be required, approval of Members of the Company be and is hereby accorded for the re-appointment of Shri Akshay S Pitti (DIN 00078760) as the Vice-Chairman & Managing Director of the Company for a period of five years from 14th October 2019 to 13th October 2024, liable to retire by rotation as per the terms and conditions set out in the explanatory statement annexed to the notice convening this meeting, and that the Board of Directors be and are hereby authorised to alter and vary the terms and conditions of the said re-appointment

including remuneration in such manner as may be agreed to between the Board of Directors and Shri Akshay S Pitti, provided however that the remuneration payable to the Vice-Chairman & Managing Director shall not exceed the overall ceiling of the total managerial remuneration as provided under Sections 196, 197, 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

7. To re-appoint Shri N R Ganti as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, Shri N R Ganti (DIN 00021592), who was appointed as an Independent Director at the 30th Annual General Meeting of the Company and who holds office up to 21st September 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149 (6) of the Act along with the rules framed thereunder and Regulation 16(1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a Member under Section 160 (1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term

of five years commencing with effect from 22nd September 2019 up to 21st September 2024.

RESOLVED FURTHER THAT pursuant to Regulation 17 (1A) of the SEBI Listing Regulations, approval be and is hereby given for continuation of Shri N R Ganti, beyond 14th May 2024 as an Independent Director of the Company on account of his attaining the age of 75 years on the said date.”

8. To re-appoint Shri Gummalla Vijaya Kumar as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, Shri Gummalla Vijaya Kumar (DIN 00780356), who was appointed as an Independent Director at the 30th Annual General Meeting of the Company and who holds office up to 21st September 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149 (6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing with effect from 22nd September 2019 up to 21st September 2024.”

9. To re-appoint Shri M Gopalakrishna as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, Shri M Gopalakrishna (DIN 00088454), who was appointed as an Independent Director at the 30th Annual General Meeting of the Company and who holds office up to 21st September 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149 (6) of the Act along with the rules framed thereunder and Regulation 16(1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing with effect from 22nd September 2019 up to 21st September 2024.

RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI Listing Regulations, approval be and is hereby given for re-appointment of Shri M Gopalakrishna as an Independent Director of the Company on account of his having already attained age of 75 years.”

10. To re-appoint Ms. Gayathri Ramachandran as an Independent Director and in this

regard to consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, Ms. Gayathri Ramachandran (DIN 02872723), who was appointed as an Independent Director at the 30th Annual General Meeting of the Company and who holds office up to 21st September 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149 (6) of the Act along with the rules framed thereunder and Regulation 16(1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing with effect from 22nd September 2019 up to 21st September 2024.

RESOLVED FURTHER THAT pursuant to Regulation 17 (1A) of the SEBI Listing Regulations, approval be and is hereby given for continuation of Ms. Gayathri Ramachandran, beyond 27th September 2023 as an Independent Director of the Company on account of her attaining the age of 75 years on the said date.”

11. To re-appoint Shri S Thiagarajan as an Independent Director and in this regard to consider and if thought fit, to pass

the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), as amended from time to time, Shri S Thiagarajan (DIN 02721001), who was appointed as an Independent Director at the 31st Annual General Meeting of the Company and who holds office up to 23rd April 2020 and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1) (b) of SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five years commencing with effect from 24th April 2020 up to 23rd April 2025.”

**By order of the Board
For Pitti Engineering Limited**

Mary Monica Braganza
Company Secretary &
Compliance Officer
FCS:5532

Place : Hyderabad
Date : 9th August 2019

Notes:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses under Item No. 3 to 11 to be transacted at the Annual General Meeting (AGM) is annexed hereto. The relevant details, pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment / re-appointment at this AGM is also annexed herewith as Annexure 1.

2. **A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.**

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member.

The instrument of proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the AGM. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions/ authority, as applicable.

3. Corporate members intending to send their authorised representative to attend the AGM are required to send a certified copy of the Board Resolution authorising them to attend and vote on their behalf at the AGM.

4. Members, Proxies and Authorised Representatives are requested to bring the duly completed Attendance Slip enclosed herewith to attend the AGM.

5. 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.

6. The requirement to place the matter relating to appointment of auditors for ratification by members at every AGM is done away with vide notification dated 7th May 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly no resolution is proposed for ratification of Auditors who were appointed in the AGM held on 6th September 2017.

7. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 13th September 2019 to Thursday, 19th September 2019 (both days inclusive) in connection with the AGM.

8. Pursuant Regulation 40 of SEBI Listing Regulations, as amended securities of listed companies can be transferred only in dematerialised form with effect from 1st April 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form.

9. 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 dematerialised 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 dematerialised 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.

10. Notice of the AGM along with the Annual Report 2018-19 is being sent by electronic mode to those Members whose email addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by the permitted mode. Members may note that the Notice and Annual Report 2018-19 will also be available on the Company's website viz. www.pitti.in.

11. Members seeking any information with regard to accounts are requested to write to the Company at least 7 days in advance of the AGM, to the attention of the Company Secretary, so as to enable the Company to keep the information ready.

12. 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 dematerialised form may contact their respective Depository Participants for availing this facility.

13. 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 application to the IEPF Authority in Form No. IEPF-5 available on www.iepf.gov.in. For details, please refer to corporate governance report which is a part of this Annual Report.

14. A route map showing directions to reach the venue of the 35th AGM is annexed.

15. E-Voting

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014

and Regulation 44 of Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice.

- II. The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") as the agency to provide remote e-voting facility.
- III. The members whose names appear in the Register of Members / List of Beneficial Owners as on Thursday, 12th September 2019 (cut-off date) are entitled to vote on the resolutions set forth in this notice. The e-voting period will commence on Monday, 16th September 2019 (9.00 A.M. IST) and will end on Wednesday 18th September 2019 (5.00 P.M. IST).

During this period, members of the Company holding shares either in physical form or dematerialised form as on the cut-off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.

- IV. The Company has appointed Shri Ajay Kishen, Practising Company Secretary (CP No. 5146) as Scrutiniser to conduct and scrutinise the e-voting process and poll at the AGM in a fair and transparent manner.

1. Instruction for e-voting

- A. **In case of members receiving e-mail (for members whose email address are registered with the Company / Registrar)**

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Monday, 16th September 2019 (9.00 A.M. IST) and will end on Wednesday 18th September 2019 (5.00 P.M. IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date Thursday, 12th September 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account Bank Details or folio.
	<ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option
- "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- B. In case of members receiving the physical copy of notice of AGM (for members whose e-mail ids are not registered with the Company/ Depositories):**
- i. Please follow all the steps from S.No. (i) to S.No. (xvii) to cast vote
- C. General Instructions:**
- i. The voting rights of Members shall be in proportion to the shares held by them in the paid-up equity share capital of the Company as on Thursday, 12th September 2019.
 - ii. Members can opt for only one mode of voting, i.e., either by physical poll or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical poll will be treated as invalid.
 - iii. The facility for voting through polling paper shall also be made available at the meeting and the members attending the meeting who have not already cast their vote by e-voting shall be able to exercise their right at the meeting.
 - iv. The member who cast their vote by e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their vote again.
- The Scrutiniser, after scrutinising the votes cast at the meeting through poll and through e-voting will, not later than forty eight hours of conclusion of the Meeting, make a consolidated scrutiniser's report and submit the same to the Chairman. The results declared along with the consolidated scrutiniser's report shall be placed on the website of the Company www.pitti.in. The results shall simultaneously be communicated to the Stock Exchanges.

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 6th May 2019, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. S S Zanwar & Associates, Cost Accountants to conduct audit of cost records maintained by the Company for the financial year ending 31st March 2020. 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 Casting Private Limited (PCPL) a 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. During the course of its business the Company also sells its products to PCPL.

The transactions for the year entered/to be entered into with PCPL 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 for the year 2019-20 in respect of purchase and sale of goods and services in the ordinary course of business and on arm's length basis is estimated at ₹ 135 crores (21.97% of previous year net turnover).

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, 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 the 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

The Members at the 33rd Annual General Meeting of the Company held on 6th September 2017 approved the appointment Shri Sharad B Pitti as Chairman & Managing Director of the Company for a period of five years from 1st May 2017.

Shri Sharad B Pitti (62 years) is the founder of the Company. He is a visionary and thinks ahead of his times. He has ably provided effective leadership, stewardship and strategic direction to the Company. With his long experience and knowledge of the lamination and engineering industry and emerging marketing prospects, he has mentored and provided guidance to the Vice-Chairman, Key Managerial

Personnel and staff which helped the Company to confidently take up new initiatives. One of the achievements of the Company was to build the new factory at Aurangabad in time, successfully install equipment and commission the plant and machinery on schedule. This has started to transform the company and raise its quality and delivery packages to global standards.

Shri Sharad B Pitti is a Director on Pitti Casting Private Limited, Pitti Electrical Equipment Private Limited, Pitti Holdings Private Limited, Pitti Components Limited, Pitti Trade and Investment Private Limited, Janisha Towers Limited and Tanzil Vanijya Limited. He does not hold any Committee positions in these companies.

Shri Sharad B Pitti holds 39,20,306 equity shares of the Company.

Shri Sharad B Pitti is currently drawing a salary of ₹ 3,85,000/- per month. There has been no revision in his salary since 1st May 2012.

The Nomination and Remuneration Committee at their meeting held on 17th July 2019 had after taking into account the financial position of the company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, etc., had recommended an upward revision in the remuneration of Shri Sharad B Pitti.

The Board at its meeting held on 9th August 2019, on the recommendation of the Nomination and Remuneration Committee considered and approved the upward revision in the remuneration of Shri Sharad B Pitti with effect from 1st October 2019 till completion of the remaining period of his present term of appointment viz., 30th April 2022 subject to the approval of Members on the following terms and conditions:

Remuneration

- Basic Salary ₹ 3,85,000/- per month
- HRA ₹ 1,54,000/- per month
- Other allowances ₹ 2,32,948/- per month

- d) Leave travel allowance as per rules of the Company.
- e) Contribution to Provident Fund and Gratuity as per rules of the Company in force.
- f) Provision of car for use in Company's business and telephone at residence / and usage of cell phones.
- g) Annual increments / increases as may be decided by the Board of Directors from time to time within the limits specified under Companies Act, 2013 and the SEBI Listing Regulations as amended from time to time.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained, wherein any financial year, during the tenure of the Chairman & Managing Director the Company has no profits or its profits are inadequate, the Company shall pay to him the above remuneration by way of salary, benefits, perquisites and allowances as specified above.

This explanatory statement and the resolution at Item No. 5 which outlines the terms and conditions may also be read and treated as disclosure in compliance with the requirement of Section 190 of the Companies Act, 2013.

Except Shri Sharad B Pitti, 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 the resolution set out in Item No. 5 of the notice.

The Board recommends the ordinary resolution set out at Item No. 5 of the notice for approval by the Members.

Item No. 6

Shri Akshay S Pitti (33 years) is a Commerce Graduate and has been in Whole-Time-Director position since 14th October 2004. Shri Akshay S Pitti possesses top management experience in all facets of project management and manufacturing. Under his able 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.

Shri Akshay S Pitti is currently drawing a salary of ₹ 3,85,000/- per month. There has been no revision in his salary since 1st May 2012.

The Nomination and Remuneration Committee at their meeting held on 17th July 2019 had after taking into account the financial position of the company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, etc., had recommended the re-appointment of Shri Akshay S Pitti as Vice-Chairman & Managing Director of the Company for a period of 5 years from 14th October 2019 with an upward revision in his remuneration.

The Board at its meeting held on 9th August 2019, on the recommendation of the Nomination and Remuneration Committee considered and approved the re-appointment of Shri Akshay S Pitti, Vice-Chairman & Managing Director of the Company for a further period of 5 years from 14th October 2019 subject to the approval of Members on the following terms and conditions:

Remuneration

- a) Basic Salary ₹ 3,85,000/- per month
- b) HRA ₹ 1,54,000/- per month
- c) Other allowances ₹ 2,32,948/- per month
- d) Leave travel allowance as per rules of the Company.
- e) Contribution to Provident Fund and Gratuity as per rules of the Company in force.
- f) Provision of car for use in Company's business and telephone at residence / and usage of cell phones.
- g) Annual increments / increases as may be decided by the Board of Directors from time to time within the limits specified under Companies Act, 2013 and the SEBI Listing regulations as amended from time to time.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained, wherein

any financial year, during the tenure of the Vice-Chairman & Managing Director the Company has no profits or its profits are inadequate, the Company shall pay to him the above remuneration by way of salary, benefits, perquisites and allowances as specified above.

Shri Akshay S Pitti is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to continue to act as Vice-Chairman & Managing Director. The profile of Shri Akshay S Pitti along with details as required under Regulation 36 of SEBI Listing Regulations and the Secretarial Standards on General Meetings is furnished in Annexure - 1 to this notice.

This explanatory statement and the resolution at Item No. 6 which outlines the terms and conditions may also be read and treated as disclosure in compliance with the requirement of Section 190 of the Companies Act, 2013.

Except Shri Sharad B Pitti, 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 the resolution set out in Item No. 6 of the notice.

The Board recommends the ordinary resolution set out at Item No. 6 of the notice for approval by the Members.

Item No. 7 to 11

The Members at the 30th Annual General Meeting of the Company held on 22nd September 2014 approved the appointment of Shri N R Ganti, Shri Gummalla Vijaya Kumar, Shri M Gopalakrishna and Ms. Gayathri Ramachandran as Independent Directors of the Company for a period of five years with effect from 22nd September 2014. The said Directors will complete their respective terms on 21st September 2019.

The Members at the 31st Annual General Meeting of the Company held on 28th September 2015 approved the appointment of Shri S Thiagarajan as Independent Director of the Company for a period of five years from 24th April 2015 upto 23rd April 2020.

The Nomination and Remuneration Committee at their meeting held on 17th July 2019 recommended the re-appointment of Shri N R Ganti, Shri Gummalla Vijaya Kumar, Shri M Gopalakrishna, Ms. Gayathri Ramachandran and Shri S Thiagarajan as Independent Directors for a second term of consecutive five years.

The Board, based on the performance evaluation and as per the recommendation of the Nomination and Remuneration Committee considers that in view of the skills, experience, knowledge and contribution made by the Independent Directors during their tenure of the first term, it would be of immense benefit to the Company to continue to have their association with the Company as Independent Directors.

Accordingly, it is proposed to re-appoint Shri N R Ganti, Shri Gummalla Vijaya Kumar, Shri M Gopalakrishna, Ms. Gayathri Ramachandran and Shri S Thiagarajan as Independent Directors of the Company, not liable to retire by rotation, for a second term of five consecutive years on the Board of the Company. Further in the opinion of the Board, the said Directors are independent of the Management.

Place : Hyderabad
Date : 9th August 2019

The aforesaid Directors have given their consent for re-appointment and have also provided declarations stating that they meet the criteria of independence as provided in the Companies Act, 2013 and SEBI Listing Regulations. They have also confirmed that they are not disqualified from being appointed as a Directors.

The Company has also received notice in writing in the prescribed manner as required by section 160 of the Companies Act, 2013 proposing the candidature of these Directors as Independent Directors of the Company.

In terms of Regulation 17 (1A) of SEBI Listing Regulations appointment of a Non-Executive Director beyond the age of 75 years requires the consent of the Members by way of a special resolution. In view of the significant benefits reaped by the Company from the experience, expertise and mature advice to the business of the Company, the Board recommends the re-appointment of Shri M Gopalakrishna (aged 80 years) as Independent Directors and for continuation of Shri N R Ganti as Independent Director beyond 14th May 2024 on account of his attaining the age of 75 years on that date and Ms. Gayathri Ramachandran as Independent Director beyond 27th September 2023 on account of her attaining the age of 75 years on that date.

The Independent Directors are paid remuneration by way of sitting fees for attending the meetings of

the Board or Committees thereof and reimbursement of expenses for participating in the Board and Committee meetings.

Copies of the draft letter of appointment of Shri N R Ganti, Shri Gummalla Vijaya Kumar, Shri M Gopalakrishna, Ms. Gayathri Ramachandran and Shri S Thiagarajan setting out the terms and conditions of appointment is available for inspection by the Members at the registered office of the Company on all working days from 11.00 A.M. to 1.00 P.M.

Shri N R Ganti, Shri Gummalla Vijaya Kumar, Shri M Gopalakrishna, Ms. Gayathri Ramachandran and Shri S Thiagarajan are interested in their respective resolution for re-appointment. Relatives of the said Director's may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other 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. 7 to 11 of the notice.

The profile of the Independent Directors along with details as required under Regulation 36 of SEBI Listing Regulations and the Secretarial Standards on General Meetings is furnished in Annexure – 1 to this notice.

**By order of the Board
For Pitti Engineering Limited**

Mary Monica Braganza
Company Secretary & Compliance Officer
FCS:5532

Annexure-1

Information about the Directors proposed to be appointed / re-appointed

Name of the Director	Shri Akshay S Pitti	Shri N R Ganti
DIN	00078760	00021592
Date of Birth	28.10.1985	14.05.1949
Age	33 years	70 years
Profile, Qualification and experience	Shri Akshay S Pitti is a Commerce Graduate. 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.	Shri N R Ganti is a Post-Graduate in Business Administration and had started his career in the field of banking with the State Bank of India and later took up management consultancy services. He has been a corporate investment advisor to several of companies and gave productive advice to the companies in organising funds through private placements and preferential issues. He established a software company, which was later divested to a large industrial group.
Expertise in specific functional area	Industrial Management	Industrial Management
Terms and conditions of Re-appointment	As set out in the resolution at item no. 6 of this notice read with the explanatory statement thereto.	Non-Executive Independent Director as per existing terms and conditions.
Remuneration proposed to be paid	As set out in the resolution at item no. 6 of this notice read with the explanatory statement thereto.	Sitting fees as approved by the Board
Remuneration drawn during the financial year 2018-19	Remuneration as disclosed in the report on Corporate Governance forming part of the annual report for the FY 2018-19	Sitting fees as disclosed in the report on Corporate Governance forming part of the annual report for the FY 2018-19
Date of first appointment on the Board	14.10.2004	16.10.2002
Shareholding in the Company as on 31 st March 2019	27,49,100 equity shares	1600 equity shares
Number of meetings of the Board attended during the financial year 2018-19	4	4
Relationship with other Directors/Key Managerial Personnel	Son of Shri Sharad B Pitti, Chairman & Managing Director	Not related to any Director / Key Managerial Personnel
Directorship of other Boards as on date of AGM notice	Pitti Casting Pvt. Ltd. Pitti Electrical Equipment Pvt. Ltd. Pitti Holding Pvt. Ltd. Pitti Components Ltd. Pitti Trade and Investment Pvt. Ltd. AA Plus Infotech Pvt. Ltd. Uttaranchal Metal Powder Pvt. Ltd.	Nil
Membership / Chairmanship of Committees of other Boards	Nil	Nil

Name of the Director	Shri Gummalla Vijaya Kumar	Shri M Gopalakrishna
DIN	00780356	00088454
Date of Birth	23.10.1955	12.01.1939
Age	63 years	80 years
Profile, Qualification and experience	Shri Gummalla Vijaya Kumar is a Bachelor of Law and is a practicing advocate at the High Court of Telangana. He has also been a Government Pleader for revenue for the united state of Andhra Pradesh. With over 37 years of experience in practicing law, he brings a wealth of legal expertise to the board.	Shri M. Gopalakrishna is a Graduate in Science and Law and is also an IAS (Retd). He joined Indian Administrative Service (IAS) in 1962. Worked under the Governments of Assam, Andhra Pradesh and Government of India. He has wide and varied administrative, corporate and managerial experience of nearly six decades in Government and the Public Sector in the promotion, development and regulation of industry and power utilities. He is also the recipient of the Member of the year Award for the year 2018-2019 awarded by the Hyderabad Management Association; Bhishma Award awarded in 2018 by the International Knowledge and Opportunities Network (IKON), Hyderabad; Dean Paul H Appleby Award of IIPA for distinguished services to public awarded in 2017 and Rajiv Gandhi Sadbhavana Award, Hyderabad in 2017 among the many other awards he holds.
Expertise in specific functional area	Law	Industrial Management
Terms and conditions of Re-appointment	Non-Executive Independent Director as per existing terms and conditions.	Non-Executive Independent Director as per existing terms and conditions.
Remuneration proposed to be paid	Sitting fees as approved by the Board.	Sitting fees as approved by the Board.
Remuneration drawn during the financial year 2018-19	Sitting fees as disclosed in the report on Corporate Governance forming part of the annual report for the FY 2018-19	Sitting fees as disclosed in the report on Corporate Governance forming part of the annual report for the FY 2018-19
Date of first appointment on the Board	28.08.2006	28.06.2007
Shareholding in the Company as on 31 st March 2019	20 equity shares	Nil
Number of meetings of the Board attended during the financial year 2018-19	4	4
Relationship with other Directors/Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel
Directorship of other Boards as on date of AGM notice	Nil	Suven Life Sciences Ltd. (Listed) Olectra Greentech Ltd. (Listed) BGR Energy Systems Ltd. (Listed) The Andhra Petrochemicals Ltd. (Listed) Prabhat Agri Biotech Ltd. NSL Textiles Ltd. Avra Synthesis Pvt. Ltd. Avra Laboratories Pvt. Ltd. NSL Renewable Power Pvt. Ltd.

Name of the Director	Shri Gummalla Vijaya Kumar	Shri M Gopalakrishna	
Membership / Chairmanship of Committees of other Boards	Nil	Suven Life Sciences Ltd.	Audit Committee (M) Stakeholders Relationship Committee (C) Remuneration Committee (M)
	Nil	Olectra Greentech Ltd.	Audit Committee (M) Stakeholders Relationship Committee (M) Remuneration Committee (M) CSR Committee (C)
		BGR Energy Systems Ltd.	Audit Committee (M) Stakeholders Relationship Committee (C)
		Prabhat Agri Biotech Ltd.	Audit Committee (M) Remuneration Committee (M) CSR Committee (M)
		NSL Textiles Ltd.	Audit Committee (M) Remuneration Committee (C)
		NSL Renewable Power Pvt. Ltd.	Audit Committee (M) Remuneration Committee (M) CSR Committee (M)

Name of the Director	Ms. Gayathri Ramachandran	Shri S Thiagarajan
DIN	02872723	02721001
Date of Birth	27.09.1948	30.12.1954
Age	70 years	63 years
Profile, Qualification and experience	Ms. Gayathri Ramachandran holds a Master's Degree in Economics and Development Economics, she is also an IAS (Retd) officer with over 38 years of experience as a senior bureaucrat with Government of India and Government of Andhra Pradesh. Ms. Gayathri has held various national and international positions with the Government of India in the Ministries of Power, Petroleum, Chemical & Fertilisers and Civil Aviation. She has also served as Special Secretary to the Government of Andhra Pradesh. She has made significant contribution to reforms and restructuring of power sector and formulating guidelines in the management of Power and Energy sectors.	Shri S Thiagarajan, is a Chartered Accountant with rich expertise in financial and management accounting. He has held various prestigious positions in NMDC for over 15 years and served as a Board member on various associates of NMDC. He has hands-on experience in corporate financial roles in local and global context. He is a partner of Ramamoorthy (N) & Co, Chartered Accountants
Expertise in specific functional area	Industrial Management	Accountancy, Audit and Finance
Terms and conditions of Re-appointment	Non-Executive Independent Director as per existing terms and conditions.	Non-Executive Independent Director as per existing terms and conditions.
Remuneration proposed to be paid	Sitting fees as approved by the Board.	Sitting fees as approved by the Board.

Name of the Director	Ms. Gayathri Ramachandran	Shri S Thiagarajan	
Remuneration drawn during the financial year 2018-19	Sitting fees as disclosed in the report on Corporate Governance forming part of the annual report for the FY 2018-19	Sitting fees as disclosed in the report on Corporate Governance forming part of the annual report for the FY 2018-19	
Date of first appointment on the Board	22.09.2014	24.04.2015	
Shareholding in the Company as on 31 st March 2019	Nil	Nil	
Number of meetings of the Board attended during the financial year 2018-19	3	4	
Relationship with other Directors/Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	
Directorship of other Boards as on date of AGM notice	SKIL Infrastructure Ltd. (Listed) JPT Securities Ltd. (Listed) KLG Capital Services Ltd. (Listed) Gujarat-Dwarka Portwest Ltd. SKIL-Himachal Infrastructure and Tourism Ltd. Verona Capital Ltd. Navi Mumbai Smart City Infrastructure Ltd. Karanja Logistics Pvt. Ltd. Tooquick Technologies Pvt. Ltd.	Nil	
Membership / Chairmanship of Committees of other Boards	SKIL Infrastructure Ltd.	Audit Committee (M) Stakeholders Relationship Committee (C) Nomination and Remuneration Committee (M)	Nil
	JPT Securities Ltd.	Audit Committee (M) Nomination and Remuneration Committee (M)	
	KLG Capital Services Ltd.	Audit Committee (M) Nomination and Remuneration Committee (M)	
	Gujarat-Dwarka Portwest Ltd.	Audit Committee (M) Nomination and Remuneration Committee (M)	
	SKIL-Himachal Infrastructure and Tourism Ltd.	Audit Committee (M) Remuneration Committee (C)	



PITTI ENGINEERING LIMITED

[Formerly Pitti Laminations Limited]

CIN: L29253TG1983PLC004141

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

Website: www.pitti.in, Email: shares@pitti.in

Tel: +90-4023312774, 23312770, Fax: +91-40-23393985

ATTENDANCE SLIP

(Please complete this attendance slip and hand it over at the entrance of the Meeting Hall)

I hereby record my presence at the 35th Annual General Meeting of the members of the Company held on Thursday, 19th September 2019 at 2:30 P.M. at the Kohinoor Hall at Hotel Taj Deccan, Road No. 1, Banjara Hills, Hyderabad – 500 034

Folio No. : DP ID : Client ID* :

Full Name & Address of the Member in Block Letters :

No. of Shares (held) :

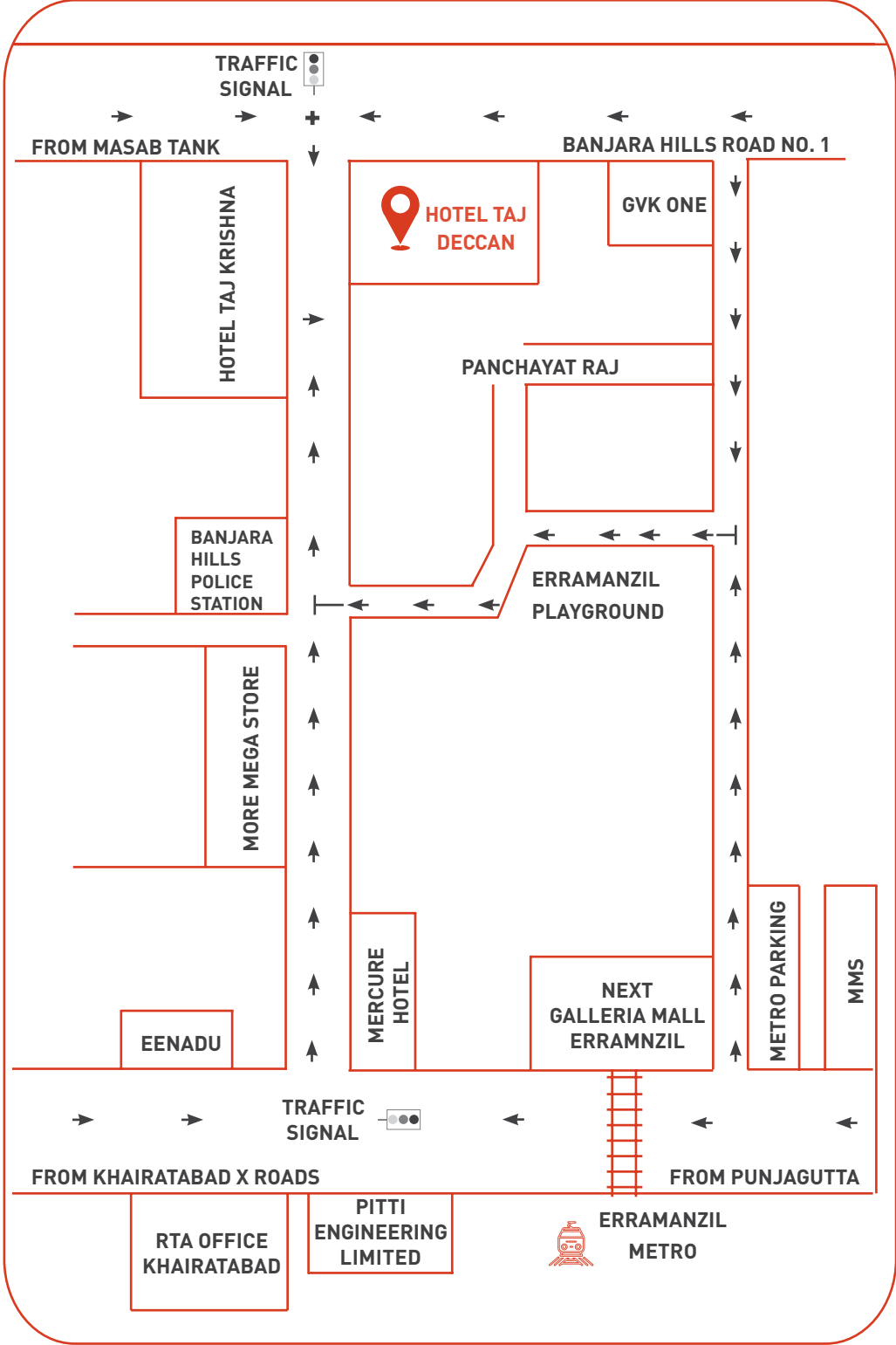
Name of the proxy (if any) in Block Letters :

.....
Signature of the Shareholder / Proxy

*Strike out whichever is not applicable

Route Map to the Venue of the 35th Annual General Meeting

Venue : Kohinoor Hall at Hotel Taj Deccan, Road No. 1, Banjara Hills, Hyderabad – 500 034.
Day & Date : Thursday, 19th September 2019
Time : 2:30 P.M.





PITTI ENGINEERING LIMITED

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Tel: +90-4023312774, 23312770, Fax: +91-40-23393985

Form No.MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Members(s) :

Registered Address :

E-mail ID :

Folio No./DP ID/Client ID :

I/We being the member(s) of Pitti Engineering Limited holding shares of the above named company, hereby appoint

1) Name :

Address :

Email :

Signature : or failing him/her

2) Name :

Address :

Email :

Signature : or failing him/her

3) Name :

Address :

Email :

Signature :

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 35th Annual General Meeting of the Company, to be held on Thursday, 19th September 2019 at 2:30 P.M. at the Kohinoor Hall, Hotel Taj Deccan, Road No.1, Banjara Hills, Hyderabad – 500 034 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolution	Optional*	
		For	Against
1.	Adoption of the audited financial statements of the Company for the financial year ended 31 st March 2019 and the reports of the Board of Directors and Auditors thereon.		
2.	Appointment of Shri Akshay S Pitti, Director retiring by rotation.		
3.	Ratification of the remuneration of the Cost Auditors for the financial year ending 31 st March 2020.		
4.	Approval of Related Party Transactions for the financial year 2019-20.		
5.	Revision of remuneration payable to Shri Sharad B Pitti, Chairman & Managing Director.		
6.	Re-appointment and revision of remuneration payable to Shri Akshay S Pitti, Vice-Chairman & Managing Director.		
7.	Re-appointment of Shri N R Ganti as an Independent Director.		
8.	Re-appointment of Shri Gummalla Vijaya Kumar as an Independent Director.		
9.	Re-appointment of Shri M Gopalakrishna as an Independent Director.		
10.	Re-appointment of Ms. Gayathri Ramachandran as an Independent Director.		
11.	Re-appointment of Shri S Thiagarajan as an Independent Director.		

Signed this day of 2019

Signature of the Shareholder

Signature of the Proxy Holder

**Affix
Revenue
Stamp**

Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

* It is optional to indicate your preference. If you leave the for or against column blank against any or all resolutions, your proxy will be entitled to vote in a manner as he / she may think appropriate.

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
Industrial Finance Branch,
Rajbhavan Road, Somajiguda,
Hyderabad – 500 082

Indian Overseas Bank
Adarshnagar Branch,
5-9-305A, Paigah Plaza, Basheerbagh,
Hyderabad – 500 029

Kotak Mahindra Bank
Jewel Pavani Towers,
Rajbhavan Road, Somajiguda,
Hyderabad – 500 082

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



Pitti Engineering Limited
(Formerly Pitti Laminations Limited)

Registered Office
6-3-648/401, 4th Floor Padmaja Landmark,
Somajiguda , Hyderabad – 500 082
Telangana, India

T: +91 40 2331 2774/2331 2770
F: +91 40 2339 3985
Email: info@pitti.in

CIN: L29253TG1983PLC004141