

## Pitti Engineering Limited

(Formerly Pitti Laminations Limited)

ISO 9001:2015 ISO 14001:2015

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



June 25, 2020

To,  
BSE Ltd  
Floor 25, P J Towers, Dalal Street  
Mumbai - 400 001  
Scrip Code: 513519

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

Dear Sirs,

Sub: Outcome of Board Meeting

\*\*\*

We wish to inform you that Board of Directors of the Company at its meeting held today i.e. June 25, 2020 has inter alia, approved the audited financial results of the company for quarter and year ended March 31, 2020.

Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, we enclose the statement of the audited financial results of the Company for the quarter and year ended March 31, 2020 along with the audit report provided by the statutory auditors M/s Laxminiwas & Co, Chartered Accountants. Further pursuant to SEBI Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016, we declare that the statutory auditors of the Company M/s Laxminiwas & Co, Chartered Accountants have issued an unmodified opinion on the audited accounts for the quarter and year ended March 31, 2020.

The disclosure statement pursuant to SEBI Circular Ref. No. SEBI/HO/CFD/CMD1/CIR /P/ 2020/84 dated May 20, 2020 regarding "Impact of the COVID-19 pandemic on the business" is also attached herewith.

The Board reviewed its expansion plans in light of global pandemic COVID-19 on the operations of industries in general and the Company in particular and has decided to continue with its capex plan of enhancement of the installed capacity from the existing 36,000 MT to 46,000 MT for sheet metal components and from 2,47,600 hours to 4,05,600 hours for machining for its plants at Aurangabad and Hyderabad at an estimated cost of ₹190 crores as approved in the Board Meeting held on February 10, 2020.

Considering the new opportunities for expansion in fabrication and shaft making the Company in its Board Meeting of today viz, June 25, 2020 decided to enhance the capex plan to ₹ 270 crores from 190 crores which will be funded by internal accruals/issue of securities/unsecured loans and long-term borrowings from banks/financial institutions/ECB. The expansion of the existing facilities/ green field project will be made in a phased manner and will be completed in a span of 36 months and will be undertaken by the Company directly or through a wholly owned subsidiary.

The Company is currently operating at around 65% capacity. The enhancement in capacity will help the Company to increase its capacity, capabilities and market reach and also bring manufacturing of bought out components in house which will help in optimisation of the supply chain and increase the operating margins of the Company.

The meeting of Board of Directors of the Company commenced at 4:00 P.M and concluded at 6:15 P.M.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For Pitti Engineering Limited

Mary Monica Braganza  
Company Secretary & Compliance Officer  
FCS 5532

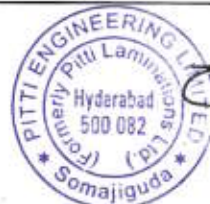


CIN: L29253TG1983PLC004141

### Registered Office

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

Sl.No.	Particulars	Quarter Ended			Year Ended	
		31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
		Audited (Refer note 4)	Un-Audited	Audited (Refer note 4)	Audited	Audited
<b>1</b>	<b>Income</b>					
	(a) Revenue from operations	11294.65	11792.39	15351.39	52506.29	62221.47
	(b) Other income	21.74	251.96	(80.49)	367.45	226.67
	<b>Total Income from operations</b>	<b>11316.39</b>	<b>12044.35</b>	<b>15270.90</b>	<b>52873.74</b>	<b>62448.14</b>
<b>2</b>	<b>Expenses:</b>					
	(a) Cost of materials consumed	7281.75	6129.19	9397.15	33383.46	37339.99
	(b) Purchase of Stock-in-trade	34.12	16.84	228.77	361.95	3,020.12
	(c) Changes in inventories of finished goods work-in-progress and stock-in-trade	73.59	1064.67	703.36	715.67	2534.91
	(d) Employee benefit expenses	1373.46	1293.84	1323.36	5454.79	5168.73
	(e) Finance costs	1043.01	799.51	622.21	3411.54	2961.40
	(f) Depreciation and amortization expenses	719.67	687.17	588.41	2742.00	2241.38
	(g) Other Expenses	754.39	1498.69	1427.94	4818.78	5147.80
	<b>Total expenses</b>	<b>11279.99</b>	<b>11489.91</b>	<b>14291.20</b>	<b>50888.19</b>	<b>58414.33</b>
<b>3</b>	<b>Profit / (loss) before exceptional and extraordinary items and taxation (1-2)</b>	<b>36.40</b>	<b>554.44</b>	<b>979.70</b>	<b>1985.55</b>	<b>4033.81</b>
<b>4</b>	Exceptional items	-	-	-	-	-
<b>5</b>	<b>Profit / (loss) before extraordinary items and taxation (3-4)</b>	<b>36.40</b>	<b>554.44</b>	<b>979.70</b>	<b>1985.55</b>	<b>4033.81</b>
<b>6</b>	Extraordinary items	-	-	-	-	-
<b>7</b>	<b>Profit / (loss) before taxation (5-6)</b>	<b>36.40</b>	<b>554.44</b>	<b>979.70</b>	<b>1,985.55</b>	<b>4,033.81</b>
<b>8</b>	Income tax expenses					
	(a) Current tax charge / (Credit)	(83.00)	226.13	(9.93)	524.85	946.82
	(b) Tax relating to earlier years charge / (Credit)	-	-	-	(42.59)	-
	(c) Reversal of MAT Credit	-	-	-	372.45	-
	(d) Deferred tax charge / (Credit)	(34.09)	(77.55)	324.60	(578.66)	715.03
	<b>Total tax expenses</b>	<b>(117.09)</b>	<b>148.58</b>	<b>314.67</b>	<b>276.05</b>	<b>1661.85</b>
<b>9</b>	<b>Profit / (loss) for the period (7 - 8)</b>	<b>153.49</b>	<b>405.86</b>	<b>665.03</b>	<b>1709.50</b>	<b>2371.96</b>
<b>10</b>	Other Comprehensive Income					
	(i) Items that will not be reclassified subsequently to profit or loss					
	Remeasurement of the net defined benefit liability/assets	(30.57)	1.94	(26.31)	(24.74)	8.34
	Change in fair value of non-current investment	-	-	(93.84)	-	(93.84)
	Change in fair value of current investment	(0.77)	(0.24)	0.36	(1.09)	0.43
	(ii) Items that will be reclassified subsequently to profit or loss					
	<b>Total other comprehensive income, net of income tax</b>	<b>(31.34)</b>	<b>1.70</b>	<b>(119.79)</b>	<b>(25.83)</b>	<b>(85.07)</b>
<b>11</b>	<b>Total Comprehensive income (9+10)</b>	<b>122.15</b>	<b>407.56</b>	<b>545.24</b>	<b>1683.67</b>	<b>2286.89</b>
<b>12</b>	<b>Paid up Share Capital (face value of ₹ 5/- per share)</b>	<b>1602.92</b>	<b>1602.92</b>	<b>1491.81</b>	<b>1602.92</b>	<b>1491.81</b>
<b>13</b>	<b>Reserves Excluding Revaluation Reserves</b>				<b>19177.14</b>	<b>15604.58</b>
<b>14</b>	Earnings per share of ₹ 5/- each : (Not Annualized)					
	(a) Basic (₹)	0.47	1.27	1.83	5.42	7.67
	(b) Diluted (₹)	0.47	1.27	1.70	5.42	7.14



*[Handwritten signature]*



*[Handwritten signature]*

## Statement of Assets and Liabilities

₹ in lakhs

Sl. No.	Particulars	As at	As at
		31.03.2020	31.03.2019
		Audited	Audited
<b>A</b>	<b>ASSETS</b>		
	<b>NON-CURRENT ASSETS</b>		
	(a) Property, plant and equipment	21173.57	22025.27
	(b) Assets held for Sale	-	262.00
	(c) Capital work-in-progress	825.85	459.63
	(d) Intangible Assets	1133.48	719.83
	(e) Right of use of Assets	2423.07	-
	(f) Financial Assets		
	(i) Investments	1641.00	1641.00
	(ii) Loans	19.43	81.61
	(iii) Term Deposit Accounts	160.19	-
	(g) Other non-current assets	401.13	414.88
	<b>TOTAL NON - CURRENT ASSETS</b>	<b>27777.72</b>	<b>25604.22</b>
	<b>CURRENT ASSETS</b>		
	(a) Inventories	12650.16	10027.32
	(b) Financial Assets		
	(i) Investments	0.96	2.05
	(ii) Trade receivables	13938.09	18249.08
	(iii) Cash and Cash equivalents	1485.62	1396.40
	(iv) Other financial assets	142.74	71.59
	(c) Assets held for sale	262.00	-
	(d) Other current assets	3351.70	3054.08
	<b>TOTAL CURRENT ASSETS</b>	<b>31831.27</b>	<b>32800.52</b>
	<b>TOTAL ASSETS</b>	<b>59608.99</b>	<b>58404.74</b>
<b>B</b>	<b>EQUITY AND LIABILITIES</b>		
	<b>EQUITY</b>		
	(a) Equity share capital	1602.92	1491.81
	(b) Other equity	19177.14	15604.58
	(c) Monies Received against Warrants	-	500.00
	<b>TOTAL EQUITY</b>	<b>20780.06</b>	<b>17596.39</b>
	<b>LIABILITIES</b>		
	<b>NON-CURRENT LIABILITIES</b>		
	(a) Financial Liabilities		
	(i) Borrowings	4386.19	7559.55
	(ii) Provision for Lease Liability	2320.69	-
	(iii) Others	0.36	-
	(b) Other Long Term Liabilities	1,685.00	1400.00
	(c) Provisions	493.46	435.58
	(d) Deferred tax liabilities(net)	1106.88	1685.54
	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>9992.58</b>	<b>11080.67</b>
	<b>CURRENT LIABILITIES</b>		
	(a) Financial Liabilities		
	(i) Borrowings	15661.85	15224.21
	(ii) Trade payables		
	Dues to micro and small enterprises	70.24	-
	Dues to others	9601.16	10361.73
	(iii) Other financial liabilities	2338.44	2550.44
	(iv) Provision fro Lease liabilities	304.74	-
	(b) Other current liabilities	202.36	522.74
	(c) Provision for liabilities	0.00	-
	(c) Provisions	292.88	218.55
	(d) Income tax liabilities (net)	364.68	850.01
	<b>TOTAL CURRENT LIABILITIES</b>	<b>28836.35</b>	<b>29727.68</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>59608.99</b>	<b>58404.74</b>



## Cash Flow Statement

₹ in lakhs

Sl. No.	Particulars	For the Year ended	
		31.03.2020 (Audited)	31.03.2019 (Audited)
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit before tax	1,985.55	4,033.81
	Adjusted for		
	Depreciation	2,742.00	2,241.38
	Interest Income	(72.01)	(97.32)
	Credit Risk Impaired	3.21	9.47
	Credit Risk Allowance	-	132.07
	Loss / (Profit) on sale of fixed assets (net)	(2.08)	166.16
	Re-measurement gains/(losses) on employee defined benefit plans	(24.74)	8.34
	Re-measurement gains/(losses) on Investments	(1.09)	(93.41)
	Unrealised foreign exchange differences	233.32	(134.12)
	Finance Costs	3,411.54	2961.40
	Operating Profit before Working Capital changes	8,275.70	9,227.78
	Change in working capital	(135.61)	(1694.41)
	Cash generated from operations	8,140.09	7,533.37
	Direct Taxes Paid	(991.99)	(469.31)
	<b>Net cash flow from operating activities (A)</b>	<b>7,148.10</b>	<b>7,064.06</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Property, Plant & equipment and intangibles (including capital work in progress and capital advances)	(2,260.69)	(4872.84)
	ROU Assets as per Ind AS 116	(2,613.72)	-
	Proceeds from sale of fixed assets	28.97	27.72
	Profit/(Loss) on current financial assets measured at FVTPL	1.09	93.42
	Advance received for Assets held for sale	285.00	-
	Interest income received	0.10	104.27
	<b>Net cash used in Investing Activities - (B)</b>	<b>(4,559.25)</b>	<b>(4,647.43)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from issue of share capital	2,000.00	-
	Proceeds from issue of share warrants	(500.00)	-
	Finance charges	(3,120.30)	(2,828.73)
	Cash Payments for Principal portion of lease liability	(315.46)	-
	Cash Payments for interest portion of lease liability	(11.71)	-
	Working Capital Borrowings	437.64	458.45
	Funds for long term use	-	1,300.00
	Long Term Funds (Term Loans from financial institutions and other unsecured loans)	(1546.08)	(1546.54)
	Long Term Funds (Funds from Promoters and Promoters Group converted to Share Capital)	(1,470.00)	-
	Long Term Deposits received	0.36	-
	Term Deposit Accounts with financial institutions	(160.19)	-
	Lease Liability	2,625.43	-
	<b>Net Cash used in Finance Activities - (C)</b>	<b>(2060.32)</b>	<b>(2616.82)</b>
	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>528.54</b>	<b>(200.18)</b>
	Opening Balance in Cash and cash equivalents	141.91	342.09
	Closing Balance in Cash and cash equivalents *	670.44	141.91

\* Cash and cash equivalents of ₹ 1485.62 lakhs are inclusive of Term Deposits amount of ₹ 815.18 lakhs.



## Notes to the financial results

- The above financial results for the quarter and year ended 31st March 2020 has been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 25th June 2020.
- The financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI").
- The Company adopted Ind AS 116 effective from 1st April 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (1st April 2019). Accordingly previous period information has not restated.
- The figures of the last quarters are the balancing figures between the audited figures of the financial years and the published results up to the third quarter of the respective financial years.
- The Company has adopted and effected the reduced corporate tax rate permitted under section 115BAA of the Income Tax Act, 1961 as per the Taxation Laws (Amendment) Ordinance, 2019. Accordingly the company has recognized provision for Income Tax for the financial year and remeasured the deferred tax Asset / liability on the basis of the rate prescribed in the said section.
- During the year the company has allotted 22,22,222 equity shares of ₹ 5/- each at a price of ₹ 90/- per share (including a premium of ₹ 85/-) on conversion of warrants issued on preferential basis on June 24, 2019. The amount raised through the preferential issue has been used for the objects of the preferential issue as stated in the 33rd AGM Notice and there has been no deviation from the intended use of funds.
- Disclosures with regard to COVID-19 and its impact: During March quarter, the novel corona virus (Covid-19) started spreading and WHO declared it as a global pandemic as Covid-19 severely affected public health. In response, Governments across the globe imposed lockdowns which disrupted worldwide economic activity including India. Accordingly, the Central & State Governments gave directives for lockdown which effected the operations of the Company impacting the sales and profitability. The Company continuously monitored the situation and took necessary actions in response to the developments to minimise the impact and safeguard its assets and people. The Company evaluated the prevailing situation to assess the impact on the financial statements for the year ended 31st March 2020 and is confident of recoverability of the assets including receivables, investments, property plant and equipment, intangible assets, assets held for sale and estimates no material impact. However, due to uncertainties surrounding Covid19, the actual impact may be different from the estimates.
- The long-term debt includes unsecured loans of ₹ 10.00 crores as on 31.03.2020 brought in by the promoters/promoter group for capital expenditure.
- The Company has only one business segment and is engaged in the manufacture of specialised sheet metal components, its sub-assemblies for rotating electrical equipment and various machined components. Hence the reporting is done as a single segment. However the geographical Revenue and Assets are as under:

Particulars	Quarter Ended			Year Ended	Year Ended
	31.03.2020	31.12.2020	31.03.2019	31.03.2020	31.03.2019
	Audited (Refer note 4)	Un-Audited	Audited (Refer note 4)	Audited	Audited
<b>I. Segment Revenue</b>					
a) India	6,870.80	7,613.63	8,345.32	31,709.59	36,063.25
b) Outside India	4,445.59	4,430.72	6,925.58	21,164.15	26,384.89
<b>Total</b>	<b>11,316.39</b>	<b>12,044.35</b>	<b>15,270.90</b>	<b>52,873.74</b>	<b>62,448.14</b>
<b>II. Segment Assets</b>					
a) India	52,056.32	49,901.55	47,309.94	52,056.32	47,309.94
b) Outside India	7,552.67	8,553.52	11,094.80	7,552.67	11,094.80
<b>Total</b>	<b>59,608.99</b>	<b>58,455.07</b>	<b>58,404.74</b>	<b>59,608.99</b>	<b>58,404.74</b>

Place: Hyderabad  
Date: 25th June 2020



By order of the Board  
For PTTI ENGINEERING LIMITED

AKSHAY S PILLI  
VICE CHAIRMAN & MANAGING DIRECTOR  
DIN: 00078760



## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE BOARD OF DIRECTORS OF PITTI ENGINEERING LIMITED**

#### **Report on the Audit of the Financial Results**

#### **Opinion**

We have audited the accompanying annual financial results of Pitti Engineering Limited (Formerly known as Pitti Laminations Limited) (the "Company") for the year ended 31 March, 2020, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the year ended 31 March, 2020.

#### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 (the Act). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Results* 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 together with the ethical requirements that are relevant to our audit of the financial results under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's and Board of Directors' Responsibilities for the Financial Results**

These financial results have been prepared on the basis of the annual financial statements.

The Company's Management and Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations.



T: 040 2324 0700 / 900  
F: 040 4010 0860



[www.Lncofirm.com](http://www.Lncofirm.com)



**Laxminiwas & Co.**

Head Office: 6-3-569, 4th Floor, Above BMW Showroom,  
Opp. RTA Office Khairatabad, Hyderabad- 500 082, Telangana, India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial results, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Results**

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

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 results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are 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 the Management and Board of Directors.



- Conclude on the appropriateness of the Management and Board of Directors' 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 results 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 results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide 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.

#### Other Matters

The annual financial results include the results for quarter ended 31 March, 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subjected to limited review by us.

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



A handwritten signature in blue ink, appearing to read "Vijay Singh".

Vijay Singh  
Partner

Membership No: 221671  
UDIN: 20221671AAAAFU6825

Hyderabad  
25 June, 2020.



Disclosure pursuant to SEBI Circular Ref. No. SEBI/HO/CFD/CMD1/CIR /P/ 2020/84 dated May 20, 2020.

We are aware that whole world is struggling to save the lives and livelihood of people. COVID- 19 has infected many people in the world and impacted humanity, lifestyles, businesses, economies and livelihoods. In India timely lock-down measures and proactive steps taken by the Government authorities have helped in containing its spread, but affected the demand, supply and liquidity and have brought the economic activities to a standstill and impacted both consumption and investment.

**Impact of the COVID-19 pandemic on the business**

Due to pandemic COVID-19 and lock-down measures taken by the Central and respective State Government(s) and its consequential affects, the impact on the business is obvious. The revenue and thus the profitability of the Company has been impacted during the lockdown period. Considering the line of business of the Company being into manufacturing engineering products used in capital good, infrastructure, transportation, and similar industries, it is expected that normalcy would be restored once the strict measures are relaxed everywhere.

**Ability to maintain operations including the factories / units/ office spaces functioning and closed down**

The manufacturing units of the Company had been closed, as per the lock-down measures announced by the Government of India as well as by the respective State Government(s) where the manufacturing units and offices of the Company are located.

The Company had adopted the work from home policy for the office employees during the lockdown period. The offices later resumed services with staggered presence in May, 2020 and the factories have started its operations in April/May 2020 as per prescribed guidelines issued by the Government Authorities.

**Schedule, if any, for restarting the operations**

The manufacturing units of the Company is situated in the State of Telangana and Maharashtra. The units have started its operations in the month of April/May 2020 based on the guidelines issued by the Ministry of Home Affairs, Government of India and the respective State Government(s).

**Steps taken to ensure smooth functioning of operations**

As stated earlier, during the lockdown period, Company has adopted work from home policy and now the offices have resumed services with staggered/full presence of employees, as per the prescribed guidelines. Also, the factories have started its operations in April/May 2020, as per prescribed guidelines.

The Company's offices and its manufacturing units are complying with the prescribed norms to ensure smooth functioning of operations, viz. temperature screening, wearing of face mask, hand washing, sanitization & hygiene, social distancing norms and other measures.



### Estimation of the future impact of COVID-19 on its operations

The impact on the sales of the Company's products was primarily due to lock-down measures prescribed by various Government authorities. Considering the line of business of the Company, the long-term customer agreements and customized products for the customers, it is anticipated that normalcy would be restored once the strict measures are relaxed everywhere. Already, we are seeing a good demand in the market post unlocking measures announced in May and June 2020.

However, we understand that the situation is exceptional and changing dynamically, therefore, the Company is not able to anticipate with certainty the future impact on its operations.

### Details of impact of COVID- 19 on Company

**Capital and financial resources:** There is no impact on the Capital and financial resources of the Company.

**Profitability:** The revenue and thus the profitability of the Company has been impacted during the lockdown period. There were major disruptions effecting dispatches from third week of March. It is difficult to quantify the actual impact due to number of variables.

**Liquidity position:** The Company has sound financial position and positive working capital. Although, there was some impact on the liquidity position, it is expected to have normalcy in due course, as the unlock measures have already been announced.

**Ability to service debt and other financing arrangements:** The Company has sound financial position and can meet its financial obligations. The Company is regular in repayments of debts including interest thereon except for the moratorium sought under RBI ease of working capital finance circular due to impact of Covid-19.

**Assets:** The Company does not foresee any deterioration in its assets. The assets of the Company are adequately safe-guarded and adequately maintained.

**Internal financial reporting and control:** The Company has robust internal financial reporting and control system commensurate with its nature of business and size of operations. Therefore, there was no material impact on the internal financial reporting system and control. The IT department was functioning during lock down period seamlessly.

**Supply chain:** Due to lock-down measures the supply chain has been affected and the labour has gone to their home state. There was also restriction on movement of transport vehicles. However, with the commencement of unlock measures, we expect that the normalcy would return sooner and there will not be significant impact on supply chain.

**Demand for its products/services:** The sale was affected during the lock-down period, as there was no demand. However, we are seeing a good demand in the market post unlocking of the market in May and June 2020.

**Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the Company's business:** The Company does not foresee any existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the Company's business.

**Other relevant material updates about the Company's business:** Not applicable.

