

30<sup>th</sup> August 2022

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 2021-22 along with Notice of the 38<sup>th</sup> Annual General Meeting

\*\*\*\*

We are to inform you that the 38<sup>th</sup> Annual General Meeting (AGM) of the Company is scheduled to be held on Friday, 23<sup>rd</sup> September 2022 at 4:00 P.M through Video Conferencing (VC) / Other Audio Visual Means (OAVM) in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, please find enclosed a copy of the Annual Report for the financial year 2021-22 (including Notice of the AGM to be held on 23<sup>rd</sup> September 2022).

The copy of the Annual Report is also available on the company's website [www.pitti.in](http://www.pitti.in).

We request you to take the same on record.

Thanking you.

Yours faithfully,  
For Pitti Engineering Limited

  
Mary Monica Braganza  
Company Secretary & Compliance Officer  
FCS 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  
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[info@pitti.in](mailto:info@pitti.in)



Pitti Engineering Limited  
Annual Report 2021-22

# Building with prudence

Growing scale  
Diversified portfolio  
Customer trust



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Our operations



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Our expertise



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Optimistic Future

#### Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.



Know more about us  
[www.pitti.in](http://www.pitti.in)  
 or scan the QR code



**The salience of our brand is built upon our remarkable engineering expertise and the superior reliability of our products coupled with economies of scale derived from being one of the largest manufacturers of laminations gives us a significant edge in the market place.**

# Building with prudence

Growing scale  
 Diversified portfolio  
 Customer trust

The year has been a test of resilience but our grit and determination helped us register impressive growth by virtue of our strong operational efficiencies and sophisticated manufacturing facilities.

For over three decades, we have honed our skills to build a diverse portfolio of products that create unique solutions for our customers, delivering exceptional value.

The opportunity in the engineering space has just started to play out as India's manufacturing sector gears for long-term growth. Capitalising on this opportunity, we are expanding our capacities, diversifying our portfolio further and growing with customer trust.

We continue to focus on building a differentiated product basket by understanding the evolving needs of customers, thereby earning their trust and loyalty.

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## Corporate Information

### Board of Directors

**Shri Sharad B Pitti**  
Chairman & Managing Director

**Shri Akshay S Pitti**  
Vice Chairman & Managing Director  
and Interim CFO

**Shri N R Ganti**  
Non-Executive Independent Director

**Shri G Vijaya Kumar**  
Non-Executive Independent Director

**Shri M Gopalakrishna**  
Non-Executive Independent Director

**Ms. Gayathri Ramachandran**  
Non-Executive Independent Director

**Shri S Thiagarajan**  
Non-Executive Independent Director

**Shri D V Aditya**  
Non-Executive Independent Director  
w.e.f. 10th August 2022

### Key Managerial Personnel

**Shri N K Khandelwal**  
President Corporate Resources & CFO  
(upto 13th April 2022)

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

### Bankers

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

### Statutory Auditors

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

### 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  
Gangapur Mandal  
Aurangabad District – 431 133  
Maharashtra, India

### Registered Office

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

### Registrar and Transfer Agent

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

## Board of Directors

**Shri Sharad B Pitti**  
Chairman & Managing  
Director

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

**Shri Akshay S Pitti**  
Vice Chairman &  
Managing Director and  
Interim CFO

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

**Shri N R Ganti**  
Non-Executive  
Independent Director

Shri N R Ganti is a postgraduate in Business Administration and has rich experience in the field of finance and management. He had started his career in the field of banking with the State Bank of India and later took up management consultancy services.

**Shri G Vijaya Kumar**  
Non-Executive  
Independent Director

Shri Gummalla Vijaya Kumar is a practicing Advocate at the High Court of Telangana and has also served as a Government Pleader for revenue for the United State of Andhra Pradesh. He is the Chairman of the Company's Risk Management Committee.

**Shri M Gopalakrishna**  
Non-Executive  
Independent Director

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

**Ms. Gayathri Ramachandran**  
Non-Executive  
Independent Director

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

**Shri S Thiagarajan**  
Non-Executive  
Independent Director

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

**Shri D V Aditya**  
Non-Executive  
Independent Director  
(w.e.f. 10th August 2022)

Shri D V Aditya is a fellow member of the Institute of Chartered Accountants of India and is a Bachelor of Commerce. He has over 36 years of strong experience and knowledge in taxation, financial reporting, and accounting. He is the proprietor of D V Aditya & Co., a Chartered Accountancy firm.

## About Pitti Engineering Limited

# Delivering performance with excellence

As one of the leading electrical steel lamination companies, we are focused on manufacturing value-added and assembled components through machining and lamination process for several end-user industries in India and international markets.

For over three decades, we continue to bring engineering excellence in operations for our customers across several end user industries, pioneering innovative products. Today, we are a globally renowned manufacturer of electrical steel laminations, motor cores, sub-assemblies, die-cast rotors and machined components.

Our products find application in diverse end-user industries ranging from electric vehicles, renewable energy, hydro and wind power, super critical (lesser emissions) thermal power, India's first self-propelled (engine-less) train, large-scale lift irrigation projects, ceiling fans, data farms, metro rail, pumps and many more applications.

### Strategic enablers

#### Best ever annual results

since our existence



Refer page 22 of the report

#### More than ₹137 Crore invested

in capacity expansion in last two years and further ₹ 330 Crore proposed to be invested in the next three years



Refer page 10 of the report

#### Diverse portfolio

of products to serve a growing number of end-user industries



Refer page 12 of the report

#### Strengthened business

growth with superior customer experience and growing trust



Refer page 18 of the report

#### Robust order book

driven by strong focus on domestic market at the backdrop of positive economic growth drivers and increasing focus on international markets



Refer page 20 of the report

### Best-ever performance

#### Revenue

₹970.26 Crore

▲ up by  
~80% y-o-y

#### EBITDA

₹132.63 Crore

▲ up by  
70% y-o-y

#### Profit after tax

₹51.89 Crore

▲ up by  
~80% y-o-y

#### Cash flow from operations

₹90.79 Crore

▲ up by  
55% y-o-y

#### EBITDA / Tonne

₹41,519  
Highest ever

#### Market Capitalisation

₹1034.74 Crore

▲ up by  
384% y-o-y

#### ROCE

~18%

▲ up by  
619 bps y-o-y

#### ROE

~18%

▲ up by  
607 bps y-o-y

#### Working capital

~96 days

▲ improved by  
56 days y-o-y



## Message from the Management

# Scaling new heights with **prudence** and **perseverance**



**Sharad B Pitti**  
Chairman & Managing Director

### Dear Shareholders,

The fiscal year 2021-22 posed unprecedented challenges in the form of concurrent waves of Covid infection, the Russia-Ukraine war and the ensuing sanctions. It not only impacted the global supply chain and commodity prices, it resulted in sustained inflationary pressure and reduced consumer confidence. However, despite difficulties, we were able to reach new heights of success. With collaborative efforts, we gathered strength to overcome hurdles and accomplished long-term goals.

Net Profit grew by **80.30% to ₹ 51.89 Crore** over the previous year. Sales volume also increased by **48.16% to 31,945 MT** in FY22.



**Akshay S Pitti**  
Vice Chairman & Managing Director and Interim CFO

Coming to our financial performance, we are extremely delighted to report that we have posted the best ever annual numbers, across all performance parameters for the fiscal 2021-22. We recorded a revenue of ₹ 970.26 Crore as compared to ₹ 538.67 Crore in 2020-21, registering a growth of 80.12%. Our EBITDA increased to ₹ 132.63 Crore from ₹ 78.05 Crore in 2020-21 with a strengthened margin of 13.91%. Net Profit grew by 80.30% to ₹ 51.89 Crore over the previous year. Sales volume also increased by 48.16% to 31,945 MT in FY22.

Taking into consideration, the favourable policy environment in the country and rapid vaccination for Covid-19, the Indian economy is expected to rebound and propel core industrial growth. As part of the government's commitment to strengthen the country's infrastructure, the Union Budget 2022-23 has set the stage for the rapid growth of the railway sector. The development of 400 new generation Vande Bharat trains and 100 freight terminals in the next three years will accelerate India's transformation as a self-reliant country. Given that Railways is one of our key end-user sectors, we are positioning ourselves to seize the opportunity. Additionally, the budget has laid emphasis on increasing support for small and medium businesses that will boost the manufacturing sector. Further, the push for EV penetration in public transport and creation of special mobility zones for EVs will help boost EV mobility in the country.

On the CAPEX front, we spent ₹ 137 Crore out of the planned ₹ 270 Crore, and the balance amount will be spent on automation and capacity expansion at both Hyderabad and Aurangabad, respectively, by FY23. This will be followed by an additional investment of ₹ 197 Crore between FY23 and FY25, for capacity expansion, reorganisation and automation.

Our business model and product portfolio cater to diverse end-user sectors and positions us to create value for the long-term. While we were predominantly producing machine castings, sheet metal and laminations, we have broadened our offerings into shafts, copper build-up rotors and gear cases. Analogous to our expansion aspirations, our product development team has grown organically, both in terms of size and capabilities, through collaborations with world class equipment vendors. We are also diligently working towards broadening our product portfolio and catering to several end-user industries to create value for the long term.

The salience of our brand is built upon our remarkable engineering expertise and the reliability of our products as one of the largest manufacturers of laminations, coupled with economies of scale that lend us a significant edge in the market place. Further, our consistent growth across all financial parameters have resulted in an upward revision of our credit ratings by external agencies, enabling us to secure a lower cost of capital.

We aspire to be an indispensable part of our customer supply chain and to that end, we are reorganising our facilities to place majority of the sheet metal facility at Aurangabad and the machining facility at Hyderabad, with state-of-the-art equipment and automation. We have already increased our installed capacity to 46,000 tonnes from 36,000 tonnes over the last 18 months and we aim to further enhance the sheet metal capacity to 72,000 tonnes over the next two years. Among the several metrics, our higher EBITDA per tonne defines the excellence of our operations. Looking ahead, we are projecting a sales volume of 42,000 tons for the next fiscal year, on the back of a robust demand from domestic and international markets.



**Our EBITDA increased to ₹ 132.63 Crore from ₹ 78.05 Crore in 2020-21 with a strengthened margin of 13.91%. Net Profit grew by 80.30% to ₹ 51.89 Crore over the previous year.**

We would like to take this opportunity to express our gratitude to all our employees and stakeholders for their constant support, encouragement, and dedication. We would also like to thank our customers and other business associates for their continued support. Your company also recognises the need to be environmentally responsible in its business operations. As a testament to our commitment to become sustainable, we have invested in clean energy, with solar power covering 2.09% of the electricity requirement at our facilities.

Your Company is confident of its ability to maintain excellence and broaden its growth trajectory as we position ourselves for the long-term, building your Company with prudence and contributing to building 'Atmanirbhar Bharat'.

Warm Regards,

**Sharad B Pitti**  
Chairman & Managing Director

**Akshay S Pitti**  
Vice Chairman & Managing Director and Interim CFO

## Our Business Model

# Building value through a **focused strategy**

### Inputs

### Value creation process

### Outputs

### Outcomes

#### Manufactured capital

**3** manufacturing facilities (2 units in Hyderabad and 1 in Aurangabad)  
**₹440.70 Crore** Gross block

#### Human capital

**1,320** Employees  
**669** professionals, engineers, postgraduates, graduates and diploma- holders

#### Financial capital

**₹283.97 Crore** net worth  
**₹110.19 Crore** Long-term debt

#### Social & Relationship capital

**₹1.39 Crore** spent for CSR activities

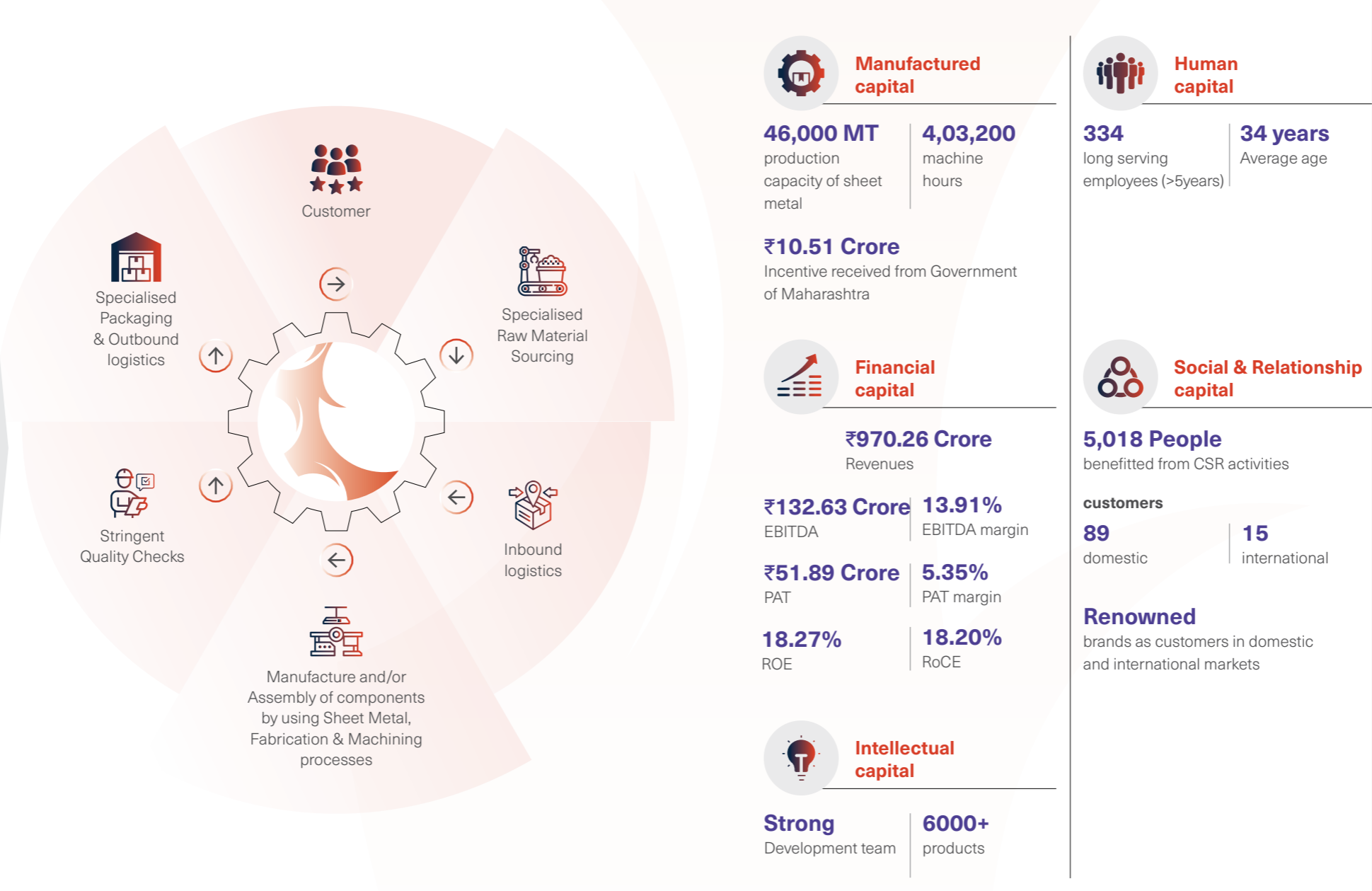
#### vendor base

**2,530** domestic

#### Intellectual capital

**39 years** of industry experience

**106** international



#### Manufactured capital

**46,000 MT** production capacity of sheet metal  
**4,03,200** machine hours

**₹10.51 Crore** Incentive received from Government of Maharashtra

#### Financial capital

**₹970.26 Crore** Revenues

**₹132.63 Crore** EBITDA  
**13.91%** EBITDA margin

**₹51.89 Crore** PAT  
**5.35%** PAT margin

**18.27%** ROE  
**18.20%** RoCE

#### Intellectual capital

**Strong** Development team  
**6000+** products

#### Human capital

**334** long serving employees (>5years)  
**34 years** Average age

#### Social & Relationship capital

**5,018 People** benefitted from CSR activities

**customers**  
**89** domestic  
**15** international

**Renowned** brands as customers in domestic and international markets

- Recognised manufacturing units with global accreditations
- Optimum capacity utilisation levels
- Highly automated to drive economies of scale
- Real-time monitoring with enhanced measures on safety and health
- Significant growth in revenue and profitability
- Consistent growth in shareholder value
- Sustained investments in business with healthy accruals
- Robust cash flow
- Providing quality products and services
- Ensuring operational excellence through innovation
- Culture of innovation
- Safe, fair and healthy work place
- Personal and professional growth opportunities
- Continuous efforts undertaken to uplift the communities within the area of operations
- Diverse supplier base to leverage unique product offering



## Our Operations

# Strengthening our manufacturing prowess

Our success is built on our superior engineering skills and cutting edge manufacturing technologies.

Our production sites, which are equipped with cutting-edge technology, are located in close proximity to both customers and raw material suppliers, allowing cost optimisation and increased yields. Our manufacturing units at Hyderabad and Aurangabad are state-of-the-art units with automation and modern equipment that bring economies of scale.



### Proposed capacity expansion

Our investment in capacity expansion has enabled us to widen our offerings and reach our customers quicker. The proposed capacity expansion of sheet metal to 72,000 tonnes and machining to 6,48,000 hours will further strengthen our revenue-earning potential. In addition, debottlenecking and automation exercises at Hyderabad will add to our profitability levels.

Capex planned in next 3 years (in ₹ Crore)

**330**

### Manufacturing capabilities

Sheet metal capacity (tonnes)

**46,000**

Capacity utilisation (%)

**69.74%**

Machining capacity (hours)

**4,03,200**

Capacity utilisation (%)

**76.31%**

Gross block (in ₹ Crore)

**₹440.70**

One of the

**Largest**

exporters of electrical laminations in India

One of the

**Leading suppliers**

for all motor manufacturers in India

One of the

**Market leaders**

for assembling of large alternators and motors in India



## Our Expertise

# Fast-tracking innovation to power profitable growth

We deliver innovative products that are globally benchmarked. Our capability to continually strengthen our skills and provide remarkable results allows us to carve out a distinct market for our products, ensuring value for all stakeholders.

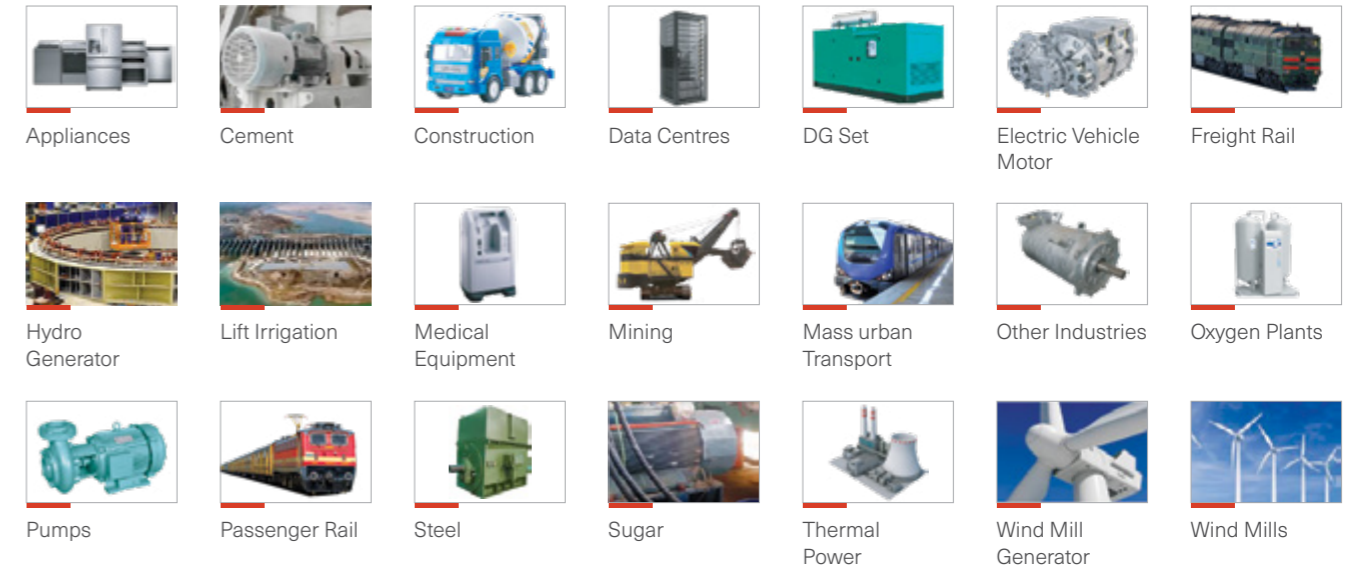
Our engineering value chain has been greatly strengthened by our state-of-the-art production facilities and innovative methods. Drawing on the knowledge of our core team and our solid manufacturing foundation, we fulfil evolving customer needs.

We use specialised manufacturing processes for generating prototypes in order to help our customers minimise the time to market for their new product ideas. The addition of very large progressive die technology to our operations improves our quality, productivity, and delivery time.

We continually reduce our dependency on labour through automation. For handling laminations on notching machines, we are in the process of introducing robotic loading systems. This automation would improve productivity levels and bring overall efficiencies. For gathering blanks and scrap, we have introduced material collection systems. Going forward, we continue to make a host of additional enhancements to boost our manufacturing efficiency.



### End-user industries served by Pitti:





## Our Expertise

### Case study

## Solution Providers

### Background

Our customer integrated loose rotor laminations or die-cast rotors with shafts internally, buying shafts from the unorganised market place which was fragmented and used rudimentary technology.



### The challenge encountered

Higher cost of end product owing to the high price of shaft integration to rotors at customer-end and a lack of economies of scale in shaft procurement.

Supply chain issues due to fragmented vendor base resulting in increased lead time to market.

Capacity constraints limiting growth.

All of the above challenges were further amplified by the pandemic.



### Our solution

We introduced cutting-edge machinery and technology to manufacture motor and generator shafts, reducing the number of steps in the process resulting in higher throughput, better quality and lower cost.

We used our engineering expertise and drew on our customer experiences to facilitate in-house processes to integrate the shaft to the rotors.



### The result

Lower footprint at customer manufacturing facilities, integrated and smooth supply chain enabled customers to increase focus on core manufacturing activities.

Improved our economies of scale while driving business for our vendors, which improved and increased employment opportunities in the communities we serve.



## Strengthening our move from vendor to partner



# Our Expertise

## Case study

### Going Big and Fast

#### Background

Large size laminations typically had smaller single product volumes ranging from 50,000 to 1,00,000 pieces per month.

These were produced using an appropriate multi-press/multi-tool labour-intensive process requiring four operations to produce one finished piece at a productivity rate of 6-8 operations a minute.



#### The challenge encountered

Increase in number of products and exponential increase in single product volumes ranging from 2,50,000 to 25,00,000 pieces per month.



#### Our solution

Introduced high speed presses of various capacities and progressive dies. It was a unique approach, whereby we utilised dies of sizes that were never before used in India (600mm) and automated collection units.

This allowed us to condense the multi-press/multi-tool labour-intensive process that required four operations to produce one finished piece to one progressive die requiring one operation for each finished product in a highly automated process at productivity rate of 80-200 operations a minute.



#### The result

Improved delivery time and quality of products.  
Lowered our operating cost while increasing volume.



## Cementing Growth



## Building Customer Portfolio

# Growing **trust** among our customers

We have cemented our position as the preferred partner for our customers due to our unwavering commitment to statutory and regulatory compliance, and good corporate governance while providing our products and services at best price, quality, and on time.

At Pitti we align our capacities and capabilities to meet the growing needs of our customers. We manufacture a wide array of products ranging from electrical steel laminations to various sub-assemblies for motors and generator to making castings, shafts, and fabricated components that are utilised for diverse end applications.

Top 5 clients contribute **~43.89%** Of revenue in FY22

**69.48%** Share of revenue from domestic markets



**30.52%** Share of revenue from exports



### Our marquee customers



## Meeting Stakeholders' Expectations

# Creating **value** for stakeholders

We believe, to create a sustainable and thriving business we need to maximise value creation for all stakeholders. We interact with our stakeholders on a regular basis to get a better understanding of their goals, concerns, and aspirations.



### Serving clients with quality products

Our clients are the cornerstone of our business sustainability. We focus on delivering quality products to our customers, bringing value to their businesses.



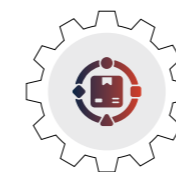
### Creating value for investors

Our long-term strategic goals are aligned to deliver operational growth and financial sustainability across key parameters. With optimum utilisation of funds, we rationalise costs and increase profitability for sustained value creation.



### Empowering employees

Our employees form an important part of our long-term business strategies. We have regular meetings to address challenges faced by employees. The progress towards achieving annual targets and career development are reviewed periodically.



### Partnering with supply chain partners

We follow responsible procurement practices, promoting long-term relationship with the suppliers that are mutually beneficial. Regular compliance, audits, training sessions are conducted at supplier sites to procure superior quality goods and services.



### Governance

We ensure compliance with rules and regulations across our areas of operation, conducting business ethically with good governance practices. Regular participation in seminars and timely adherence to all compliances enable us to contribute towards overall industry growth.



### Partnering to build an equitable world

The communities in which we operate are relevant to us. We consistently contribute to socially responsible activities through our CSR programmes conducted at regular intervals.



## Optimistic Future

# Emerging business opportunities

Driven by increase in demand for high performance motors, **global traction motor** industry is estimated to reach **\$36.6 bn by FY25E**

Rising population, growing urbanisation and the expansion of rail network are expected to push the demand for locomotives, taking the **global locomotive** market size to **\$25.48 Bn by CY2028**

The Union Budget 2022 has allocated **₹ 1,40,367.13 Crore** to the Ministry of Railways for the development of a future-ready rail network and bring down the logistics cost with 100% electrification of rail routes. The increasing passenger traffic and goods transported via railways will drive the demand for laminations and value assembled products

## Pitti Engineering Limited

Ambitious targets by the government for **EV mobility** and clean energy adoption will drive the demand for laminations and laminated assembled components for various engineering applications

The increasing need for **pumps and valves** by companies in almost every particularly oil and gas, water and wastewater, is driving the growth of India's pumps and valves industry, leading to an increased demand for various types of casings

Despite multiple headwinds, **steel, cement and construction** sectors are expected to grow in the near short-term, backed by favourable regulatory policies

As one of the fastest growing economies, **India's power generation (thermal and renewable)** and consumption remains robust, driving the demand for ancillary products across the value-chain.

The rapid surge in telecom industry, hospitals and real estate sector is expected to drive the demand for **generator sets** in the near short-term, auguring well for the demand of Stator Assemblies and rotor assemblies

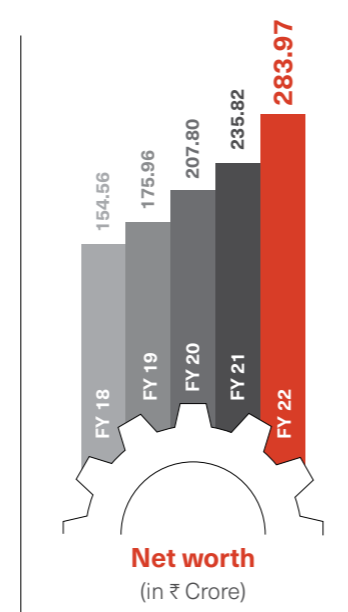
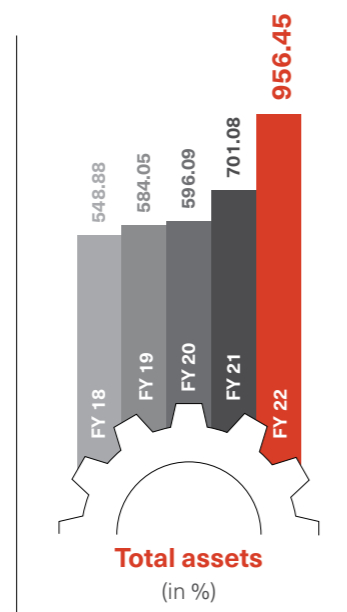
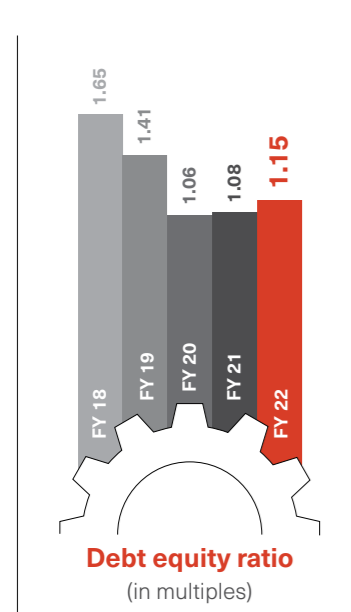
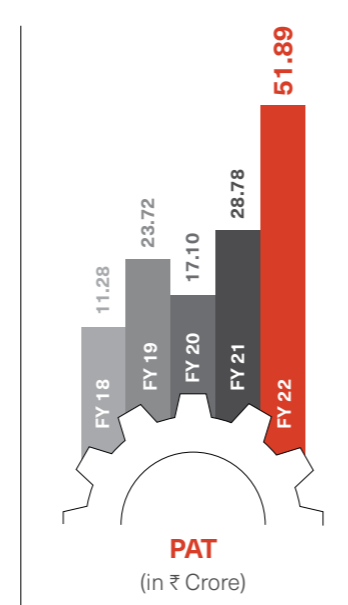
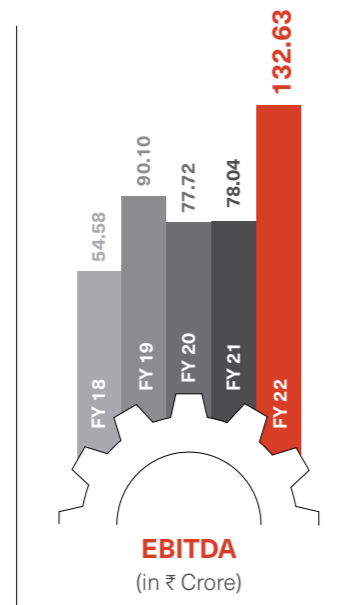
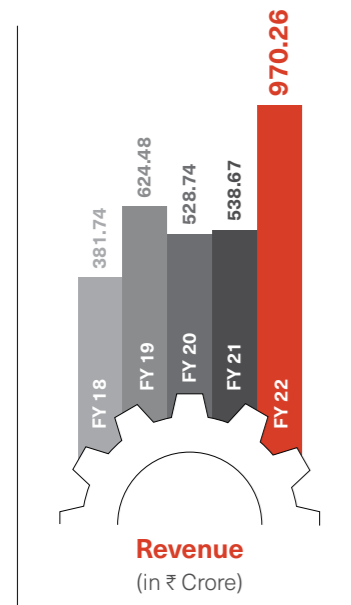
Our portfolio of products has diverse applications. It enhances our ability to leverage various opportunities, create value for a large number of end-user industries and contribute to India's economic growth and social progress. At the same time, our product diversity also reduces our sector concentration risk.



Read more about the growth of our end-user industries on page 26 of the report

## Financial Highlights

# Numbers that define our performance



Particulars	FY22	FY21	FY20	FY19	FY18
<b>Balance sheet and P&amp;L highlights (₹ in Crore)</b>					
Revenue (excluding taxes)	970.26	538.67	528.74	624.48	381.74
EBITDA*	132.63	78.04	77.72	90.10	54.58
Finance cost	39.60	29.60	34.12	29.61	23.48
PBT	70.60	38.57	19.86	40.34	16.31
PAT	51.89	28.78	17.10	23.72	11.28
Total comprehensive income	51.92	28.01	16.84	22.87	11.54
Cash accruals**	90.79	58.40	44.26	45.28	29.18
Net worth	283.97	235.82	207.80	175.96	154.56
Debt	325.49	254.32	219.45	248.45	255.92
Net fixed assets	325.13***	288.61***	258.18***	234.67	213.31
Inventory	272.29	157.22	126.50	100.27	129.16
Debtors	204.26	171.77	139.38	182.49	136.92
Cash & Bank	35.03	8.91	14.86	13.96	13.52
Total assets	956.45	701.08	596.09	584.05	548.88
<b>Per Share Ratio (in ₹)</b>					
Earning per share (EPS)	16.19	8.98	5.41	7.67	4.22
Dividend per share (DPS)	2.025	-	-	-	-
Book value per share (BVPS)	88.60	73.58	63.18	58.99	51.82
<b>Growth ratio (%)</b>					
Revenue growth	80.12	1.88	[15.33]	63.59	32.13
EBITDA growth	69.93	0.41	[13.74]	65.08	62.73
PAT growth	80.30	68.30	[27.91]	110.28	161.72
Total comprehensive income growth	85.36	66.33	[26.37]	98.18	113.70
Growth in book value per share	20.41	16.46	7.10	13.84	24.39
Inventory increase / decrease	73.19	24.28	26.16	[22.37]	[10.91]
<b>Margin ratio (%)</b>					
EBITDA margin	13.91	15.06	14.80	14.48	14.41
PAT margin	5.35	5.34	3.23	3.80	2.95
Total comprehensive income margin	5.35	5.20	3.18	3.66	3.02
Debt - Equity ratio (in times)	1.15	1.08	1.06	1.41	1.65

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

\*\* Total Comprehensive Income + Depreciation

\*\*\* Including ROU asset of ₹ 82.84 Crore as on 31st March 2022, ₹73.95 Crore as on 31st March 2021 and ₹24.23 Crore as on 31st March 2020



CSR Initiatives

# Enriching Communities

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



**Healthcare**

The Company has stood by the nation in accelerating the Covid-19 vaccination drive and had administered over 10,036 free doses of covid-19 vaccinations to the public at Hyderabad and Aurangabad. The Company had tied up with multiple healthcare facilities and has spent ₹ 1.31 Crore on the public vaccination drive.



**Protection of national heritage**

The Company had provided financial assistance of ₹ 0.08 Crore for restoration, maintenance, and upkeep of the Monument Flag Post with SMARAK of 1857 Freedom Struggle and Marathwada Mukti Sangram at Kranti Chowk, Aurangabad.



Expenditure for community building initiatives

**₹1.39 Crore**



## Management Discussion and Analysis



### Global economic review

Strong consumer spending and modest investment growth drove the worldwide rebound in output in 2021. However, by the end of 2021, major economies including China, the European Union (EU), and the United States (US) had slowed dramatically as the effects of fiscal and monetary stimulants faded and serious supply-chain disruptions emerged. The economic momentum has been lower in most developing and transitional economies. Global GDP is anticipated to have risen to 6.1% in 2021, the greatest post-recession pace in 80 years, as a consequence of a relaxation of pandemic-related lockdowns in several countries<sup>1</sup>.

The recovery has been uneven across nations so far, with advanced economies faring far better than developing ones. The pandemic has increased worldwide income inequality, partially reversing the previous two-decade drop. It has also worsened inequality in many other aspects, including vaccine availability, economic growth, access to education and healthcare, and the magnitude of job and income losses, which adversely impacted women and low-skilled and informal workers. This tendency can cause wounds that will last a lifetime. Households, firms, the financial sector, and governments in emerging economies are all exposed to external factors as a result of global economic trends<sup>1</sup>.

### Outlook

As pent-up demand fades and supporting macroeconomic policies are reversed, global GDP is expected to fall to 3.2% in 2022<sup>1</sup>. Interest rates will increase as the economy improves and stimulus measures in advanced countries are gradually taken away. Conflict between Russia and Ukraine has impacted the

global growth prospect as they account for a major part of global energy exports, as well as exports of a variety of commodities, food staples, and agricultural inputs. This has increased the global inflationary pressure.

Post-pandemic challenges include reversing the pandemic's impact on human capital accumulation, permitting new growth prospects connected to green technologies and digitalisation, lowering inequality, and safeguarding long-term public finances.

### Indian economic review

Although the Indian economy has shown indications of recovery since the Covid era, market demand has not kept up with or matched that of the pre-pandemic period since the Covid waves kept markets at a standstill. According to estimates, the Indian economy has grown by 8.7% in FY2021-22 after contracting in FY2020-21. This indicates that economic activity has returned to pre-pandemic levels. The pandemic has had a minor influence on agriculture and allied companies, which are anticipated to rise by 3.9% in FY2021-22 after rising by 3.6% the previous year.<sup>2</sup>

While India's industry was not immune to the upheavals of the pandemic its performance improved in FY2021-22. The gradual opening of the economy, record vaccinations, improved consumer demand, sustained government policy assistance for industries in the form of the AtmaNirbhar Bharat Abhiyan, and additional reinforcements in FY2021-22 have resulted in an improvement in the performance of the industrial sector. The industrial sector grew by 22.9% in the first half of FY2021-22 compared to the same time in 2020-21, and it is forecast to rise by 11.8% this fiscal year.<sup>2</sup>

### Outlook

India's GDP growth is expected to be between 8.7% in FY2022-23 and between 6.7 and 7.1% in FY2023-24<sup>3</sup>. As uncertainties diminish, growth is likely to pick up in the second quarter of FY2022-23. The initial shocks due to geopolitical conflicts may result in capital outflows and a quick devaluation of the currency, although both are likely to rebound in 2022.

Overall, the macroeconomic stability indicators indicate that India's economy is well prepared to face the challenges in 2022-23. India's unique reaction strategy is one of the reasons for the country's success. Focusing on supply-side changes rather than complete dependence on-demand control has also been characteristic of India's reaction.

### Industry overview

#### Industrial

##### Steel, cement and construction

The performance of the steel sector is critical for the economy's growth. Despite being impacted by COVID-19, the steel sector has recovered. According to World Steel Association data issued on April 22, India is the only country among the top 10 steel manufacturing nations to have increased steel output from January to March 2022 compared to the same period last year. In that time, India produced 31.9 million tonnes of steel, an increase of 5.9%. With 10.9 million tonnes of steel produced in March 2022, India's growth rate is 4.4%<sup>4</sup>.

The steel industry is likely to face increased demand in FY23 on account of the government's focus on infrastructure development projects for roads, railways and defence. Also Production linked incentive (PLI) schemes will provide significant boost to investment in steel industry to increase production for internal consumption as well as exports.

In March 2022, cement output (weight: 5.37%) grew by 8.8% over March 2021. From April to March FY2021-22, the cumulative index climbed by 20.8% over the same period the prior year.<sup>5</sup>

India is the world's second-largest cement manufacturer, accounting for more than 7% of worldwide installed capacity. According to an ICRA estimate, cement consumption is likely to rise by 7-8% to roughly 382 million metric tonnes in the current fiscal year, aided by significant demand from the rural housing and infrastructure sectors.<sup>6</sup>

Since India has abundant high-quality limestone reserves, the cement sector has enormous expansion potential. Prime Minister Narendra Modi announced the 'PM Gati Shakti - National Master Plan (NMP)' for multimodal connectivity in October 2021. Gati Shakti will combine forces with building India's first world-class, seamless multimodal transportation network. This will increase cement consumption in the future.

##### Sugar

The current sugar season FY2021-22, is predicted to produce 13% more sugar than the previous period. According to updated projections, the sugar output in the current sugar season FY2021-22 is expected to be about 350 LMT (after deducting 35 LMT of sugar diverted to ethanol) compared to the predicted domestic demand of approximately 278 LMT. At the start of the sugar season FY2021-22, there was around 85 LMT of carryover stock.<sup>7</sup>

Even with an anticipated export of around 95 LMT, the current sugar season's closing stock at the end of September 2022 is expected to be greater than 60 LMT. The Government is also



pushing sugar mills to shift extra sugarcane to ethanol, which is combined with gasoline and serves as a green fuel while saving money on crude oil imports. Approximately 3.37 LMT, 9.26 LMT, and 22 LMT of sugar were diverted to ethanol in the last three sugar seasons of 2018-19, 2019-20, and 2020-21, respectively. In the current sugar season (FY2021-22), about 35 LMT of sugar is expected to be diverted to ethanol, and by 2024-25, about 60 LMT of sugar is expected to be redirected to ethanol, addressing both the problem of excess sugarcane and the issue of delayed payment by ensuring farmers receive timely payment.<sup>8</sup>

<sup>3</sup> <https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/RBIBULLETINMAY2022DB499E66A95E413584D369C7D3658731.PDF>

<sup>4</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1819290>

<sup>5</sup> [https://pib.gov.in/PressReleasePage.aspx?PRID=1821304#:~:text=Cement-Cement production \(weight%3A,corresponding period of previous year.](https://pib.gov.in/PressReleasePage.aspx?PRID=1821304#:~:text=Cement-Cement production (weight%3A,corresponding period of previous year.)

<sup>6</sup> ICRA: Cement demand expected to grow 7-8 pc in FY23: Report - The Economic Times (indiatimes.com)

<sup>7</sup> <https://newsonair.com/2022/04/20/sugar-production-in-current-sugar-season-FY2021-22-is-expected-to-be-13-higher-than-previous-sugar-season/>

<sup>8</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1847997>

<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2022/07/26/world-economic-outlook-update-july-2022>

<sup>2</sup> [https://static.investindia.gov.in/s3fs-public/2022-02/Economic%20Survey%20Complete%20PDF\\_0.pdf](https://static.investindia.gov.in/s3fs-public/2022-02/Economic%20Survey%20Complete%20PDF_0.pdf)





#### o Pumps

The Indian pumps and valves industry has grown from humble beginnings to become a multibillion-dollar business. Opportunities to communicate the involvement of the Government and the industry in developing Brand India for pumps and valves, from low-cost producers to worldwide manufacturers of high-performance and cost-effective goods, are still emerging. Water and wastewater management are seeing significant expansion and increased attention on environmental sustainability, particularly in the Asia-Pacific area, driving valve demand.

The Indian pumps and valves sector is the fastest expanding market in the Asia Pacific area. The increasing need for pumps and valves by companies in nearly all major sectors, particularly oil and gas and water and wastewater, is a primary driver of future growth in India's pumps and valves industry.<sup>9</sup> Thanks to the industry's substantial capabilities, local suppliers also fulfil a large portion of domestic demand. In the subsequent years, intelligent pump systems and micro disc pump technologies are projected to develop.

#### Power generation

##### o Thermal

The country had 48 thermal power units under construction at the start of FY2021-22, with an aggregate capacity of 32,285 MW. Based on physical progress reports from the project authorities, 17 thermal power units with an aggregate capacity of 10,285 MW were identified as a target to be commissioned in FY2021-22. India has a total thermal installed capacity of 235 GW as of January 2022, with coal accounting for 51.6%

of thermal power and the remainder coming from lignite, diesel, and gas.<sup>10</sup>

In India's power industry, the private sector generates 48.5% of the country's thermal power, while the states and the Central Government generate 26.7% and 24.9%, respectively.<sup>11</sup> The target of energy generation from conventional sources FY2021-22 was set at 1,356 billion units (BU), representing a 9.83% increase over the previous year's actual conventional generation of 1,234.608 BU (2020-21).<sup>12</sup>

The electricity sector in India is undergoing a tremendous transformation that has altered the industry's perspective. India's power industry has a bright future as the steady economic expansion drives electricity consumption. The Indian Government's goal of achieving 'Power for All' has expedited capacity expansion in the country.

##### o Renewable energy

According to Central Electricity Authority (CEA) 's re-assessment study, the installed capacity of hydropower is expected to be 1,45,320 MW.<sup>13</sup> As a result, the future of India's hydropower generation is bright, given the country's predicted rate of modernisation and the Government's goal of providing electricity to everyone 24 hours a day, seven days a week.<sup>14</sup>

India has the world's fourth-largest wind power capacity. At an operating point of 120 metres, India's wind power potential is 695 GW. The installed capacity of wind power has increased 1.9 times in the last 7.5 years to almost 40 GW, with 9.67 GW of projects in different stages of commissioning as of 30th November, 2021.<sup>15</sup>

To capture the potential of offshore wind energy along India's coastline, the Government has declared the Offshore Wind Energy Policy. According to the Ministry's strategy and plan, offshore wind farms would be installed off the coasts of Gujarat and Tamil Nadu.

The Ministry has announced the Wind-Solar Hybrid Policy, which establishes a framework for promoting large grid-connected wind-solar PV hybrid projects to maximise the use of transmission infrastructure and land, reduce renewable power generation variability, and improve grid stability. As of 30th November, 2021, 3.75 GW of wind-solar hybrid projects have been granted, with 0.2 GW of capacity being operational. In addition, 1.7 GW of wind-solar varied projects is in various bidding phases.<sup>16</sup>

##### o Diesel generator sets

###### - 5G

The Department of Telecommunications (DoT) plans to launch a national portal soon to facilitate the clearance of various infrastructure approvals related to the right of way (RoW). This is required for laying fibre cables which are crucial for the 5G services that are expected to roll out in FY2022-23. The portal will be connected to state portals in the backend and is now in the final construction phases. It would also allow all IP-1 infrastructure owners that install optic fibres for others and telecom service providers (TSPs) to submit their applications online.

To help with infrastructure growth, the Department of Transportation is working on a street furniture regulation that would allow telecom companies to use street furniture such as street lights, power, and other utility poles. The goal is to install infrastructure in diverse areas such as municipal buildings, post offices, bus and train terminals.<sup>17</sup>

###### - Hospitals

The value of a reliable power supply in hospitals may be gauged by the potential cost, which is quantified in financial terms and patient well-being. It may be estimated by considering the number of hospital beds in India to evaluate the likely demand for quality DG sets in the healthcare business. The Indian health-tech sector is predicted to grow at an annual pace of 39% from FY2019-20 to FY2022-23, reaching US\$50 billion by 2033.<sup>18</sup>

The Indian Government has released the National Health Policy 2017, which includes numerous recommendations for using digital health tools and establishing a National Digital Health Authority, which could be a game-changer for digital healthcare and life sciences start-ups. It has also created the Unified Health Initiative (UHI), which primarily lets patients access and exchange health information digitally, and allows users to locate laboratories, pharmacies, and ambulances

through digital applications, allowing for greater access to resources.

In addition to Government backing, health-tech start-ups in areas such as e-pharmacy, fitness and wellness, and telemedicine have begun to attract considerable investor interest, with financing ranging from US\$200 million to over US\$650 million.<sup>19</sup>

###### - Residential and commercial spaces

Despite the pandemic's ongoing cyclical ups and downs, the Indian real estate sector has remained primarily resilient. It is currently exhibiting indications of recovery, with growth forecasts for office, industrial, residential, and alternative real estate industries.

The CBRE estimates that 51-53 million square feet of new office space will open in 2022, representing an annual increase of 4-5%. Workplaces will change.<sup>20</sup> By 2030, the '5G+' workplace will have achieved unparalleled generational convergence.<sup>21</sup> Flexible space operators, BFSI, engineering and manufacturing, and life sciences will likely to contribute considerably to the expansion in office space take-up in 2022, while technology businesses will continue to dominate leasing. Bangalore, Hyderabad, and Delhi-NCR are projected to continue to dominate transaction activity in 2022, as they did in 2021. The residential sector is poised for a strong year with its continual development fuelled by a continuous policy push in the sector and a low mortgage rate regime.

#### Transportation

##### o Railways freight services

Following a challenging period of policy and regulatory changes, the Indian Railways was able to exceed the 1400 MT freight-loading mark during FY2021-22. The Originating Freight Loading of Indian Railways for FY2021-22 was 1,418.1 MT (provisional), up 15% from the previous high of 1,233.2 MT recorded in FY2020-21. Coal has led the 185 MT incremental loading with a 111 MT increase, followed by cement at 17.2 MT and balance other goods at 15 MT. The incremental loading of 185 MT with a 15% increase is the best in both absolute and percentage terms.<sup>22</sup>

With the mantra of 'Hungry for Cargo', The Indian Railways (IR) worked hard to improve the convenience of doing business as well as service delivery at reasonable pricing, which resulted in increased traffic to railroads from both traditional and non-conventional commodity streams. The Railways were able to accomplish this milestone because of the customer-centric strategy and efforts of business development units, as well as flexible policy-making.

The government has been working on dedicated freight corridors (DFC) that are intended to make the country's

<sup>9</sup> EEPCINDIA

<sup>10</sup> [https://cea.nic.in/wp-content/uploads/thermal\\_broad/2022/03/BS\\_March22.pdf](https://cea.nic.in/wp-content/uploads/thermal_broad/2022/03/BS_March22.pdf)

<sup>11</sup> <https://www.5paisa.com/blog/power-sector-energy-demand-on-the-rise>

<sup>12</sup> Power Sector at a Glance ALL INDIA | Government of India | Ministry of Power ([powermin.gov.in](http://powermin.gov.in))

<sup>13</sup> <https://www.thehindubusinessline.com/opinion/indias-true-hydropower-potential-remains-untapped/article31580979.ece>

<sup>14</sup> <https://powermin.gov.in/en/content/power-sector-glance-all-india>

<sup>15</sup> <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1785808>

<sup>16</sup> <https://www.constructionweekonline.in/business/indian-real-estate-engine-on-the-right-track-cbre-india-market-outlook-report-2022>

<sup>17</sup> <https://economictimes.indiatimes.com/industry/telecom/telecom-news/5g-rollout-portal-in-the-works-for-infra-approvals/articleshow/90830098.cms>

<sup>18</sup> <https://www.businesstoday.in/latest/economy-politics/story/indian-health-tech-market-to-grow-to-50-billion-by-2033-297027-2021-05-26>

<sup>19</sup> [https://assets.ey.com/content/dam/ey-sites/ey-com/en\\_in/topics/health/2022/ey-getting-future-ready-indian-life-sciences-industry-2022-and-beyond.pdf](https://assets.ey.com/content/dam/ey-sites/ey-com/en_in/topics/health/2022/ey-getting-future-ready-indian-life-sciences-industry-2022-and-beyond.pdf)

<sup>20</sup> <https://www.nbmcw.com/article-report/infrastructure-construction/infra-real-estate/real-estate-on-the-road-to-recovery.html>

<sup>21</sup> <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1785808#:~:text=India's%20wind%20power%20potential%20at,power%20capacity%20in%20the%20world>

<sup>22</sup> <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1812331>





freight transportation system safer and more efficient. The Western DFC, which connects Haryana and Maharashtra, and the Eastern DFC, which connects Punjab and West Bengal, are both now under development. The Western and Eastern DFCs have a total length of 2,843 kilometres. DFCs are being proposed for the North-South (Delhi-Tamil Nadu), East-West (West Bengal-Maharashtra), East-South (West Bengal-Andhra Pradesh), and South-South (Tamil Nadu-Goa). At least 70% of freight trains will be shifted to the DFCCIL network once it is completed, allowing cargo to move more quickly.<sup>23</sup> Also, more passenger trains may be introduced in the future as a result of this.

The Railway Ministry has received ₹ 1,40,367.13 Crore in the Union Budget, an increase of ₹ 20,311 Crore above the previous fiscal's revised statistics. India is set to produce 400 new, energy-efficient Vande Bharat trains in the next three years.<sup>24</sup> The rail industry will also establish 'One Station, One Product,' which will make use of local produce transported by train.

A National Rail Plan (NRP) for India — 2030 has been created by the Indian Railways with the goal of having a 'future-ready' railway system. The purpose of the NRP is to develop strategies based on both operational capacity and commercial policy measures, to grow the Railways' freight modal share to 45%. The plan's goal is to build capacity ahead of demand, which will allow it to meet future demand increases till 2050.<sup>25</sup>

#### o Passenger rail

Indian Railways has a vast network of passenger rail in India that connects most of the regions in India. After the pandemic, mobility of people has increased and to sustain this movement the Indian railways has been working on various projects and initiatives.

Prime Minister Narendra Modi laid the foundation stone for Gujarat's first locomotive manufacturing plant. The new production plant will be capable of producing 1,200 locomotives with a 9,000 horsepower and a top speed of 120 kilometres per hour. Standard gauge locomotives will be produced for the foreign market, as well as broad gauge locomotives for Indian Railways. The factory's first locomotive is slated to leave in the first quarter of 2024.<sup>26</sup>

The government has also setup a Regional rapid Transit system that will link Delhi, Ghaziabad, and Meerut and runs for 82.15 kilometres (51.05 miles). It is one of three fast rail lines proposed under Phase I of the National Capital Region Transport Corporation's Regional Rapid Transport System (RRTS) project (NCRRTC). The distance between Delhi and Meerut will be covered in less than 60 minutes at a top speed of 180 km/h (111.85 mph).<sup>27</sup> The project is expected to cost ₹ 30,274 Crore (US\$ 4.0 billion) and would have 24 stations, including two depots in Duhai and Modipuram.<sup>28</sup>

RRTS differs from traditional railways as it is set to provide dependable, high-frequency regional transport at high speeds over a designated line and it also differs from the metro as it is designed for customers who want to travel a greater distance with fewer stops and at a faster pace.

The Government has also been working towards electrification of the railways and for this the primary engine being used is the WAP7. These locomotives are Indian Railways' most powerful passenger locomotives, capable of hauling 24-coaches trains at a top speed of 140 kmph. Further, the introduction of technologically advanced and powerful WAG 9HH locomotive will drive the passenger and freight movement through railways in the near future. The global locomotive market was valued at USD 14.3 billion in 2021, and is projected to grow to \$25.48 billion in 2028 at a CAGR of 8.8% during 2021-2028.<sup>29</sup>

#### PRODUCTION PLAN OF LOCOMOTIVE

Loco Type	2022-23					2023-24				
	CLW	Dankuni	BLW	PLW	Total	CLW	Dankuni	BLW	PLW	Total
WAG 9H	450	90	450	150	1140	450	90	450	150	1140

\* Chittranajan Locomotive Works (CLW)

\* Banaras Locomotive Works (BLW)

\* Patiala Locomotive Works (PLW)

(Source: Indian railways)

#### Did you know?

As part of 'Make in India' and 'Make for World' initiatives, Prime Minister Narendra Modi laid the foundation stone of the Indian Railways' Dahod workshop project, which is set to become the manufacturing unit for 9,000 horse power (HP) electric locomotives.

#### o Metro rail

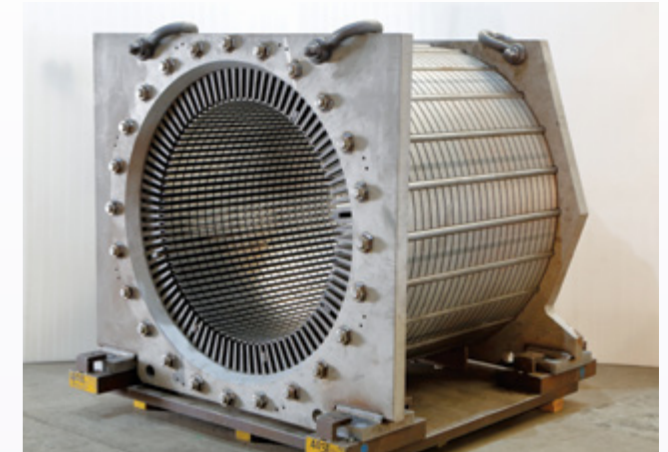
As per Indian Economic Survey, about 702 km of conventional metro is operational in India and the construction of 1,016 km of metro rail and regional rapid transit system is ongoing in 27 cities. The government has also allocated ₹ 19,130 Crore in the Union Budget 2022-23 for various metro projects across the country.<sup>30</sup> This offers a considerable manufacturing potential and employment opportunities.

U-girders, also known as complete span girders, were employed by metro corporations in Delhi, Chennai, Kochi, and Mumbai and are also being used in the construction of future metro lines.

The usage of New Austrian Tunnelling method (NATM) has been gaining traction for subterranean sections. Some of the critical projects completed utilising NATM are Delhi Metro Phase III Corridors I, II, III, Delhi Metro Phase II, and Lucknow Metro Phase I. Advanced telematics and intelligent control systems are employed to successfully monitor equipment fleets. Metro train companies progressively use solutions including building information modelling (BIM), sophisticated analytics, drones, and IoT-based digital monitoring systems. In line with growing demand for high performance motors, the global traction motor industry is estimated to reach \$36.6 billion by FY2024-25.<sup>31</sup>

#### o Off-highway vehicles

The country's offroad market can be classified into three segments based on vehicle type — agricultural equipment, earth moving equipment, and mining, construction and industrial vehicle tyres. Farm equipment holds the largest share in the off-highway vehicle market owing to increasing tractor production. The Indian tractor industry is the world's



largest, accounting for one-third of the total global production. In 2017, the agricultural equipment market in India was valued at USD 8.8 billion, and it is projected to grow to USD 12.5 billion by 2022. By 2022, the tractor market is estimated to increase at a 7% CAGR.<sup>32</sup>

The rural economy has the potential for future growth as a result of the recent favourable monsoons, increased family income, and the government's emphasis on rural infrastructure projects.

#### Appliances and consumer durables

Over the next five years, the domestic market is predicted to grow from USD65 billion to USD180 billion. By 2026, electronics will be among India's top three exports. Exports are estimated to expand from USD15 billion in FY2021-22 to USD120 billion by 2026, out of a total of USD300 billion.<sup>33</sup>

Market growth is likely to be aided by rising disposable income, increased urbanisation, and the introduction of innovative goods. With rapid urbanisation, and increased disposable income, demand for flat refrigerators, washing machines, and televisions are rising. Imports from low-cost nations such as China and South-east Asia have increased, owing to free-trade agreements and the availability of low-cost items compared to local production prices.

Increasing levels of income and urbanisation, greater product affordability, product innovation, more accessible consumer financing, and a rise in the proportion of organised retail are all factors contributing to the market's growth. As an increasing

<sup>23</sup> <https://economictimes.indiatimes.com/industry/transportation/railways/all-you-need-to-know-about-dedicated-freight-corridor-and-why-it-matters/why-is-it-important/slideshow/80133053.cms>

<sup>24</sup> <https://www.outlookindia.com/business/railway-ministry-allocated-rs-140367-13-Crore-in-budget-news-51680>

<sup>25</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1806617#:~:text=The%20NRP%20is%20aimed%20to,Railways%20in%20freight%20to%2045%25.>

<sup>26</sup> <https://www.financialexpress.com/infrastructure/railways/pm-modi-to-dedicate-gujarats-first-indian-railways-locomotive-production-unit-to-the-nation-check-benefits/2497538/>

<sup>27</sup> <https://www.railway-technology.com/projects/delhi-ghaziabad-meerut-rrts/>

<sup>28</sup> <https://www.hindustantimes.com/cities/rrts-project-for-its-duhai-depot-transport-corp-to-buy-land-directly-from-farmers/story-uNPLBAPa80StrAGUZHenM.html>

<sup>29</sup> <https://www.emergenresearch.com/industry-report/locomotive-market>

<sup>30</sup> <https://www.ndtv.com/business/budget-2022-metro-projects-allocated-rs-19-130-Crore-in-union-budget-2743293>

<sup>31</sup> <https://www.electronicbharat.com/electric-traction-motor-market-to-reach-36-6-billion-by-2025/>

<sup>32</sup> <https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap07.pdf>

<sup>33</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1792189#:~:text=Of the US%24300 billion,US%24120 billion by 2026.>



number of the OEMs anticipate the localisation of their products in India, local value addition levels and investment will rise significantly.

#### New technologies

##### Electric vehicles

India's commitment to the EV30@30 project, which aims to achieve a 30% market share for electric vehicles by 2030, presents an investment opportunity of ₹ 19.7 lakh Crore.<sup>34</sup> Governmental budgetary expenditures and business investment in EVs have recently increased with the federal and state government granting fiscal incentives for electric vehicles, charging infrastructure and related manufacturing processes. This will assist in reducing the total cost of ownership of EVs to the levels of internal combustion engine (ICE) vehicles.

The fiscal marked the entry of new manufacturers and start-ups in the EV sector. They have raised around ₹ 3,307 Crore (USD446 million) in venture capital for EV/component/battery manufacturing and electric vehicle supply equipment (EVSE). For specific sectors and use cases, policy improvements make EVs more cost-effective than ICE cars with regard to the total cost of ownership (TCO).<sup>35</sup>

##### Data centres

India's prime power diesel Genset market is expected to increase at a 10.6% CAGR to USD356.3 million by 2030, up from an estimated USD143.6 million in 2021. In addition, as the number of telecom towers and data centres grow, so does the need for these systems in the business sector.

From 2022 to 2027, the Indian data centre market is predicted to develop at a CAGR of 15.07%. Many hyper-scale data centre operators announced self-built data centre projects in 2021, with a total power capacity of 50 MW.<sup>36</sup> The

Government organisations' shift from conventional service offerings to cloud-based platforms is also a key driving force behind India's construction of data centre facilities.<sup>37</sup>

Impending data sovereignty regulations and many Government-backed programmes and incentives and regional factors are driving India's growth. With over 669 million internet users and a projected GDP of USD5 trillion by 2024, India is expected to create vast amounts of data at breakneck speeds in the coming years.<sup>38</sup> End-user use of smart devices, business adoption of cloud computing, Big Data, AI, and the growing number of interconnected devices due to the Internet of Things (IoT) contribute to this expansion. The country's e-commerce and telecom industries are among the greatest in the world. With rising population and low number of third-party data centres across the country, India's hyper-scale data centre demand is enormous.

#### Operational and financial review

The macroeconomic environment continued to remain challenging owing to repeated waves of Covid-19, geopolitical uncertainty and increasing inflation. The Company, despite challenges, delivered best-ever financial results across key KPIs and continued on its growth trajectory.

During the year under review, revenue from operations stood at ₹ 970.26 Crore as compared to ₹ 518.17 Crore in previous year, registering a growth of 87% YoY. In terms of profitability, the EBITDA grew by 70% YoY from ₹ 78.04 Crore in FY2020-21 to ₹ 132.63 Crore in FY2021-22. The PAT tax grew from ₹ 28.78 Crore in FY2020-21 to ₹ 51.89 Crore in FY2021-22, registering a growth of 45% YoY. The Company was able to maintain strong profitability and margins despite rise in input cost as it was able to pass on the increase in cost to its customers. During the year under review, the Company also received ₹ 10.51 Crore incentive from Government of Maharashtra.

#### Key Ratios

Particulars	2021-22	2020-21	Y-o-Y Change	Reasons for variance more than 25%
Inventory Turnover (No. of Times)	4.42	3.60	22.78%	
Debtors Turnover (No. of Times)	5.05	3.28	53.96%	Improved collections and revenue growth
Interest Coverage Ratio (in times)	5.37	3.83	40.21%	Increased earnings on account of overall business growth
Current Ratio	1.19	1.13	5.31%	
Debt Equity Ratio	1.15	1.08	6.48%	
EBIDTA Margin (%)	13.91	15.06	7.64%	
Return on Equity (%)	18.27	12.20	49.75%	Increased earnings on account of overall business growth
PAT to Net Sales (%)	5.35	5.34	0.19%	
Return on Capital Employed (%)	17.29	12.43	39.10%	Increased earnings on account of overall business growth

#### Risk management

The risk management framework of Pitti Engineering Limited is built around the following three key aspects:

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

Identification and mitigation initiatives of enterprise level risks are handled on a continuous basis by the Management and business teams.

Process risk management involves review of business related operational and financial processes and controls through a risk control matrix.

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

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

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

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



<sup>34</sup> [https://www.niti.gov.in/sites/default/files/2022-01/Banking-on-EV\\_web\\_2.0a.pdf](https://www.niti.gov.in/sites/default/files/2022-01/Banking-on-EV_web_2.0a.pdf)

<sup>35</sup> [https://www.niti.gov.in/sites/default/files/2022-01/Banking-on-EV\\_web\\_2.0a.pdf](https://www.niti.gov.in/sites/default/files/2022-01/Banking-on-EV_web_2.0a.pdf)

<sup>36</sup> <https://www.globenewswire.com/news-release/2022/03/10/2400925/0/en/India-data-center-market-is-expected-to-grow-at-a-CAGR-of-15-07-during-2022-2027.html>

<sup>37</sup> <https://www.spglobal.com/marketintelligence/en/media-center/press-release/indias-datacenter-market-expected-to-grow-23-by-2022#:~:text=According%20to%20S%26P%20Global%20Market,faster%20than%20the%20global%20industry>

<sup>38</sup> <https://www.businesswire.com/news/home/20220311005245/en/India-Data-Center-Market-Analysis-2022---2027-Featuring-Leading-Players-Arshiya-Limited-Huawei-and-Sify-Technologies-Among-Others---ResearchAndMarkets.com>



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

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

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

**Safety, health and environment (SHE) risk:** Occupational hazards may endanger the safety of our employees and communities around our manufacturing locations besides adversely affecting the flora, fauna and environment. The Company deploys best in class technologies, equipment and workmen safety protocol, right from the initial development work to day-to-day operations of its manufacturing plants. Increased automation with extra focus on workmen's safety helps improve SHE performance. The Company remains mindful in reducing its carbon footprint through steady rationalisation of energy and water consumption and continues to adhere to the principle of 4Rs (reduce, reuse, recycle and recover).



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

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

### Internal control system and their adequacy

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

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

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

### People power

The Company thinks that human resources are the most significant assets of any organisation, as they impact development, advancement, profitability, and the values of shareholders. The Company attempts to give its employees a work environment that promotes a balanced, healthy, and safe lifestyle. It provides its employees with several options for advancement while rewarding and recognising merit. The Company has maintained its efforts to institutionalise and improve its human resource practises. Creating a culture of constant learning, cooperation, and performance, as well as sufficient recognition and incentives, goes a long way towards channelising the human capital's potential. Employees' overall growth is aided by the Company's organised training programmes, on-the-job learning and behavioural skill development. The Company is currently operating with a workforce of 1,320 people.



### Opportunities and challenges

#### Opportunities:

- India's position today as global manufacturing hub is causing companies to shift their base away from China in the aftermath of the epidemic. With the 'Aatmanirbhar Bharat' emphasis on import substitution and exports from India, as well as scaled up investments in manufacturing across critical industries, India has set the wheels in motion to become a favoured manufacturing location throughout the world.
- In recent years, the sugar business has seen a turnaround supported by legislative assistance and record output. We anticipate strong demand in this industry, as India has begun exporting its surplus sugar.
- Along with replacement needs, new infrastructure development has produced new demands in the pump sector. Even as the Company prepares to adjust to shifting efficiency norms, it has proactively expanded capex to enhance its capacities to meet the expanding demand.
- Transportation demand per capita is predicted to expand dramatically, owing to increased passenger and freight traffic. While modal shifts to lower-carbon modes of transportation, such as electric automobiles and metro rail, are projected to draw significant investment, expanding urbanisation and measures to decarbonise freight transportation will drive adoption through railways as affordable mode of transport.
- Due to technical advancements and growing investment from existing players, demand from emerging industries such as data centres and 5G infrastructure, among others, will provide new opportunities.
- To boost the 'Make in India' initiative the government has introduced Production-linked incentives (PLI) schemes for multiple sectors which is bound to present new opportunities and scenarios for the Company to grow and expand.
- Ministry of new and renewable energy (MNRE) has set a target of adding 30 gigawatts (GW) of offshore wind energy

projects by 2030.<sup>39</sup> The Company is in excellent position to capitalise on this situation and cater the sector with wind generator stator and rotor assemblies with a shaft as ready-to-use assemblies.

#### Challenges

- The Company may experience cost pressures due to increasing geopolitical tensions as a maker of numerous indigenous products. In addition to it commodity price volatility, supply chain disruptions, and the possibility of a change in global political order would all impact the business environment and the economy.
- Other issues, such as increasing raw material costs and freight charges, may pose new challenges to the Company in the coming years.
- Russia-Ukraine conflict can lead to greater supply chain disruptions and also elevate the inflationary pressures, leading to increased lead times and input costs.

Nonetheless, as a Company with a solid readiness strategy, we are confident that we can capitalise on the opportunities and mitigate the threats that come our way.

### Cautionary statement

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

<sup>39</sup> <https://www.livemint.com/industry/energy/india-to-provide-grant-to-encourage-offshore-wind-and-storage-projects-raj-kumar-singh-11632409328238.html>



## Directors' Report

Dear Members,

Your Directors are pleased to present the 38th Annual Report on the business and operations of the Company together with the Audited Financial Statements (Standalone and Consolidated) for the year ended 31st March 2022.

### Business Overview

Pitti Engineering Limited is engaged in the manufacture of engineering products of iron and steel including electrical steel laminations, sub-assemblies for motor & generator cores, die-cast rotors and machined casted & fabricated parts and shafts. The Company supplies a range of engineering products to vastly diversified segments like hydro and thermal generation, windmill, mining, cement, steel, sugar, construction, lift irrigation, freight rail, passenger rail, mass urban transport, E-mobility, appliances, medical equipment, oil & gas and several other Industrial applications. Our products finds a suitable application in almost all engineering application.

### Financial Results

The standalone financial performance of your Company for the year ended 31st March 2022 is summarised below:

Particulars	₹ in lakhs	
	2021-22	2020-21
Net Revenue from Operations	95,382.38	51,816.71
Other Income	1,644.02	2,049.93
Profit before Finance Costs, Depreciation, Amortisation and Tax	14,907.10	9,854.85
Less: Finance Costs	3,960.39	2,960.02
Profit before Depreciation, Amortisation and Tax	10,946.71	6,894.83
Less: Depreciation & Amortisation	3,886.66	3,038.17
Profit before Tax	7,060.05	3,856.66
Less: Tax expenses	1,870.59	978.82
Profit after Tax	5,189.46	2,877.84
Add: Other comprehensive income	2.60	(76.40)
Total comprehensive income for the year	5,192.06	2,801.44
Add: Surplus at the beginning of the year	13,121.64	10,320.20
Less: Interim dividend paid	(376.59)	-
Less: Transferred to General reserve	-	-
Surplus carried to Balance sheet	17,937.11	13,121.64

### Operating Results and Business

The Indian Economy, like the global and other individual economies, continues to face several headwinds. Post some relief from Covid-19 induced challenges, the geopolitical uncertainties aggravated the subdued roadblocks such as supply chain disruption and runaway inflation. However, despite the challenges, your Company remained resilient and made steady progress towards its vision by leveraging its core capabilities. During the year under review, your Company continued to expand its scale by enhancing its capacities, diversifying its offerings through pioneering the shafts, copper build-up rotors and gear cases sector and continues to gain customers' confidence. This resulted in best-ever financial performance in the history of your Company.

In line with growing industry opportunities and demand for products, the Company has been enhancing its capacities. It is also re-organising its facilities to produce majority of sheet metal at Aurangabad facility and undertake majority machining at Hyderabad facility. The Company has spent ₹ 137 Crore out of the planned Capex of ₹ 270 Crore, and the balance amount will be spent on automation and capacity expansion at both Hyderabad and Aurangabad, by FY23. This will be followed by an additional

investment of ₹ 197 Crore between FY23 and FY25, for capacity expansion, reorganisation and automation.

The net revenue from operations for the financial year 2021-22 was ₹ 953.82 Crore as against ₹ 518.17 Crore in the previous year and the total comprehensive income for the period was ₹ 51.92 Crore as against ₹ 28.01 Crore in the previous year.

The total debt as on 31st March 2022 was ₹ 325.49 Crore which includes ₹ 110.19 Crore long-term debt and ₹ 215.30 Crore of short-term debt. Cash and cash equivalents at the year end was ₹ 35.03 Crore resulting in a net debt position of ₹ 290.46 Crore. We continued to maintain a conservative leverage profile with a total debt to equity ratio of 1.15x.

### Subsidiaries, Associates and Joint Ventures

Pitti Rail and Engineering Components Limited a Wholly Owned Subsidiary (WoS) was incorporated on 5th October 2020 to carry out the business of manufacture of engineering products/components to leverage growth opportunities. There were no significant operations carried out in the WoS during the year ended 31st March 2022.

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

### Consolidated Financial Statements

The Audited Consolidated Financial Statements of the Company as on 31st March 2022, which forms part of this Annual Report, have been prepared pursuant to the provisions of SEBI Listing Regulations and applicable Indian Accounting Standard (IndAS) on Consolidated Financial Statements (IndAS-110) as notified by the Ministry of Corporate Affairs.

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

The recommended final dividend is in addition to the following interim dividend declared and paid during the year ended 31st March 2022.

Particulars	First interim dividend	Second interim dividend	Third interim dividend
Dividend Amount per share	37.50 paisa	40 paisa	40 paisa
Dividend %	7.50%	8.00%	8.00%
Date of declaration	5th August 2021	8th November 2021	11th February 2022
Date of payment	30th August 2021	30th November 2021	7th March 2022

The total dividend for the financial year, including the proposed final dividend, amounts to ₹ 2.025/- (40.50%) per equity share and will absorb ₹ 6.49 Crore, a payout of 12.51% of the profit after tax of the Company, which is in line with the dividend distribution policy of the Company.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Dividend distribution policy is available on the Company's website at www.pitti.in.

### Share Capital

During the year under review there has been no change in the authorised and paid-up share capital of the Company. The

### 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 has not transferred any amount to the General Reserve out of the amount available for appropriation during the financial year ended 31st March 2022.

### Dividend

Your Directors are pleased to recommend a final dividend of 85 paisa (17%) per equity share of face value of ₹ 5/- each for the financial year ended 31st March 2022, subject to the approval of members. The final dividend, if declared by the members at the ensuing 38th Annual General Meeting will be paid within 30 days from the conclusion of 38th AGM subject to deduction of tax at source as applicable to the members whose names appear on the Company's register or member as on 16th September, 2022 and in respect of the shares held in dematerialised mode to the members whose names are furnished by the National Securities Depository Limited and Central Depository Services Limited as beneficial owners as on that date.

Company has not issued shares with differential voting rights, employee stock options and sweat equity shares.

### Public Deposits

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

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

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

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

## Significant and Material Orders Passed by the Regulators or Courts

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

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

## Director's & Key Managerial Personnel

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

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

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

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

Shri Nand Kishore Khandelwal, President Corporate Resources & CFO has resigned from the Company with effect from 13th April 2022. Shri Akshay S Pitti has been appointed as the Interim Chief Financial Officer of the Company with effect from 14th April 2022 in addition to being the Vice-Chairman & Managing Director.

The following are the Key Managerial Personnel of the Company as on the date of this report.

Shri Sharad B Pitti, Chairman & Managing Director, Shri Akshay S Pitti, Vice-Chairman & Managing Director and Interim CFO and Ms. Mary Monica Braganza, Company Secretary & Compliance Officer

### Meetings of the Board

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

### Committees of the Board

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

### Board Evaluation

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

As an outcome of the above exercise, it was noted that the Directors come with background of finance, law, banking, energy and HR as well as corporate and governance experience. As a mature Board it has helped in strategizing actions and effectively monitoring the progress. The Board has ensured compliance with all statutory, legal and financial norms and stipulations. The Board has functioned as a cohesive and focused body and has guided the management. It was also noted that the Committees of the Board are functioning well, and satisfaction was expressed on the performance of Independent Directors and the Executive Directors of the Company.

## Particulars of Employees and Related Disclosures

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

There are no employees who draw remuneration in excess of the limits prescribed in Rule 5(2)(i), (ii) and (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Pursuant to the provisions of the first proviso to Section 136(1) of the Act, the annual report excluding the remuneration details of top ten employees is being sent to the Members of

the Company. The said information is available for inspection on all working days, during business hours, at the Registered Office of the Company. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

## Directors' Responsibility Statement

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

- in the preparation of the annual accounts for the financial year ended 31st March 2022, the applicable Accounting Standards have been followed and there are no material departures from the same.
- 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 2022 and of the profit of the Company for the year ended on that date.
- 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.
- the annual accounts have been prepared on a 'going concern' basis.
- 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
- proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## Industrial Relations

The Company enjoyed cordial relations with its employees during the year under review. Your Company has always considered its workforce and their skills as its valuable asset and continues to enhance their performance with emphasis on aligning it with the changing business requirements. The periodical trainings, incentives, increments and other welfare measures ensure healthy industrial relations. The total number of employees on rolls as on 31st March 2022 was 1320.

## Prevention of Sexual Harrassment

Your Company has formulated a policy for the prevention of sexual harassment at the workplace. It ensures prevention and deterrence of acts of sexual harassment and communicates procedures for their resolution and settlement. The Company is committed to creating and maintaining a healthy working environment that enables employees to work without fear or prejudice, gender bias and sexual harassment. The Company believes that all employees have a right to be treated with respect and dignity and has zero

tolerance towards violations of its code of conduct, in general, and its sexual harassment policy, in particular. During the year, no complaint under the sexual harassment policy has been received by the Company. The Company has complied with the provisions relating to the constitution of internal complaints committee under the Sexual Harassment of Women at Work Place (Prevention Prohibition and Redressal) Act 2013.

## Vigil Mechanism / Whistle Blower Policy

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

During the year under review, no personnel was denied access to the Audit Committee. The policy is posted on the website of the Company at [www.pitti.in](http://www.pitti.in).

## Internal Control Systems and their Adequacy

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

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

Further, the Statutory Auditors of the Company have also issued an attestation report on internal control over financial reporting (as defined in section 143 of Companies Act, 2013) for the financial year ended 31st March 2022, 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

During the year under review, your Company has spent ₹ 138.86 lakhs on CSR activities, which is 4% against the mandated 2% of the average net profit of last three years as required under section 135 of the Companies Act, 2013. The excess amount of ₹ 69.48 lakhs is being set off against the CSR spend for the financial year 2022-23 as approved by the Board.

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

The policy for Corporate Social Responsibility is available on the website of the Company, [www.pitti.in](http://www.pitti.in).

## Particulars of Loans, Guarantees and Investments

The Company has not given any loans, guarantees or security in connection with loans or made any investments during the year under review.

## Related Party Transactions

All transactions entered into with related parties during the year under review were on arm's length basis and in the ordinary course of business and is in accordance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The material related party transactions entered into by the Company are made with the approval of the Members. The information on 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.

The policy on related party transactions as approved by the Board of Directors has been uploaded on the website of the Company, [www.pitti.in](http://www.pitti.in).

## Extract of Annual Return

Pursuant to the provisions of Section 92(3) and Section 134(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended, the Annual Return of the Company as on 31st March 2022 is available on the Company's website, [www.pitti.in](http://www.pitti.in) under the section 'Investor Desk'.

## Secretarial Standards

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

## Management Discussion and Analysis

The Management Discussion and Analysis Report on the operations of the Company as required under SEBI Listing

Regulations is provided in a separate section and forms an integral part of this Report

## Business Responsibility Report

As per the market capitalization as on 31st March 2022, your Company forms part of the top 1,000 listed companies, hence the Business Responsibility Report as stipulated under Regulation 34 (2)(f) of the SEBI Listing Regulations is applicable to your Company for the financial year ended 31st March 2022 and the same 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

In terms of Section 139 of the Companies Act, 2013 and the rules made thereunder the term of the present Statutory Auditors of the Company, M/s. Laxminiwas & Co, Chartered Accountants (Registration No. 0111685), will be expiring at the conclusion of the ensuing 38th Annual General Meeting of the Company. The Board of Director place on record its appreciation for the services rendered by M/s. Laxminiwas & Co, Chartered Accountants during their tenure as Statutory 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.

In terms of Regulation 33(3) of the SEBI Listing Regulation, the unaudited results for the quarter ended 30th June 2022 shall be subject to limited review by the existing statutory auditors, M/s Laxminiwas & Co, Chartered Accountants who have confirmed their consent and eligibility for conducting the Limited Review for the said quarter.

The Company is in the process of considering various firms for appointment as Statutory Auditors. Necessary resolutions for appointment of Statutory Auditors shall be provided in the notice of the ensuing 38th AGM seeking approval of members for the same.

### 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 2022-23. 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 38th 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, Practising Company Secretary (CP. No. 5146) to conduct Secretarial Audit for the Financial Year 2021-22. The Secretarial Audit Report for the financial year ended 31st March 2022 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

Place : Hyderabad  
Date : 23rd May 2022

**Sharad B Pitti**

Chairman & Managing Director

DIN: 00078716



## 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

Installed 2 MVA servo stabilizer and harmonic filter units at the manufacturing plants resulting in reduced energy consumption & harmonics levels.

## ii. Steps taken by the Company for utilising alternate sources of energy

Installed a 1 MW solar plant at the Aurangabad facility resulting in reduction of carbon emission by 75 MT during the year 2021-22.

## iii. Capital investment on energy conservation equipment.

₹ 72.59 lakhs

## (B) Technology Absorption

## i. Efforts made towards technology absorption

Upgradation of machines with latest technology by replacing old mechanical & electrical parts by using servo motors with drives, PLC & HMI panels, resulting in improved product output and decrease in energy consumption.

## ii. Benefits derived like product improvement, cost reduction, product development or import substitution

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

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

- the details of technology imported: Nil
- the year of import: NA
- whether the technology been fully absorbed: NA
- if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA

## iv. The expenditure incurred on Research and Development: Nil

## (C) Foreign exchange earnings and outgo

Particulars	₹ in lakhs	
	2021-22	2020-21
Foreign exchange earnings	26,480.31	20,026.59
CIF Value of imports	15,996.19	9,368.13
Expenditure in foreign currency	210.07	197.82

For and on behalf of the Board of Directors

**Sharad B Pitti**

Place : Hyderabad  
Date : 23rd May 2022

Chairman & Managing Director  
DIN: 00078716

## 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]

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

Name and Designation	Ratio of Remuneration to the median remuneration of the employees	Percentage increase in the remuneration
Shri Sharad B Pitti, Chairman & Managing Director	35.75:1	Nil
Shri Akshay S Pitti, Vice-Chairman & Managing Director	35.75:1	Nil
Shri Nand Kishore Khandelwal, President Corporate Resources & CFO	31.13:1	Nil
Ms. Mary Monica Braganza, Company Secretary & Compliance officer	8.30:1	23.67%

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

- Percentage increase in the median remuneration of employees in the financial year was 0.92%.
- Number of permanent employees on the rolls of the Company: There were 1320 employees on the rolls as on 31st March 2022.
- 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 2021-22 is 14.90%. There has been no increase in the remuneration of managerial personnel for the financial year ended 31st March 2022.

- 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 : 23rd May 2022



## Annexure-3

## Annual report on Corporate Social Responsibility Activities

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

## 1. Brief outline on CSR Policy of the Company

Social and environmental responsibility has always been at the forefront of our operating philosophy and the Company has consistently contributed to socially responsible activities. CSR 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, protection of national heritage, art and culture, 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](http://www.pitti.in).

## 2. Composition of CSR Committee

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

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

Composition of CSR Committee is shared above, the CSR Policy and the CSR Projects as approved by the Board are available on the website of the Company [www.pitti.in](http://www.pitti.in).

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

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

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

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

₹ in lakhs

6.	Average net profit of the Company for last three financial years	3468.83
7.	a. Two percent of average net profit of the Company as per Section 135(5)	69.38
	b. Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
	c. Amount required to be set off for the financial year, if any	Nil
	d. Total CSR obligation for the financial year (7a+7b+7c)	69.38

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

₹ in lakhs

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

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

₹ in lakhs

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

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

₹ in lakhs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project State District	Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency Name CSR Registration number
1	Conducting Covid-19 vaccination programs	Health care	Yes	Telangana Maharashtra Hyderabad Aurangabad	130.86	Yes	NA NA
2	Providing financial assistance for restoration, maintenance and upkeep of the Monument Flag Post with SMARAK of 1857 Freedom Struggle and Marathwada Mukti Sangram at Kranti Chowk, Aurangabad.	Protection of national heritage	Yes	Maharashtra Aurangabad	8.00	No	Chamber of Marathwada Industries and Agriculture, Aurangabad CSR00000129
	<b>Total</b>				<b>138.86</b>		

d. Amount spent in Administrative Overheads	- Nil
e. Amount spent on Impact Assessment, if applicable	- Nil
f. Total amount spent for the Financial Year (8b+8c+8d+8e)	₹138.86 lakhs
g. Excess amount for set off, if any	

₹ in lakhs

Sl. No.	Particular	Amount
(i)	Two percent of average net profit of the Company as per Section 135(5)	69.38
(ii)	Total amount spent for the Financial Year	138.86
(iii)	Excess amount spent for the financial year [(ii)-(i)]	69.48
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	69.48

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

₹ in lakhs

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

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

₹ in lakhs

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

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

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

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

Not applicable

## Sharad B Pitti

Chairman & Managing Director,  
Chairman - CSR Committee  
DIN:00078716

## Akshay S Pitti

Vice- Chairman & Managing Director and Interim CFO  
Member - CSR Committee  
DIN:00078760

## G Vijaya Kumar

Independent Director,  
Member - CSR Committee  
DIN:00780356

Place : Hyderabad

Date : 23rd May 2022



## 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:

- 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 2022 which were not at arm's length basis.

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

The details of contracts or arrangements or transactions at arm's length basis for the year ended 31st March 2022 are given below.

Name of the related party and nature of relationship	Nature of contracts / arrangements	Duration of the contract / arrangements / transactions and salient terms	Amount ₹ in lakhs
Shri Sharad B Pitti Chairman & Managing Director	Lease rentals paid for office and factory premises	Ongoing [Lease of Office premise for a period of 20 years from 1st April 2018, Plant II for a period of 10 years from 1st November 2016 and Plant IV for a period of 30 years from 1st November 2016. The lease rentals are at arms length]	97.90
Smt Madhuri S Pitti Spouse of Shri Sharad B Pitti			185.30
Pitti Castings Private Limited Directors interested	Purchase and Sale of goods & services	Ongoing [Purchase and sale of goods & services at arm's length. Advance, if any as per terms of contract are adjusted against the invoice.]	10,961.51
Pitti Electrical Equipment Private Limited Directors interested	Purchase of goods & services	Ongoing [Purchase of goods & services at arm's length. Advance, if any as per terms of contract are adjusted against the invoice.]	38.48
Pitti Trade and Investment Private Limited Directors interested	Rental Income	Ongoing [Sublease of office premise for a period of 19 years from 21st June 2019, the lease rentals are at arms length]	1.58
Pitti Rail and Engineering Components Limited Wholly Owned Subsidiary	Rental Income	Ongoing [Sublease of office premise for a period of 18 years from 5th October 2020, the lease rentals are at arms length]	1.48
Shri Akshay S Pitti Vice Chairman & Managing Director and Interim CFO	Unsecured loans Received Repaid Interest on unsecured loans	Ongoing [Availing of unsecured loan/borrowings/ advances for principal business activities of the Company on such terms and conditions as may be agreed such that the interest rate is not exceeding the rate charged by the lead consortium banker of the Company and the terms are in compliance with the loan covenants of the facility agreements]	2730.00 2730.00 308.20
Pitti Electrical Equipment Pvt Ltd Directors & relatives interested	Inter Corporate Deposits Received Repaid Interest on Inter corporate deposits		70.00 70.00 0.08
Smt Radhika A Pitti Spouse of Shri Akshay S Pitti	Remuneration	Ongoing [As per terms of employment]	15.25

For and on behalf of the Board of Directors

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

Place : Hyderabad  
Date : 23rd May 2022

## Annexure-5

## Secretarial Audit Report

**For the Financial Year Ended on 31st March 2022**

(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 2022, 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 2022 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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;
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.;
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- 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];
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not applicable to the Company during the Audit period];
- 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;
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; [Not applicable to the Company during the Audit period];
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. [Not applicable to the Company during the Audit period];
- The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company are:
  - Factories Act, 1948,
  - Payment of Wages Act, 1936, and rules made thereunder,
  - The Minimum Wages Act, 1948, and rules made thereunder,
  - Employee's State Insurance Act, 1948, and rules made thereunder,
  - The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
  - 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. There were no changes in the composition of the Board of Directors during the period under review.

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 during the audit period under review the shareholders of the Company approved by way of postal ballot on 26th March 2022 the following (i) Increase in borrowing limits of the Company (ii) Creation of security on the properties of the Company in favour of Lenders and (iii) Related Party Transactions.

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

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

**Ajay Kishen**

Practicing Company Secretary  
M.No: 6298 CP:5146  
UDIN: F006298D000367989

Place: Hyderabad  
Date: 23rd May 2022

## 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  
M.No: 6298 CP:5146  
UDIN: F006298D000367989

Place: Hyderabad  
Date: 23rd May 2022

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.



## Business Responsibility Report

### SECTION A: General Information about The Company

1.	Corporate Identity Number (CIN) of the Company	L29253TG1983PLC004141						
2.	Name of the Company	Pitti Engineering Limited						
3.	Registered office address	6-3-648/401, IV Floor, Padmaja Landmark, Somajiguda, Hyderabad – 500 082						
4.	Website	www.pitti.in						
5.	E-mail id	shares@pitti.in						
6.	Financial year reported	1st April 2021 to 31st March 2022						
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Electrical laminations & stampings, machining of metal components – (2591, 25920) Others - Metal scrap, traded goods, and tools (3830,46699, 28229)						
8.	List three key products/services that the Company manufactures/ provides (as in the balance sheet)	Electrical laminations & stampings Machining of metal components Metal scrap, traded goods, and tools						
9.	Total number of locations where business activity is undertaken by the Company							
	a) Number of International Locations	None						
	b) Number of National Locations	4 The Company has one registered office and 3 manufacturing facilities.						
10.	Markets served by the Company Local/State/National/International	<table border="1"> <thead> <tr> <th>Locations</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>National (No. of States)</td> <td>PAN India</td> </tr> <tr> <td>International (No. of Countries)</td> <td>11 Countries</td> </tr> </tbody> </table>	Locations	Number	National (No. of States)	PAN India	International (No. of Countries)	11 Countries
Locations	Number							
National (No. of States)	PAN India							
International (No. of Countries)	11 Countries							

### SECTION B: Financial Details of The Company

1.	Paid up Capital	₹ 1602.50 lakhs
2.	Total Turnover	₹ 97,026.40 lakhs
3.	Total profit after taxes	₹ 5189.46 lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax.	The Company has spent ₹ 138.86 lakhs on CSR activities which is 2.68% of profit after tax for the year ended 31st March 2022 and 4% of the average net profit of the last 3 years calculated under section 135 of the Companies Act 2013.
5.	List of activities in which expenditure in 4 above has been incurred	Please refer to Annexure-3 to the Directors' Report forming part of this Annual Report for detailed list of activities where the CSR expenditure was incurred in FY 2021-22.

### SECTION C: Other Details

1.	Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has one Wholly Owned Subsidiary.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	No
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company does not mandate its suppliers and partners to participate in the Company's BR initiatives. However, wherever applicable, these entities also abide by Company's policies.

### SECTION D: BR Information

1.	Details of Director/Directors responsible for BR	
	a) Details of the Director/Directors responsible for the implementation of the BR policy/policies	
	1. DIN number	00078760
	2. Name	Shri Akshay S Pitti
	3. Designation	Vice-Chairman & Managing Director & Interim CFO
	4. Telephone number	040-23312774
	5. Email id	shares@pitti.in
	b) Details of BR Head	
	Same as above	
2.	Principle-wise (as per NVGs) BR Policy/Policies	
	List of Principles as per National Voluntary Guidelines (NVGs)	
	Principle 1: Ethics, Transparency and Accountability [P1]	Principle 6: Environment [P6]
	Principle 2: Products Lifecycle Sustainability [P2]	Principle 7: Policy Advocacy [P7]
	Principle 3: Employees' Wellbeing [P3]	Principle 8: Inclusive Growth [P8]
	Principle 4: Stakeholder Engagement [P4]	Principle 9: Customer Value [P9]
	Principle 5: Human Rights [P5]	

a) Details of Compliance (Reply in Y/N)

S. no	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Ethics, Transparency and Accountability	Products Lifecycle Sustainability	Employees' Wellbeing	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Inclusive Growth	Customer Value
1.	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2.	Has the policy being formulated in Consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any national/international standards? If yes, specify.	All the policies are in compliance with respective principles of the National Standards.								
4.	Has the policy being approved by the Board If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Code of Conduct for Directors and Senior Management has been approved by the Board. For other employees the code has been approved by the Vice-Chairman & Managing Director	Health Safety and Environment Policy has been approved by the Vice-Chairman & Managing Director	Statutory policies are placed before the Board for consideration and approval. All other policies are approved by the Vice-Chairman & Managing Director	Statutory policies are placed before the Board for consideration and approval. All other policies are approved by the Vice-Chairman & Managing Director	Statutory policies are placed before the Board for consideration and approval. All other policies are approved by the Vice-Chairman & Managing Director	Health Safety and Environment Policy has been approved by the Vice-Chairman & Managing Director	NA	CSR Policy has been approved by the Board. All other policies are approved by the Vice-Chairman & Managing Director	Statutory policies are placed before the Board for consideration and approval. All other policies are approved by the Vice-Chairman & Managing Director
		Y	Y	Y	Y	Y	Y	NA	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	The Company is having a committee for Corporate Social Responsibility, Stakeholders Relationship Committee and Internal Complaints Committee (POSH). For all other policies, the respective department officials oversee the implementation of the policy.								
6.	Indicate the link for the policy to be viewed online?	<a href="https://pitti.in/investors.html">https://pitti.in/investors.html</a>	Available internally, view restricted to respective stakeholders	Available internally, view restricted to respective stakeholders	Available internally, view restricted to respective stakeholders	Available internally, view restricted to respective stakeholders	Available internally, view restricted to respective stakeholders	<a href="https://pitti.in/investors.html">https://pitti.in/investors.html</a>	Available internally, view restricted to respective stakeholders	Available internally, view restricted to respective stakeholders
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance Redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out an independent Audit /evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

b) If answer to S.no. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

S. no	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
		Ethics, Transparency and Accountability	Products Lifecycle Sustainability	Employees' Wellbeing	Stakeholder Engagement	Human Rights	Environment	Policy Advocacy	Inclusive Growth	Customer Value
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within the next 6 Months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 Year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-
									The Company through associations/ institutions/ trade and industry chambers strives to advocate and pursue various causes that are in the larger interest of the industry, economy, society, and public. Therefore, need for a formal policy has not been felt.	

3. Governance related to BR

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.
- Annually
- b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
- Yes. The Company's Annual Report includes the Business Responsibility Report which can be viewed on the website of the Company at [www.pitti.in](http://www.pitti.in)



## SECTION E: Principle-wise Performance

### Principle 1: Ethics, Transparency and Accountability

- Does the policy relating to ethics, bribery, and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The policy relating to ethics, bribery, and corruption extends to the Company. The Company has an Integrity policy for all employees and also has adopted a Code of Conduct applicable to the Board of Directors and senior management personnel of the Company. The members of the Board of Directors and senior management personnel of the Company are required to affirm on an annual compliance of this code. The directors & senior management personnel are required to act in accordance with the highest standards of personal and professional integrity, honesty, ethical and legal conduct, when acting on behalf of the Company or in connection with the Company's business or operations and at social events.

The Company encourages its suppliers and other stakeholders to follow ethical practices in respect of their dealing with the Company.

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

The vigil mechanism /whistle blower policy adopted by the Company enables the employees, channel partners, and stakeholders including suppliers and vendors to report to the management significant deviations from key management policies and any non-compliance and wrong practices, e.g., illegal, unethical behavior, fraud, violation of law, misuse or mishandling of unpublished price sensitive information, etc.

The Company has not received any complaints under the vigil mechanism /whistle blower policy during the financial year ended 31st March 2022. No complaint under the sexual harassment policy has been received by the Company during the financial year ended 31st March 2022. The Company has received 4 complaints from shareholders which are general in nature like non-receipt of dividend and shares certificates, which have been resolved satisfactorily and no complaints were pending for resolution as of 31st March 2022.

### Principle 2: Products Life Cycle Sustainability

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.

The Company is engaged in the contract manufacture of products as per customer designs, therefore the Company has no control over the design aspect of the product. However, the company ensures the incorporation of the 4R's (Reduce, Reuse, Recycle and Recover) of sustainable practices in its manufacturing operations. The Company continuously strives to (i) Reduce its energy consumption (ii) Reuse packing (iii) Recycle solid and liquid waste and (iv) Recovery of carbide/oils/lubricants. All our plants are

accredited with Quality Management Systems (ISO 9001) and Environmental Management Systems (ISO 14001) by Bureau Veritas Certification.

- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional).

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

Iron and steel are our key raw materials. We continuously strive to optimize the manufacturing process and reduce our specific consumption of raw materials in line with our philosophy of sustainable production and consumption. Optimization of raw material consumption translates into value for our stakeholders, as well as for our communities.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company remains mindful in reducing its carbon footprints through steady rationalization of energy and water consumption. The Company has installed a 1 MW solar plant at its Aurangabad facility thereby reducing the carbon emission by 75 MT during the year 2021-22. The Company has also installed a 2 MVA servo stabilizer and harmonic filter units at its plant to maintain proper voltage supply. The Company undertakes various initiatives to improve the green cover in its manufacturing plants. The increase in green cover helps in reducing the temperature, noise levels and air pollution apart from improving the ground water levels.

- Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

No

- Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. The Company encourages local procurement of goods and services around its plants proximity around 56% of the total vendors of the Company are located at a close proximity to its facilities. The Company regularly take up skill, training and upgradation programs both at the vendor and company premises.

- Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5% 5-10% >10%) Also provide details thereof, in about 50 words or so.

Yes, the Company recycles more than 10% of the waste that is being generated from the production process.

### Principle 3: Employees' Wellbeing

- Please indicate the total number of employees.

The Company has 1320 employees as on 31st March 2022.

- Please indicate the total number of employees hired on temporary/contractual/casual basis.

The total number of employees hired on contractual basis is 1143 as on 31st March 2022.

- Please indicate the number of permanent women employees.

The total number of permanent women employees is 12 as on 31st March 2022.

- Please indicate the number of permanent employees with disabilities.

None.

- Do you have an employee association that is recognized by management.

No.

- What percentage of your permanent employees are members of this recognized employee association?

Not Applicable.

- Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year pending, as on the end of the financial year.

No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/ forced labour/ involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil
8.	What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?		
(a)	Permanent Employees		72%
(b)	Permanent Women Employees		73%
(c)	Casual/Temporary/Contractual Employees		31%
(d)	Employees with Disabilities		Not Applicable

### Principle 4: Stakeholder Engagement

- Has the Company mapped its internal and external stakeholders? Yes / No

Yes, the Company mapped its internal and external stakeholders.

- Out of the above, has the Company identified the disadvantages, vulnerable and marginalized stakeholders?

Yes

- Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so provide details thereof, in about 50 words or so.

The Company strives to build a lasting relationship with all its stakeholders internal and external through meaningful discussions. This process helps us review the actions, rethink the roadmaps, redress grievances and recognize new venues of growth for all the stakeholders. The details of engagement platforms for each such stakeholders are as follows:

Key Stakeholders	Engagement Platforms
Employees	Intranet, Group Communication Meetings, Company Communication Meetings, Training programs, Foundation day, Celebrations, Annual health check-up, Notice Board etc.
Investors and Shareholders	Quarterly results, Annual Reports, Earnings call, Analyst meet, Press release, Website
Society	The Company has undertaken various CSR activities for the benefit of the communities in which it operates, details of which are provided in Annexure-3 to the Directors' Report forming part of this Annual Report.
Customers & Partners	Customers: Regular Business Meetings, Customer satisfaction survey Suppliers: Regular Business Meetings,

### Principle 5: Human Rights

- Does the policy of the Company on human rights cover only the Company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

The Company remains committed to respecting and protecting human rights and the policy on human rights extends to all its stakeholders.

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

The Company has received 4 complaints from shareholders as mentioned in principle 1. There were no complaints regarding violations of human rights.

#### Principle 6: Environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company has well defined policies / principles in place relating to Health, Safety and Environment which fosters employee safety and wellbeing which not only takes care of the wellness of the employees but also the environment. The policy and principles are communicated to the relevant external stakeholders. At present, these policies are applicable to the company only.

2. Does the Company have strategies /initiatives to address global environment issues such as climate change, global warming etc. ? Y/N. If yes, please give hyperlink for webpage etc.

No

3. Does the Company identify and assess potential environment risk? Y/N

Yes. The Company has a mechanism to identify and assess risk which includes environment-related risk. The Company is certified with ISO 14001-Environmental Management Systems.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

No.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc, Y/N. If yes, please give please give hyperlink for webpage etc.

The Company has taken various initiatives on the conservation of energy and technology absorption as mentioned in Annexure-1 to the Directors' Report forming part of this Annual Report.

6. Are the emission / waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?

Yes. The emission/wastes generated by the Company are within the permissible limits and reports for the same are being submitted regularly to CPCB / SPCB.

7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as end of financial year.

Nil

#### Principle 7: Policy Advocacy

1. Is your Company a member of any trade and chamber or association? If yes, name only those major one that your business deals with:

The Company is a member of various trade / industry associations such as:

- a) Federation of Telangana Chamber of Commerce and Industry (FTAPCI)
- b) Chamber of Marathwada Industries and Agriculture (CMIA)
- c) Engineering Export Promotion Council (EEPC)
- d) Indian Electrical & Electronics Manufacturers' Association (IEEMA)
- e) Indo - German Chamber Of Commerce (IGCC)

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/ No; If yes specify broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, Others)

The Company from time to time takes up matters of public interest through above mentioned Associations/Bodies.

#### Principle 8: Inclusive Growth

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8 ? If yes, details thereof.

Yes. For more details on our CSR initiatives please refer to Annexure-3 to the Directors' Report forming part of this Annual Report.

2. Are the programmes/projects undertaken through in-house team / own foundation / external NGO/government structures/ any other organisation

During the year 2021-22, the Company has undertaken most of its CSR programmes directly except for one program undertaken by an external agency.

3. Have you done any impact assessment of your initiative?

Not Applicable.

4. What is your Company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken.

The Company has spent ₹ 138.86 lakhs on CSR activities during the financial year 2021-22. The details of projects undertaken are given in Annexure-3 to the Directors' Report forming part of this Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

Yes. The Company has stood by the nation in accelerating the Covid-19 vaccination drive and has spent an amount of ₹ 130.86 lakhs on Covid-19 vaccination program in Hyderabad & Aurangabad. The Company also contributed ₹ 8 lakhs towards monument restoration at Aurangabad during the financial year 2021-22.

#### Principle 9: Customer Value

1. What percentage of customer complaints / consumer cases are pending as on the end of financial year.

As on 31st March 2022, there were no customer complaints/ consumer cases, which were pending.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA/Remarks (additional information).

Not Applicable.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and /or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No

4. Did your Company carry out any consumer survey / customer satisfaction trends?

Yes, customer satisfaction survey are being conducted periodically to assess the customer satisfaction levels.

For and on behalf of the Board of Directors

**Sharad B Pitti**

Chairman & Managing Director  
DIN: 00078716

Place : Hyderabad  
Date : 23rd May 2022



## 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 2022, the Board has seven Directors, comprising five Independent Directors, (including one Woman Director) and two Promoter Executive Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations.

#### Meetings of the Board

Minimum four prescribed Board meetings are held every year. Additional meetings are held to address specific needs of the

Company. In case of any exigency, emergency resolutions are passed by circulation. During the year under review, five meetings of the Directors were held on 9th June 2021, 18th June 2021, 5th August 2021, 8th November 2021 and 11th February 2022. The gap between the meetings did not exceed 120 days.

The necessary quorum was present for all the meetings.

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

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

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting and the number of Directorships and Committee Memberships / Chairmanships held by them as on 31st March 2022 is given below.

Name of the Director	Category	Number of Board Meetings attended during the year 2021-22	Whether attended last AGM held on 24.09.2021	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	5	No	6	Nil	Nil
Shri Akshay S Pitti Vice-Chairman & Managing Director DIN 00078760	Promoter Executive Director	5	Yes	6	Nil	Nil
Shri N R Ganti DIN 00021592	Independent Non-Executive	5	Yes	Nil	Nil	Nil
Shri G Vijaya Kumar DIN 00780356	Independent Non-Executive	5	Yes	Nil	Nil	Nil
Shri M Gopalakrishna, DIN 00088454	Independent Non-Executive	5	Yes	8	8 [Incl. 2 as Chairman]	1. Suven Life Sciences Limited. Independent Director 2. Olectra Greentech Limited. Independent Director 3. BGR Energy Systems Limited. Independent Director 4. The Andhra Petrochemicals Limited. Independent Director
Ms. Gayathri Ramachandran DIN 02872723	Independent Non-Executive	5	Yes	1	Nil	Nil
Shri S Thiagarajan DIN 02721001	Independent Non-Executive	5	Yes	Nil	Nil	Nil

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

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

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

### Board's skills / expertise / competencies

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

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

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

Sl. No	Name of the Director	Category	Skills/Expertise/Competence of the Directors					
			Governance and Board Service	Business Understanding	Risk/Legal/Regulatory Compliance	Information Technology/Accounting/Financial Experience	Industry/Sector Knowledge	Strategy Development and Implementation
1	Shri Sharad B Pitti	Chairman & Managing Director	✓	✓	✓		✓	✓
2	Shri Akshay S Pitti	Vice-Chairman & Managing Director	✓	✓		✓	✓	✓
3	Shri N R Ganti	Non-Executive Independent Director	✓	✓	✓	✓		✓
4	Shri G 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 16th April 2021 without the presence of Executives. The meeting was attended by all the Independent Directors. The Independent Directors discussed matters pertaining to the Company's affairs and reviewed the performance of Non-Independent Directors, the Chairman and the Board as a whole, and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board for effective functioning of the Board and performance of its duties.

### Confirmation from the Board

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

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

### Familiarisation programme

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

### Governance policies

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

- 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](http://www.pitti.in) under the head Investors Desk.

## 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 2021 to answer the shareholders queries.

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

9th June 2021, 18th June 2021, 5th August 2021, 8th November 2021, 11th February 2022

The gap between the meetings did not exceed 120 days.

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

Name	Category	Position	Number of meetings	
			Held	Attended
Shri S Thiagarajan	Independent Director	Chairman	5	5
Shri N R Ganti	Independent Director	Member	5	5
Shri G Vijaya Kumar	Independent Director	Member	5	5

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

The terms of reference of 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:

1. 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.
2. Recommendation for appointment, re-appointment and terms of appointment of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

### Equity shares and convertible instruments held by Directors

The number of equity shares held by Executive and Non-Executive Directors as on 31st March 2022 is given below:

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

- a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of the Act;
  - b) Changes, if any, in accounting policies and practices and reasons for the same;
  - c) Major accounting entries involving estimates based on the exercise of judgment by management;
  - d) Significant adjustments made in the financial statements arising out of audit findings;
  - e) Compliance with listing and other legal requirements relating to financial statements;
  - f) Disclosure of any related party transactions; and
  - g) Modified opinion(s) in the draft audit report.
5. Reviewing along with the management, the quarterly financial statements before submission to the board for approval.

6. 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.
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.
8. Approval of any subsequent modification of transactions of the listed entity with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the listed entity, whenever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
13. 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.
14. Discussion with internal auditors of any significant findings and follow up thereon.
15. 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.
16. 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.
17. 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.
18. Review the functioning of the Whistle Blower mechanism.
19. Approval of appointment of chief financial officer after assessing the qualifications, experience & background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

21. Reviewing the utilization of loans and/ or advances from/ investment by the holding Company in the subsidiary exceeding rupees 100 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
22. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
23. 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.

The Audit Committee shall mandatorily review the following information:

- i. Management discussion and analysis of financial condition and results of operations;
- ii. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- iii. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- iv. Internal audit reports relating to internal control weaknesses;
- v. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- vi. Statement of deviations:
  - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(7) of the SEBI Listing Regulations.
  - Annual statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of the SEBI Listing Regulations.

### Nomination and Remuneration Committee

The Committee's composition is in compliance with the provisions of section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations. The Chairman of the Committee attended the AGM held on 24th September 2021 to answer the shareholders queries.

During the year under review, the Committee met on 25th February 2022.

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

Name	Category	Position	Number of meetings	
			Held	Attended
Shri M Gopalakrishna	Independent Director	Chairman	1	1
Ms. Gayathri Ramachandran	Independent Director	Member	1	1
Shri G Vijaya Kumar	Independent Director	Member	1	1



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

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

1A For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- a. use the services of external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.
2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;

3. Devising a policy on diversity of board of directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. Recommend to the board, all remuneration, in whatever form, payable to senior management.
7. Administer Employee Stock Option Schemes of the Company.
8. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

#### Performance evaluation criteria for Independent Directors

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

#### Remuneration Policy

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

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

#### Remuneration of Directors

The details of remuneration to the Directors for the financial year ended 31st March 2022.

Name	Salary	Benefits & Allowances	Sitting Fees	₹ in lakhs	
				Total	
Shri Sharad B Pitti	98.78	-	-	98.78	
Shri Akshay S Pitti	93.94	4.84	-	98.78	
Shri N R Ganti	-	-	4.25	4.25	
Shri G Vijaya Kumar	-	-	6.25	6.25	
Shri M Gopalakrishna	-	-	3.25	3.25	
Ms. Gayathri Ramachandran	-	-	3.25	3.25	
Shri S Thiagarajan	-	-	4.25	4.25	

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

#### Criteria of making payments to non-executive directors:

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

During the financial year 2021-22, the Non-Executive Directors were paid Sitting fee of ₹ 50,000 for attending each meeting of the Board of Directors and ₹ 25,000 for attending each meeting

of the Committees. The Independent Directors were paid a fee of ₹ 25,000 each for the separate meeting of the Independent Directors.

#### Stakeholders Relationship Committee

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

During the year under review, the Committee met on 8th November 2021.

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

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

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

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, nonreceipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company.
5. Approve issue of the Company's duplicate share / debenture certificates.
6. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

Opening Balance	Received during the year	Resolved during the year	Closing Balance
Nil	8	8	Nil

#### Corporate Social Responsibility Committee

The Committee's composition and terms of reference are in compliance with the provisions of section 135 of the Companies Act, 2013. Effective from 1st April 2021, a revised Corporate Social Responsibility Policy was adopted by the Board of Directors in line with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

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

17th June 2021 and 8th November 2021.

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

Name	Category	Position	Number of meetings	
			Held	Attended
Shri Sharad B Pitti	Promoter Executive Director	Chairman	2	2
Shri Akshay S Pitti	Promoter Executive Director	Member	2	2
Shri G Vijaya Kumar	Independent Director	Member	2	2

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

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as per the provisions of applicable laws.
- Recommend the amount of expenditure to be incurred on CSR Activities.
- Monitor the CSR Policy of the Company from time to time.
- Formulate and recommend to the Board an Annual Action Plan in pursuance of the CSR policy.

#### Risk Management Committee

Regulation 21 of SEBI Listing Regulations requiring constitution of Risk Management Committee was not applicable to the Company for the financial year 2021-22. It has become applicable from 1st April 2022, accordingly a Risk Management Committee was constituted by the Board of Directors on 23rd May 2022. The composition and terms of reference are in compliance with the SEBI Listing Regulations

The below table gives the composition of the Risk Management Committee

Name	Category	Position
Shri Gumalla Vijaya Kumar	Independent Director	Chairman
Shri Akshay S Pitti	Promoter Executive Director	Member
Shri Sandip Agarwala	President – Operations & Marketing	Member

The terms of reference include the matters as specified in Regulation 21 of SEBI Listing Regulations.

- Formulate a detailed risk management policy which shall include:
    - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
    - Measures for risk mitigation including systems and processes for internal control of identified risks.
    - Business continuity plan
  - To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
  - To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
  - To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
  - The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.
  - 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.

#### Committee of Directors

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

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

Name	Category	Position	Number of meetings	
			Held	Attended
Shri Sharad B Pitti	Promoter Executive Director	Chairman	6	2
Shri Akshay S Pitti	Promoter Executive Director	Member	6	6
Shri Shri G Vijaya Kumar	Independent Director	Member	6	6

## General Body Meetings

### Annual General Meetings

Year	Date & Time	Venue	Special Resolutions
2018-19	19.09.2019 2:30 pm	Hotel Taj Deccan Road No.1, Banjara Hills Hyderabad 500 034	1. Re-appointment of Shri N R Ganti as an Independent Director. 2. Re-appointment of Shri G Vijaya Kumar as an Independent Director. 3. Re-appointment of Shri M Gopalakrishna as an Independent Director. 4. Re-appointment of Ms. Gayathri Ramachandran as an Independent Director. 5. Re-appointment of Shri S Thiagarajan as an Independent Director.
2019-20	25.09.2020 4:00 pm	Through Video Conferencing / Other Audio-Visual Means	1. Approval of remuneration to Executive Directors who are promoters or members of promoter group.
2020-21	24.09.2021 4:00 pm	Through Video Conferencing / Other Audio-Visual Means	None

### Postal ballot during the last three years:

Details of postal ballot conducted during the last three years is as below:

Year	No of postal ballots conducted	Details of resolution and voting pattern
2019-20	Nil	Not Applicable
2020-21	Nil	Not Applicable
2021-22	One	Business transacted:

- Special resolution to approve the increase in borrowing limits of the Company.

Particulars	No of shares	%
Votes cast in favour	1,91,66,121	99.98
Votes cast against	3,667	0.02
Total valid votes	1,91,69,788	100.00
Invalid votes	-	-

- Special resolution to approve creation security on the properties of the Company in favour of lenders.

Particulars	No of shares	%
Votes cast in favour	1,91,65,276	99.98
Votes cast against	4,712	0.02
Total valid votes	1,91,69,988	100.00
Invalid votes	-	-

- Special resolution to approve the related party transactions.

Particulars	No of shares	%
Votes cast in favour	1,60,621	95.01
Votes cast against	8,440	4.99
Total valid votes	1,69,061	100.00
Invalid votes	-	-

The shareholders approved the said resolution(s) with requisite majority on 26th March 2022 and the results were declared on 28th March 2022. Shri Ajay Kishen, Practising Company Secretary was appointed as scrutinizer for conducting voting through remote e-voting in a fair and transparent manner.

The Board of Directors at their meeting held on 23rd May 2022 had approved the postal ballot notice for seeking approval of the members by special resolution for reappointment of Shri Sharad B Pitti as Chairman & Managing Director.

There is no proposal to conduct postal ballot for any matter in the ensuing 38th Annual General Meeting.



**Procedure for postal ballot**

In compliance with the Listing Regulations and section 108, 110 and other applicable provisions of the Act, read with applicable rules, made thereunder read with the General Circular Nos 14/2020 dated 8th April 2020 and 17/2020 dated 13th April 2020 read with other relevant circulars including General Circular No. 20/2021 dated 8th December 2021 issued by the Ministry of Corporate Affairs, the Notice of Postal Ballot is sent in electronic form only to the shareholders to their email ids registered with the Depository Participants/Registrar and share transfer agents. The Company engages the services of NSDL for the purpose of providing e-voting facility to all its shareholders.

The voting rights are reckoned on the paid-up value of the shares registered in the name of the shareholder as of the cut-off date. Shareholders desiring to exercise their votes by electronic mode are requested to vote before the close of business hours on the last day of e-voting. The last date specified by the Company for receipt of e-voting is deemed to be the date of passing of the resolution.

The scrutinizer submits his report to the Chairman of the Board of Directors or any person authorized by him, the consolidated results of the voting are then announced. The results are displayed on the website of the Company i.e. www.pitti.in besides being communicated to the stock exchanges and NSDL.

**Disclosures****a) Related party transactions**

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

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

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

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

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

**d) Subsidiary**

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

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

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

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

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

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

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

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

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

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

The Board of Directors accepted all the recommendation(s) of the Committees of the Board during the financial year ended 31st March 2022.

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

₹ in lakhs	
Particulars	FY 2021-22
Audit fees	25.41
Tax audit fees	5.25
Certification fee / taxation matter	9.96

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

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

**m) Disclosure of accounting treatment**

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

**n) Risk management**

Business risk evaluation and management is an ongoing process within the Company. The risk assessment and mitigation are 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

**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 (1) of the SEBI Listing Regulations:

The financial statements for the year ending 31st March 2022 do not contain any audit qualification. The internal auditor reports to the Audit Committee.

newspaper as well as in Andhra Prabha, a regional language newspaper circulating in the state of Telangana. The financial results of the Company are also available on the websites of BSE Limited and National Stock Exchange of India Limited viz www.bseindia.com and www.nseindia.com.

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

**Presentations to institutional investors / analysts :**

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

**Website**

The Company's website (www.pitti.in) contains a separate dedicated section 'Investors Desk' which gives information on

shareholding pattern, financial results and other relevant information of interest to the investors. The Company's annual report is also available in downloadable form on the Company's website.

## General Shareholder Information

### Company Registration details

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

### Annual General Meeting for the Financial Year 2021-22

Day & Date	: Friday, 23rd September 2022
Time	: 4:00 PM
Venue	: The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated 5th May 2022 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

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

### Financial Calendar

Financial Year	: 1st April to 31st March
Tentative calendar for declaration of results for quarter ending	
30th June 2022	: on or before 14th August 2022
30th September 2022	: on or before 14th November 2022
31st December 2022	: on or before 14th February 2023
31st March 2023	: on or before 30th May 2023
Book Closure	: From 17th September 2022 to 23rd September 2022 [both days inclusive]

### Dividend

Interim Dividend	Amount and %	Date of Declaration	Date of Payment
First interim dividend	37.50 paise (7.50%)	5th August 2021	30th August 2021
Second interim dividend	40 paise (8%)	8th November 2021	30th November 2021
Third interim dividend	40 paise (8%)	11th February 2022	7th March 2022
<b>Proposed Final Dividend</b>	<b>85 paise (17%)</b>	<b>At the ensuing AGM</b>	<b>Within 30 days from the date of declaration.</b>

subject to the approval of members at the ensuing AGM

### Listing information

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

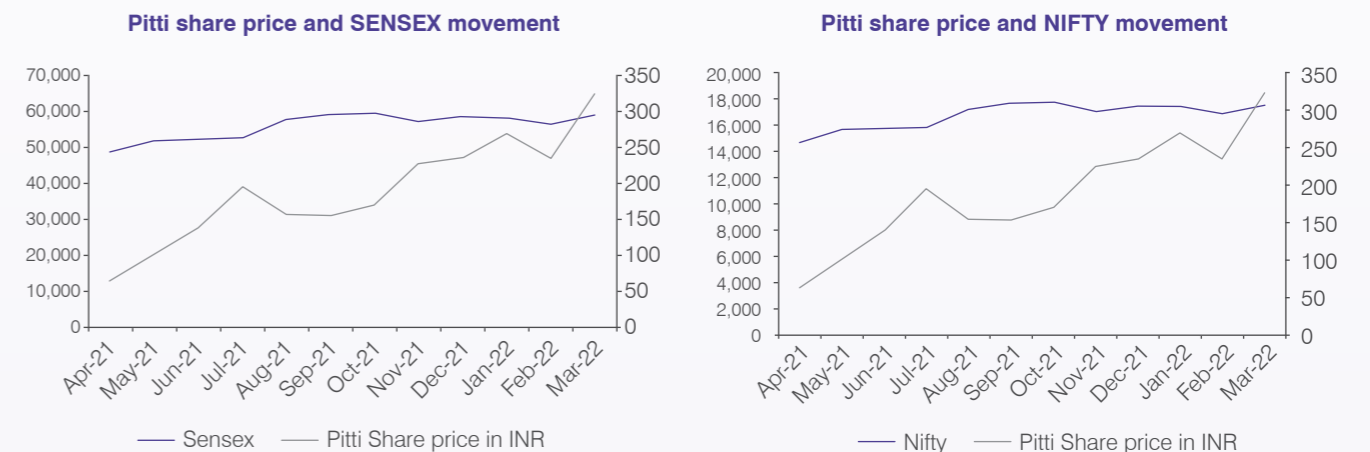
Name and address of the Stock Exchange	Stock Code
BSE Limited	513519
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	
National Stock Exchange of India Limited	PITTIENG
Exchange Plaza, Bandra-Kurla, Complex, Bandra (E), Mumbai 400 051	

The Company has paid the requisite annual listing fees to both the Stock Exchanges for financial year 2022-23. The securities of the Company have never been suspended from trading.

## Stock market price data

Regulation	BSE Limited (BSE)			National Stock Exchange (NSE)		
	High price	Low price	Volume	High price	Low price	Volume
	₹	₹	(Nos)	₹	₹	(Nos)
April 2021	68.90	63.00	1793124	68.95	62.00	3825546
May 2021	102.80	63.00	2182357	102.95	63.00	11358904
June 2021	141.35	96.50	2743978	140.10	97.55	18212381
July 2021	199.05	134.35	2135853	198.95	134.05	9668927
August 2021	215.10	142.30	1730381	214.65	142.00	7189106
September 2021	169.30	136.70	1682546	169.05	136.45	4020696
October 2021	193.05	150.50	1375391	193.40	150.40	3876776
November 2021	239.00	168.00	1361581	238.65	167.85	4620264
December 2021	265.40	208.05	1109365	265.65	208.00	4427528
January 2022	299.00	236.00	950801	299.00	235.05	4948396
February 2022	296.85	202.00	701899	298.00	213.00	3037155
March 2022	333.00	225.60	838323	331.55	225.45	4754274

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 / transmission are processed within the stipulated time, subject to documents being valid and complete in all respects. As per Regulation 40 of SEBI Listing Regulations, as amended, shares of the Company can be transferred only in dematerialised form with effect from, 1st April 2019. Further, with effect from 24th January 2022, listed companies shall issue securities in dematerialised mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub division/splitting/consolidation of securities, transmission/transposition of securities.

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 an annual certificate to the effect that all certificates have been issued within thirty days of the date of lodgement of the transfer, sub-division, consolidation and renewal as required under Regulation 40(9) of the Listing Regulations. The said certificate is submitted by the Company to the Stock Exchanges.



**Distribution of shareholding as on 31st March 2022**

Shares held	No. of Shareholders	%	No. of Shares	%
Up to 5000	19,950	89.05	19,84,442	6.19
5001 to 10000	1,149	5.13	9,23,358	2.88
10001 to 20000	589	2.63	9,23,036	2.88
20001 to 30000	213	0.95	5,44,085	1.70
30001 to 40000	104	0.46	3,78,119	1.18
40001 to 50000	85	0.38	4,02,894	1.26
50001 to 100000	158	0.71	11,49,365	3.59
Above 100000	154	0.69	2,57,44,768	80.33
<b>Total</b>	<b>22,402</b>	<b>100.00</b>	<b>3,20,50,067</b>	<b>100.00</b>

**Distribution of shareholding as on 31st March 2022**

Category	No of Shares	%
Promoters & Promoter group	1,90,00,627	59.28
Alternate Investment Funds	85251	0.27
Foreign portfolio investors	5112	0.02
Financial institutions/Banks	200	0.00
Individuals	1,01,89,848	31.79
Bodies Corporate	13,09,976	4.09
NRI	3,54,080	1.10
Clearing Members	2,80,177	0.87
HUF	4,48,961	1.40
Directors and Relatives	1,620	0.01
IEPF Account	3,74,215	1.17
<b>Total</b>	<b>3,20,50,067</b>	<b>100.00</b>

**Dematerialization of shares and liquidity**

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 99.28% of the Company's equity share capital are dematerialised as on 31st March 2022. 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	2,59,64,995	81.01
CDSL	58,54,816	18.27
Physical	2,30,256	0.72
<b>Total</b>	<b>3,20,50,067</b>	<b>100.00</b>

The annual custody /issuer fee for the financial year 2022-23 has been paid by the Company to Central Depository Services Limited and National Securities Depository Limited, within the due date.

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

**Simplified Norms for processing Investor Service Request**

SEBI vide circular dated 3rd November 2021, has made it mandatory for holders of physical securities to furnish PAN, KYC and Nomination/Opt-out of Nomination details to avail any investor service. Folios wherein any one of the above mentioned details are not registered by 1st April 2023 shall be frozen. The concerned members are therefore urged to furnish PAN, KYC and Nomination/ Opt out of Nomination by submitting the prescribed forms duly signed by the registered holders to the Registrar and share transfer agents M/s 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

**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 2022.

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

**Credit Ratings**

Your Company has engaged the services of India Ratings & Research Private Limited for rating of borrowings availed from the Banks to meet the business requirements. The Company has been assigned INDA-/stable/IND A2+ rating for the bank facilities.

**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
2014-15 Final	28.09.2015	03.11.2022
2021-22 First Interim	05.08.2021	10.09.2028
2021-22 Second Interim	08.11.2021	14.12.2028
2021-22 Third Interim	11.02.2022	19.03.2029

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

The details of the unpaid / unclaimed amounts lying with the Company is available on the website of the Company at [www.pitti.in](http://www.pitti.in).

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

The Company has initiated necessary action for transfer of shares in respect of which dividend has not been paid or claimed by the members consecutively since 2014-15. Communication will be sent to the concerned Shareholders advising them to write to the Company or to XL Softech Systems Limited, the Registrars and Share Transfer Agents to claim their dividend. Notices in this regard will also be published in the Newspapers. Details of such unclaimed dividend and corresponding shares are available on the Company's website under the section 'Investor Desk'. Attention in particular is drawn that the unclaimed final dividend for the financial year 2014-15 and the corresponding shares will be due for transfer to IEPF on 3rd November 2022.

### Equity shares in the suspense account

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

Particulars	No. of shareholders	No. of shares
Aggregate number of shareholder and the outstanding shares lying in the unclaimed suspense account as on 1st April 2021	258	67000
Number of shareholders who approached the Company for transfer of shares from the unclaimed suspense account during the year	2	400
Number of shareholders to whom the shares were transferred from the unclaimed suspense account during the year	2	400
Number of shareholders whose shares were transferred from unclaimed suspense account to IEPF account as per section 124 of the Companies Act, 2013	139	38600
Aggregate number of shareholders and the outstanding shares lying in the unclaimed suspense account as on 31st March 2022	117	28000

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

The dividend on the shares in the unclaimed suspense account will be remitted to the shareholders on their claiming the shares, till which time, the dividend will be available in the unpaid dividend bank account for a period of 7 years from date of transfer to respective accounts.

### Compliance certificate of the Auditors

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

### 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 ₹ 2,91,053/- pertaining to the financial year 2013-14 and ₹ 2,14,136/- pertaining to unclaimed interim dividend of financial year 2014-15 to the Investor Education and Protection Fund (IEPF).

In accordance with the provisions of the Companies Act, 2013 the Company has transferred 63,428 equity shares in 10th December 2021 and 9,202 equity shares on 8th April 2022 to the credit of IEPF Authority 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 dates, i.e. 20th October 2021 and 23rd February 2022.

The Shareholders may claim their unclaimed dividend for the years prior to the financial year 2014-15 and the corresponding shares, from the IEPF Authority by making an online application to the IEPF authority in web form No. IEPF -5. This Form can be downloaded from the website of the IEPF Authority [www.iepf.gov.in](http://www.iepf.gov.in), the access link of which is also available on the Company's website [www.pitti.in](http://www.pitti.in) under the section 'Investor Desk'.

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

### 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 2022.

For and on behalf of the Board of Directors

Place : Hyderabad  
Date : 23rd May 2022

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

In my opinion and to the best of my information and according to the verification (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanation furnished to me by the Company and its officers. I hereby certify the none of the Directors as stated below for the financial year ending on 31st March 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

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

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

Place: Hyderabad  
Date: 23rd May 2022

**Ajay Kishen**  
Practicing Company Secretary  
M.No: 6298 CP:5146  
UDIN: F006298D000367956



## Independent Auditors' Certificate on Corporate Governance

To  
Members of **Pitti Engineering Limited**

We, Laxminiwas & Co, Chartered Accountants, the Statutory Auditors of **Pitti Engineering Limited** (formerly known as Pitti Laminations Limited). ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2022, as stipulated in regulation 17 to 27 and clauses (b) to (i) and (t) of Regulation 46(2) and Para C and D of schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

### Management's Responsibilities:

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

### Auditor's Responsibilities:

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

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

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

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1 "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance Related Services Engagements".

### Opinion:

Based on our examination of relevant records and according to the information and explanations provided to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) 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 2022.

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

### Restriction on Use:

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

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

**Vijay Singh**  
Partner  
Membership No: 221671  
UDIN: 22221671AJKXQJ4977

Place: Hyderabad  
Date: 23rd May 2022

## 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 Vice-Chairman & Managing Director and Interim CFO of Pitti Engineering Limited ("the Company ") to the best of our knowledge and belief certify that:

- A. We have reviewed financial statements and the cash flow statement (Standalone and Consolidated) for the year ended 31st March 2022 and that to the best of our knowledge and belief, we state that:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief, no transactions are entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee that:
  - a) there are no significant changes in internal controls over financial reporting during the year
  - b) there are no significant changes, if any, in accounting policies during the year and
  - c) there are no instances of significant fraud of which we have become aware.

Place: Hyderabad  
Date : 23rd May 2022

**Sharad B Pitti**  
Chairman & Managing Director

**Akshay S Pitti**  
Vice-Chairman & Managing Director and Interim CFO

## Independent Auditor's Report

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

### Report on the Audit of the Standalone financial statements

#### Opinion

We have audited the accompanying standalone financial statements of Pitti Engineering Limited ("the Company") (formerly known as Pitti Laminations Limited) which comprise the Balance Sheet as of 31st March 2022, the Statement of Profit & Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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

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

The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the Standalone financial statements and our auditor's report thereon.

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

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

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

### Responsibilities of Management for the Standalone Financial Statements

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

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

In preparing the Standalone financial statements, Management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to

going concern, and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

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

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

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

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

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

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events

or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. 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), the Cash Flow Statement, and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended;
- (e) On the basis of the written representations received from the directors as of 31 March 2022, taken on record by the Board of Directors, none of the directors are disqualified as of 31 March 2022 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) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements – Refer to Note 25.02 to the Standalone financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
- (iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend or invest in other person or entity identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other person or entity identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on the audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- (v) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

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

**Vijay Singh**  
Partner  
Membership Number: 221671  
UDIN: 22221671AJLCEW9179

Place: Hyderabad  
Date: 23rd May, 2022

## Annexure A to the Auditors' Report

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report to the Members of Pitti Engineering Limited of even date)

- (i). According to the information and explanations given to us and based on our examination of the records of the Company,
- (a) (A) The Company is maintaining proper records showing full particulars including quantitative details and situation of property plant & equipment.
- (B) The Company is maintaining proper records showing full particulars including quantitative details and the situation of intangible assets.
- (b) The Company has carried out physical verification of all its property plant & equipment. In our opinion, the frequency of verification is reasonable considering the size of the Company and the nature of its assets. No material discrepancies were 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 Note 2C to the Standalone financial statements, the lease agreements are in the name of the company.
- (d) The company has not revalued its property, plant and equipment (including Right of Use assets and investment property), intangible assets, or both during the year. Therefore, clause 3 (i)(d) of the order does not apply to the company.
- (e) There is no proceeding initiated or pending against the company for holding any Benami property under the Prohibition of Benami Property Transactions Act, 1988 and the rules made thereunder. Therefore, Clause 3(i)(e) of the Order does not apply to the Company.
- (ii). (a) According to information and explanations given to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventories as compared to the book records, which in our opinion were not material, have been properly dealt with.
- (b) According to the information and explanation given to us, the company has been sanctioned working capital limits of over five Crore rupees, in aggregate, from banks and financial institutions based on the security of current assets; the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of accounts of the company.
- (iii). According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, reporting under clause 3(iii)(a) to (f) are not applicable.
- (iv). There are no loans, guarantees and security in respect of which provisions of Sections 185 of the Act are applicable. Investments in respect of which provisions of Section 186 of the Act are applicable, have been complied with by the Company.
- (v). According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of Clause 3 (v) of the Order do not apply 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 by the Central Government under sub-section (1) of Section 148 of the Act 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 are given to us, in respect of statutory dues:
- (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income-tax, custom duty, goods and service tax, value added tax, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- b) Details of dues of Income Tax, and Service Tax which has not been deposited as of March 31, 2022, on account of dispute are given below:

Sl. No.	Nature of Dues	Order reference	Payable Amount in ₹	Forum where dispute is pending	Status
1	Income tax	Notice No. ITBA/AST/S/143(3)/2021-22	5,14,100	Commissioner of Income Tax. Hyderabad	The appeal preferred by the company is pending
2	Income Tax	Notice No. ITBA/AST/S/143(3)/2019-20	9,23,07,842	Commissioner of Income Tax. Hyderabad	The appeal preferred by the company is pending
3	Service Tax	Appeal No.25823/2013	54,11,284	CESTAT, Bangalore	Cases are under stay granted
4	Service Tax	Appeal No.25615/2013	14,43,912	CESTAT, Bangalore	Cases are under stay granted
<b>Total</b>			<b>9,96,77,138</b>		

- (viii). According to the information and explanations given to us and on the basis of our examination of the records, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.
- (ix). a) According to the information and explanations given to us and on the basis of our examination of the records during the year the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- b) According to the information and explanations are given to us, the company has not been declared a willful defaulter by any bank or financial institution or any other lenders. Therefore, Clause 3(ix)(b) of the Order does not apply to the Company.
- c) According to the information and explanations given to us and based on the examination of records of the company, the term loans were applied for the purpose for which the loans were obtained.
- d) According to the information and explanations given to us and based on the examination of records of the company, no funds raised on a short-term basis have been utilized for long-term purposes.
- e) According to the information and explanations given to us and based on the examination of records of the company, the company has not taken any funds from any entity or a person on account of or to meet the obligations of its subsidiary. The Company does not have any associate or joint venture.
- f) According to the information and explanations given to us and based on the examination of records of the company, the company has not raised loans during the year on the pledge of the securities held in its subsidiary. Therefore, Clause 3 (ix) (f) of the Order does not apply to the Company.
- (x). a) According to the information and explanations given to us and based on the examination of records of the company, no money was raised by the way of an initial public offer or further public offer (including debt instruments).
- b) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially optionally convertible) during the year. Accordingly, Clause 3(x)(a) of the Order is not applicable.
- (xi). a) According to the information and explanations given to us and based on our examination of the records of the Company, based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Financial Statements and according to the information and explanations provided by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year. Accordingly, Clause 3(xi)(a) of the Order is not applicable.
- b) According to the information and explanations given to us and on the basis of our examination of the records during the year, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the requirement to report on clause 3 (xi) (b) of the Order is not applicable to the Company.
- c) According to the information and explanations given to us there are no whistle-blower complaints received by the Company during the year. Accordingly, the provisions stated in paragraph 3(xi)(c) of the Order is not applicable to company.
- (xii). According to the information and explanations are given to us and on the basis of our examination of the records of the Company, the Company is not Nidhi Company. Therefore, Clause 3 (xii) (a), (b), and (c) of the Order does not apply to the Company.

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

- (xiv). a) According to the information and explanations given to us and based on our examination of the records of the company, the company has an internal audit system commensurate with the size and nature of its business.

- b) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations provided by the management, we considered the reports of the Internal Auditors for the period under audit.

- (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 any non-cash transactions with directors or persons connected with him. Accordingly, Clause 3(xv) of the Order is not applicable.

- (xvi). a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable to the Company.

- b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, clause 3(xvi)(b) of the Order is not applicable to the Company.

- c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable to the Company.

Place: Hyderabad  
Date: 23rd May, 2022

- d) According to the information and explanations given to us and on the basis of our examination of the records of the company, the group does not have core investment company.

- (xvii). According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not incurred any cash losses in the financial year and the immediately preceding financial year.

- (xviii). According to the information and explanations are given to us and on the basis of our examination of the records of the Company, there has been no resignation of the statutory auditors during the year. Accordingly, Clause 3(xviii) of the Order is not applicable.

- (xix). According to the information and explanations are given to us and on the basis of our examination of the records of the Company, on the basis of financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, there is no material uncertainty exists as on the date of the audit report. The Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

- (xx). According to the information and explanations given to us there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

- (xxi). There have been no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements. Accordingly, reporting under clause 3(xxi) of the Order is not applicable for the year.

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

**Vijay Singh**  
Partner

Membership Number: 221671  
UDIN: 22221671AJLCEW9179



## Annexure - B to the Auditors' Report

Referred to in paragraph 2 (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 2022 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the company are 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 the 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 Act.

### 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") issued by ICAI and the standards on auditing prescribed under section 143(10) of the Act to the extent applicable to the 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 were 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 judgment, including the assessment of the risks of material misstatement of the Standalone financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial Controls over Financial Reporting

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

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit the preparation of Standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with the authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone financial statements.

### Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting, and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, 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 ICAI.

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

**Vijay Singh**  
Partner

Membership Number: 221671  
UDIN: 22221671AJLCEW9179

Place: Hyderabad  
Date: 23rd May, 2022

## Balance Sheet

as at 31st March 2022

Particulars	Notes	₹ in lakhs	
		As at 31.03.2022	As at 31.03.2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, plant and equipment	2A	22,785.15	19,283.66
(b) Capital work-in-progress		61.23	113.53
(c) Intangible Assets	2B	1,382.42	1,807.10
(d) Right of use of Assets	2C	8,283.71	7,395.14
(e) Investment property	2D	203.82	-
(f) Financial Assets			
(i) Investments	3A	1,646.00	1,646.00
(ii) Other financial assets	3B	190.15	505.29
(g) Other non-current assets	4	2,318.11	768.10
<b>TOTAL NON - CURRENT ASSETS</b>		<b>36,870.59</b>	<b>31,518.82</b>
<b>CURRENT ASSETS</b>			
(a) Inventories	5	27,228.71	15,722.09
(b) Financial Assets			
(i) Investments	6A	0.73	1.07
(ii) Trade receivables	6B	20,426.46	17,176.93
(iii) Cash and Cash equivalents	6C	3,503.38	891.30
(iv) Other financial assets	6D	87.76	39.26
(c) Assets held for sale	2D	-	262.00
(d) Other current assets	7	7,527.02	4,496.29
<b>TOTAL CURRENT ASSETS</b>		<b>58,774.06</b>	<b>38,588.94</b>
<b>TOTAL ASSETS</b>		<b>95,644.65</b>	<b>70,107.76</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	8	1,602.92	1,602.92
(b) Other equity	9	26,794.05	21,978.58
<b>TOTAL EQUITY</b>		<b>28,396.97</b>	<b>23,581.50</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	10 A	11,018.84	5,057.42
(ii) Lease liability	10 B	5,274.51	5,148.63
(iii) Others		0.72	0.72
(b) Other Long Term Liabilities		-	385.00
(c) Provisions	11	780.28	685.02
(d) Deferred tax liabilities (net)	12	912.73	1,007.49
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>17,987.08</b>	<b>12,284.28</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	13A	21,423.95	20,306.82
(ii) Trade payables	13B		
Dues to micro and small enterprises		131.73	249.78
Dues to other enterprises		21,889.90	10,278.96
(iii) Other financial liabilities	13C	851.85	526.97
(iv) Lease liability	13D	1,541.07	1,227.80
(b) Other current liabilities	14	1,481.99	328.95
(c) Provisions	15	376.90	318.71
(d) Income tax liabilities (net)	16	1,563.21	1,003.99
<b>TOTAL CURRENT LIABILITIES</b>		<b>49,260.60</b>	<b>34,241.98</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>95,644.65</b>	<b>70,107.76</b>
Significant accounting policies and notes on accounts	1 to 25		

As per our report of even date

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

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

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

**G Vijaya Kumar**  
Director  
DIN:00780356

**Vijay Singh**  
Partner

**Akshay S Pitti**  
Vice-Chairman & Managing Director  
and Interim CFO  
DIN:00078760

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

M. No:221671

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022

## Statement of Profit & Loss

for the year ended 31st March 2022

Particulars	Notes	₹ in lakhs	
		For the Year ended 31.03.2022	For the Year ended 31.03.2021
<b>INCOME</b>			
<b>Revenue from operations</b>	17A	<b>94,995.32</b>	51,099.19
Other Operating revenue	17B	<b>387.06</b>	717.52
<b>Total Revenue from Operations</b>		<b>95,382.38</b>	<b>51,816.71</b>
Other income	18	<b>1,644.02</b>	2,049.93
<b>TOTAL INCOME</b>		<b>97,026.40</b>	<b>53,866.64</b>
<b>EXPENSES</b>			
Cost of Materials consumed	19	<b>69,425.51</b>	34,693.07
Changes in inventories of work-in-process, finished goods and scrap	20	<b>(1,610.57)</b>	(1,166.00)
Employee benefits expenses	21	<b>7,847.11</b>	5,609.64
Finance costs	22	<b>3,960.39</b>	2,960.02
Depreciation and amortization expenses	2A,2B, 2C&2D	<b>3,886.66</b>	3,038.17
Other expenses	23	<b>6,457.25</b>	4,875.08
<b>TOTAL EXPENSES</b>		<b>89,966.35</b>	<b>50,009.98</b>
<b>Profit before tax</b>		<b>7,060.05</b>	3,856.66
<b>TAX EXPENSES</b>	24		
(a) Current tax		<b>1,955.15</b>	1,098.34
(b) Tax relating to earlier years		<b>10.20</b>	(20.13)
(c) Deferred tax		<b>(94.76)</b>	(99.39)
<b>TOTAL TAX EXPENSES</b>		<b>1,870.59</b>	<b>978.82</b>
<b>Profit for the period</b>		<b>5,189.46</b>	<b>2,877.84</b>
Other Comprehensive Income			
<b>(i) Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of the net defined benefit (liability)/assets		<b>2.93</b>	(76.48)
Change in fair value of non-current investment		-	-
Change in fair value of current investment		<b>(0.33)</b>	0.08
<b>(ii) Items that will be reclassified subsequently to profit or loss</b>			
Total other comprehensive income		<b>2.60</b>	(76.40)
<b>Total Comprehensive Income</b>		<b>5,192.06</b>	<b>2,801.44</b>
Earnings per Equity Share of Face Value of ₹ 5/- each	25.1		
(a) Basic		<b>16.19</b>	8.98
(b) Diluted		<b>16.19</b>	8.98
Significant accounting policies and notes on accounts	1 to 25		

As per our report of even date

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

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

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

**G Vijaya Kumar**  
Director  
DIN:00780356

**Vijay Singh**  
Partner

**Akshay S Pitti**  
Vice-Chairman & Managing Director  
and Interim CFO  
DIN:00078760

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

M. No:221671  
Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022



## Statement of Changes in Equity

for the year ended 31st March 2022

### (a) Equity Share Capital

₹ in lakhs

Particulars	Note No.	
<b>Balance as at 1st April 2020</b>		1,602.92
Changes in equity share capital during the year	8 (a)	-
<b>Balance as at 31st March 2021</b>		<b>1,602.92</b>
<b>Balance as at 1st April 2021</b>		1,602.92
Changes in equity share capital during the year	8 (a)	-
<b>Balance as at 31st March 2022</b>		<b>1,602.92</b>

### (b) Other Equity

₹ in lakhs

Particulars	Reserves and Surplus			Items of other comprehensive income		Total Other Equity
	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of other comprehensive income	
Balance as at 1st April 2020	8,106.46	750.48	10,176.21	(92.99)	236.98	19,177.14
Profit and loss during period	-	-	2,877.84	-	-	2,877.84
Fair Valuation of investments	-	-	-	0.08	-	0.08
Actuarial Gain / (Loss)	-	-	-	-	(76.48)	(76.48)
<b>Total Comprehensive Income for the previous year</b>	<b>8,106.46</b>	<b>750.48</b>	<b>13,054.05</b>	<b>(92.91)</b>	<b>160.50</b>	<b>21,978.58</b>
Dividends	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-
<b>Balance as at 31st March 2021</b>	<b>8,106.46</b>	<b>750.48</b>	<b>13,054.05</b>	<b>(92.91)</b>	<b>160.50</b>	<b>21,978.58</b>
Balance as at 1st April 2021	8,106.46	750.48	13,054.05	(92.91)	160.50	21,978.58
Profit and loss during period	-	-	5,189.46	-	-	5,189.46
Fair Valuation of investments	-	-	-	(0.33)	-	(0.33)
Actuarial Gain / (Loss)	-	-	-	-	2.93	2.93
<b>Total Comprehensive Income for the current year</b>	<b>8,106.46</b>	<b>750.48</b>	<b>18,243.51</b>	<b>(93.24)</b>	<b>163.43</b>	<b>27,170.64</b>
Dividends	-	-	(376.59)	-	-	(376.59)
Transfer to retained earnings	-	-	-	-	-	-
<b>Balance as at 31st March 2022</b>	<b>8,106.46</b>	<b>750.48</b>	<b>17,866.92</b>	<b>(93.24)</b>	<b>163.43</b>	<b>26,794.05</b>

As per our report of even date

For and on behalf of the Board of Directors of

**Pitti Engineering Limited**

CIN : L29253TG1983PLC004141

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

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

**G Vijaya Kumar**  
Director  
DIN:00780356

**Vijay Singh**  
Partner

**Akshay S Pitti**  
Vice-Chairman & Managing Director  
and Interim CFO  
DIN:00078760

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

M. No:221671

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022

## Cash Flow Statement

for the year ended 31st March 2022

₹ in lakhs

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>7,060.05</b>	3,856.66
<b>Adjusted for</b>		
Depreciation	<b>3,886.66</b>	3,038.17
Interest Income	<b>(96.38)</b>	(80.43)
Credit Risk Impaired	<b>70.60</b>	4.06
Credit Risk Allowance	<b>(61.11)</b>	2.52
Loss / (Profit) on sale of fixed assets (net)	<b>(30.14)</b>	159.93
Re-measurement gains/(losses) on employee defined benefit plans	<b>2.93</b>	(76.48)
Re-measurement gains/(losses) on Investments	<b>(0.33)</b>	0.08
Loss on current financial assets measured at FVTPL	<b>0.34</b>	(5.11)
Advance received for Asseets held for sale	<b>(385.00)</b>	-
Unrealised foreign exchange differences	<b>256.13</b>	(538.98)
Finance Costs	<b>3,960.39</b>	2,960.02
<b>Operating Profit before Working Capital changes</b>	<b>14,664.14</b>	<b>9,320.44</b>
<b>Working Capital changes adjusted for</b>		
Trade & Other Receivables	<b>(7,750.27)</b>	(4,151.95)
Inventories	<b>(11,506.62)</b>	(3,071.93)
Trade and other payables	<b>15,178.87</b>	1,903.82
	<b>(4,078.02)</b>	(5,320.06)
<b>Cash generated from operations</b>	<b>10,586.12</b>	<b>4,000.38</b>
Taxes Paid	<b>(1,792.76)</b>	(575.31)
Cash Flow before extraordinary items	<b>8,793.36</b>	3,425.07
<b>Net Cash Flow From Operating Activities - (A)</b>	<b>8,793.36</b>	<b>3,425.07</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant & equipment and intangibles	<b>(6,148.41)</b>	(3,291.59)
Advances to Property, Plant & equipment and intangibles	<b>(1,542.26)</b>	(358.96)
ROU Assets as per IND AS 116	<b>(1,707.17)</b>	(3,229.81)
Proceeds from sale of fixed assets	<b>73.70</b>	70.67
Interest income received	<b>45.69</b>	182.62
<b>Net Cash used in Investing Activities - (B)</b>	<b>(9,278.45)</b>	<b>(6,627.07)</b>

## Cash Flow Statement

for the year ended 31st March 2022

₹ in lakhs

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance charges	(3,532.03)	(2,624.79)
Cash Payments for Principal portion of lease liability	(348.66)	(320.91)
Cash Payments for interest portion of lease liability	(14.68)	(11.71)
Proceeds from Borrowings - Noncurrent (including current maturities)	9,097.55	2,856.14
Repayment of Borrowings - Noncurrent (including current maturities)	(4,281.34)	(3,318.46)
Borrowings - Current (Net)	(96.78)	2,816.87
Long Term Deposits received	-	0.36
Term Deposit Accounts with financial institutions	334.68	(324.99)
Payment of Dividend	(376.59)	-
Lease Liability	439.16	3,751.00
	<b>1,221.31</b>	<b>2,823.51</b>
<b>Net Cash used in Finance Activities - (C)</b>	<b>1,221.31</b>	<b>2,823.51</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents ( A+B+C)</b>	<b>736.22</b>	<b>(378.49)</b>
<b>Opening Balance in Cash and Cash Equivalents</b>	<b>33.67</b>	<b>412.16</b>
<b>Closing Balance in Cash and Cash Equivalents</b>	<b>769.89</b>	<b>33.67</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	9.65	18.22
Balances with banks		
Current accounts	752.27	0.75
EEFC accounts	1.03	5.93
Unpaid dividend account	6.94	8.77
<b>Total cash and cash equivalents</b>	<b>769.89</b>	<b>33.67</b>

As per our report of even date

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

**Vijay Singh**  
Partner

M. No:221671

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022

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

**Akshay S Pitti**  
Vice-Chairman & Managing Director  
and Interim CFO  
DIN:00078760

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

**G Vijaya Kumar**  
Director  
DIN:00780356

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

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. CORPORATE INFORMATION

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

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

#### 1.2. BASIS OF PREPARATION AND PRESENTATION

The financial statements of the Company have been prepared in accordance with Indian Accounting standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 as amended from time to time.

Company's financial statements are presented in Indian Rupees (₹) which is also its functional currency and all values are rounded to the nearest lakh (₹ 00000) except when otherwise indicated.

#### 1.3. PREPARATION OF FINANCIAL STATEMENTS

##### (a) Basis of Accounting

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

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

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

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

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables intangibles investments and other assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic the Company has used internal and external sources of information. The Company has reviewed the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

##### (d) Current/ Non-Current Classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or



## Notes to Financial Statements

for the year ended 31st March 2022

- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

### 1.4. PROPERTY PLANT AND EQUIPMENT

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

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

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

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

The Company records a provision for dismantling cost towards Plant and Machinery wherever applicable.

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

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

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

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

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

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

Depreciable amount for assets is the cost of an asset or other amount substituted for cost less its estimated residual value. Property Plant and Equipment is provided on straight-line method over the useful life of the assets as specified in Schedule II to the Companies Act 2013. Building constructed on leasehold land is depreciated based on the useful life specified in Schedule II to the Companies Act 2013 where the lease period of the land is beyond the life of the building. Any Capital Expenditure costing ₹ 5000 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.

## Notes to Financial Statements

for the year ended 31st March 2022

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

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

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

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

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

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

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

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

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

### Subsequent cost

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

### De-recognition

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

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

### 1.5. REVENUE RECOGNITION

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

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

## Notes to Financial Statements

for the year ended 31st March 2022

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

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

### (a) Interest income

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

### (b) Dividend income

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

### (c) Other income

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

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

Income arising out of industrial incentives schemes under respective states for the investments made by Company in Hyderabad plant 4 and Aurangabad plant are recognized based on the sanction received from the competent authorities.

### 1.6. INVESTMENTS

The company has accounted for its investment in subsidiary at cost less impairment loss (if any).

All other equity investments are measured at fair value, with value changes recognized in Statement of Profit and Loss,

except for those equity investments for which the company has elected to present the change in 'Other Comprehensive Income'.

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

### 1.7. INVENTORIES

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

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

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

### 1.8. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

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

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

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

#### (a) Initial Recognition

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transaction. Exchange differences arising

## Notes to Financial Statements

for the year ended 31st March 2022

on foreign currency transactions settled during the year are recognized in the Statement of Profit and Loss.

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

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

### (c) Derivative Financial Instruments and Hedge Accounting

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

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

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

### 1.9. EMPLOYEE BENEFITS

#### Defined Contribution Plan

Contribution as per Employee's Provident Funds and Miscellaneous Provisions Act 1952 towards Provident Fund and Family Pension Fund are provided for and payments

in respect thereof are made to the relevant authorities on actual basis.

#### Defined Benefit Plan

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

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

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

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

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

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

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

### 1.10. BORROWING COSTS

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



## Notes to Financial Statements

for the year ended 31st March 2022

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

### 1.11. LEASES

#### The Company as a lessee

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

- (i) The contract involves the use of an identified asset.
- (ii) The Company has substantially all the economic benefits from use of the asset through the period of the lease and
- (iii) The Company has the right to direct the use of the asset.

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

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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

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

that are largely independent of those from other assets. In such cases the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

### 1.12. IMPAIRMENT

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

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

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

### 1.13. EARNINGS PER SHARE

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

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

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period unless they have been issued

## Notes to Financial Statements

for the year ended 31st March 2022

at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares as appropriate.

### 1.14. SEGMENT REPORTING

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

### 1.15. PROVISIONS AND CONTINGENCIES

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

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

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

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

### 1.16. TAXATION

#### Current Income Tax

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

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

The Company has adopted and effected the reduced corporate tax rate permitted under section 115BAA of the Income Tax Act 1961 as per the Taxation Laws (Amendment) Ordinance 2019. The tax calculations for the year ended 31st March 2022 have been made accordingly.

#### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

### 1.17. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial Assets

##### Initial Recognition and Measurement

All financial assets are recognized initially at fair value in the case of financial assets not recorded at fair value through profit or loss transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date i.e. the date that the Company commits to purchase or sell the asset.

##### Subsequent Measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- (i) Debt instruments at amortized cost
- (ii) Debt instruments at fair value through other comprehensive income (FVTOCI)
- (iii) Debt instruments derivatives and equity instruments at fair value through profit or loss (FVTPL)

## Notes to Financial Statements

for the year ended 31st March 2022

- (iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

### Debt Instruments at Amortized Cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows
- and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

### Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI then all fair value changes on the instrument excluding dividends are recognized in the OCI. There is no recycling of the amounts from OCI to P&L even on sale of investment. However the Company may transfer the cumulative gain or loss within equity.

### Derecognition

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- (i) The rights to receive cash flows from the asset have expired or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- (a) The Company has transferred substantially all the risks and rewards of the asset or

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

### Impairment of Financial Assets

In accordance with Ind AS 109 the Company uses expected credit loss model for evaluating impairment of financial assets other than those measured at sale value through profit and loss. Expected credit losses are measured through a loss allowance at an amount equal to :

- The twelve months expected credit losses (expected credit losses that result from those default events on the financial instrument but are possible within twelve months after the reporting date.) : or
- Full life time expected credit losses (expected credit losses that result from those default events over the life of the financial instrument).

For trade receivables the Company applies simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables at every reporting date the existing trade receivables are reviewed and accordingly required credit loss is recognized in books.

For other assets (other than trade receivables) the Company uses twelve months expected credit loss to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full life time expected credit loss is used.

### Financial Liabilities

#### Initial Recognition and Measurement

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss loans and borrowings payables or as derivatives designated as hedging instruments in an effective hedge as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables loans and borrowings including bank overdrafts financial guarantee contracts and derivative financial instruments.

#### Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

## Notes to Financial Statements

for the year ended 31st March 2022

### 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 Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such basis

except for measurements that have some similarities to fair value but are not fair value such as net realizable value in Ind AS 2.

### 1.18. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

A sale is considered as highly probable when decision has been made to sell assets are available for immediate sale in its present condition assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification.

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are presented separately in the balance sheet.

### 1.19. INVESTMENT PROPERTY

Properties that are held for long-term rental yields and/ or for capital appreciation are classified as investment properties. Investment properties are stated at cost of acquisition or construction less accumulated depreciation and impairment if any. Depreciation is recognised using the straight-line method so as to amortise the cost of investment properties over their useful lives as specified in Schedule II of the Companies Act 2013. Transfers to or from investment properties are made at the carrying amount when and only when there is a change in use. An item of investment property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the property and is recognised in the Statement of Profit and Loss.



## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE : 2A PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2021	As at ADDITIONS 31.03.2022	ADJUSTMENTS 01.04.2021	As at FOR THE YEAR RESERVES	FOR ADJUSTMENTS 31.03.2022	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
<b>Tangible Assets</b>								
Land	716.37	1,103.50	-	-	-	-	1,819.87	716.37
Factory Building								
- on Own premises	3,483.01	56.92	-	690.89	125.27	-	816.16	2,723.77
- on Lease hold Property	1,298.02	4.21	-	699.72	59.12	-	758.84	543.39
Plant & Equipment	23,704.96	4,085.10	30.29	12,945.59	1,926.82	16.38	14,856.03	12,903.74
Tools	4,097.10	542.75	39.59	536.62	216.20	14.20	738.62	3,861.64
Patterns, Match plates & Mould Box	369.13	78.18	-	71.17	50.84	-	122.01	325.30
Office Equipment	292.99	32.84	0.33	186.31	34.64	0.31	220.64	104.86
Furniture & Fixtures	173.18	20.26	-	135.06	6.15	-	141.21	52.23
Other-Computers	359.51	38.99	1.40	300.10	24.73	1.33	323.50	73.60
Vehicles	669.11	106.42	7.57	314.26	80.35	3.40	391.21	376.75
<b>Sub Total</b>	<b>35,163.38</b>	<b>6,069.17</b>	<b>79.18</b>	<b>15,879.72</b>	<b>2,524.12</b>	<b>35.62</b>	<b>18,368.22</b>	<b>19,283.66</b>
<b>Capital Work In Progress</b>	113.53	7,445.74	7,498.04	61.23	102.93	-	102.93	61.23

During the current year, ₹ nil interest capitalized on term loans.

### Capital Work in Progress ageing schedule

Particulars	As on 31 st March 2022				As on 31 st March 2021					
	Amount in CWIP for a period of				Amount in CWIP for a period of					
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	61.23	-	-	-	61.23	102.93	10.60	-	-	113.53
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>61.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61.23</b>	<b>102.93</b>	<b>10.60</b>	<b>-</b>	<b>-</b>	<b>113.53</b>

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE : 2B INTANGIBLE ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2021	As at ADDITIONS 31.03.2022	ADJUSTMENTS 01.04.2021	As at FOR THE YEAR RESERVES	FOR ADJUSTMENTS 31.03.2022	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021
Computer Software	768.54	61.08	-	583.63	68.43	-	652.06	177.56
Product Development Expenses	2,086.64	-	-	464.45	417.33	-	881.78	1,204.86
<b>Sub Total</b>	<b>2,855.18</b>	<b>61.08</b>	<b>-</b>	<b>1,048.08</b>	<b>485.76</b>	<b>-</b>	<b>1,533.84</b>	<b>1,382.42</b>
<b>NOTE: 2C RIGHT OF USE ASSETS</b>								
Land	227.69	-	-	35.76	17.88	-	53.64	174.05
Building	2,272.14	330.30	-	239.18	150.17	-	389.35	2,213.09
Plant and Machinery	5,442.02	1,367.80	-	351.17	626.65	-	977.82	5,832.00
Vehicles	106.78	9.07	-	27.38	23.90	-	51.28	64.57
<b>Subtotal</b>	<b>8,048.63</b>	<b>1,707.17</b>	<b>-</b>	<b>653.49</b>	<b>818.60</b>	<b>-</b>	<b>1,472.09</b>	<b>8,283.71</b>
<b>Grand Total</b>	<b>46,067.19</b>	<b>7,837.42</b>	<b>79.18</b>	<b>17,581.29</b>	<b>3,828.48</b>	<b>35.62</b>	<b>21,374.15</b>	<b>28,485.90</b>
Previous Year	39,982.45	9,299.49	3,214.76	15,252.33	3,038.17	-	17,581.28	24,730.12
<b>Note: 2D INVESTMENT PROPERTY*</b>								
Land	0.49	-	-	-	-	-	-	0.49
Factory Building	452.55	-	-	191.04	58.18	-	249.22	203.33
<b>Sub Total</b>	<b>453.04</b>	<b>-</b>	<b>-</b>	<b>191.04</b>	<b>58.18</b>	<b>-</b>	<b>249.22</b>	<b>203.82</b>
<b>Total</b>	<b>453.04</b>	<b>-</b>	<b>-</b>	<b>191.04</b>	<b>58.18</b>	<b>-</b>	<b>249.22</b>	<b>203.82</b>

\* Fair Market Value ₹ 1,194.50 Lakhs as per valuation report given by registered independent valuer

\* Assets held for sale value nil (previous year ₹ 262 lakhs) has been transferred to Investment Property.

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 3A : INVESTMENTS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Investment with Pitti Castings Private Limited (Unquoted)</b>		
<b>a. Equity Shares</b>	408.00	408.00
(40,80,000 equity shares at face value ₹ 10/- each, previous year 40,80,000) Presented as per Fair Market Value as per Ind AS Requirement"		
<b>b. Redeemable Preferential shares</b>	1,233.00	1,233.00
(1,23,30,000 Preferential shares (non-cumulative non-participative redeemable) at face value ₹ 10/- each)		
<b>Investment with Pitti Rail and Engineering Components Ltd (Wholly Subsidiary Company)(Unquoted)</b>		
<b>Equity Shares</b>	5.00	5.00
(50,000 equity shares at face value ₹ 10/- each, previous year 50,000 ) -100% Subsidiary Company Presented at cost less impairment loss		
<b>TOTAL</b>	<b>1,646.00</b>	<b>1,646.00</b>

### NOTE 3B : OTHER FINANCIAL ASSETS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Unsecured, considered good</b>		
Term Deposits with Financial Institutions	150.50	485.18
<b>Security Deposits:</b>		
Rent	28.79	17.19
With suppliers	10.86	2.92
<b>TOTAL</b>	<b>190.15</b>	<b>505.29</b>

### NOTE 4 : OTHER NON CURRENT ASSETS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Unsecured, considered good</b>		
Capital Advance for Fixed Assets	2,140.55	598.29
Prepaid Expenses - Rent Deposits	47.38	39.63
Gold Coins	1.49	1.49
<b>Deposits:</b>		
With government bodies	128.69	128.69
<b>TOTAL</b>	<b>2,318.11</b>	<b>768.10</b>

### NOTE 5 : INVENTORIES

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
(At lower of cost or Net realisable value)		
Raw material including Material in Transit	16,900.78	7,462.68
Work in process	4,597.69	2,072.74
Finished goods	3,609.12	4,237.20
Stores and spares	2,059.27	1,601.32
Scrap	61.85	348.15
<b>TOTAL</b>	<b>27,228.71</b>	<b>15,722.09</b>

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 6A : INVESTMENTS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Investment in Equity Shares</b>		
<b>I. Quoted</b>		
Development Credit Bank Ltd.	0.69	1.03
Face Value 1,000 Equity Shares of ₹ 10/- each Presented as per Fair Market Value as per Ind AS Requirement		
<b>II. Unquoted</b>		
Saraswat Co-operative Bank Ltd.	0.01	0.01
50 Equity Shares of ₹ 10/- each		
S.V. Co-operative Bank Ltd	0.03	0.03
100 Equity Shares of ₹ 10/- each		
<b>TOTAL</b>	<b>0.73</b>	<b>1.07</b>

### NOTE 6B : TRADE RECEIVABLES

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Trade Receivables considered good - Secured</b>	-	-
<b>Trade Receivables considered good - Unsecured</b>	20,497.61	17,264.30
Trade Receivables which have Significant increase in Credit Risk	(0.55)	(83.31)
Trade Receivables - credit impaired	(70.60)	(4.06)
<b>TOTAL</b>	<b>20,426.46</b>	<b>17,176.93</b>

#### Trade Receivables ageing schedule for the year ended 31 st March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Amount not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables — considered good	18,066.78	2,341.29	17.06	0.36	0.90	71.23	20,497.61
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	(0.55)	(0.55)
(iii) Undisputed Trade Receivables — credit impaired	-	-	-	-	-	(70.60)	(70.60)
(iv) Disputed Trade Receivables — considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired	-	-	-	-	-	-	-
<b>Total {(i)-[(ii)-(iii)]} + {(iv)-[(v)-(vi)]}</b>							<b>20,426.46</b>

#### Trade Receivables ageing schedule for the year ended 31 st March 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Amount not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables — considered good	14,821.03	2,273.25	79.79	-	2.40	87.83	17,264.30
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	(83.31)	(83.31)
(iii) Undisputed Trade Receivables — credit impaired	-	-	-	-	-	(4.06)	(4.06)
(iv) Disputed Trade Receivables — considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired	-	-	-	-	-	-	-
<b>Total {(i)-[(ii)-(iii)]} + {(iv)-[(v)-(vi)]}</b>							<b>17,176.93</b>



## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 6C : CASH AND CASH EQUIVALENTS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Cash on Hand	9.65	18.22
<b>Balances with banks</b>		
Current Accounts	752.27	0.75
EEFC Accounts	1.03	5.93
Unclaimed dividend account(Refer note a)	6.94	8.77
<b>Cash &amp; Cash equivalents</b>	<b>769.89</b>	<b>33.67</b>
<b>Other bank balances</b>		
Term Deposit Accounts (Refer note b)	2,733.49	857.63
<b>TOTAL</b>	<b>3,503.38</b>	<b>891.30</b>

#### Note:

- a) During the year an amount of ₹ 2.91 lakhs final dividend for the year 2013-14 & ₹ 2.14 lakhs interim dividend for the year 2014-15 was transferred to Investor Education and Protection Fund (IEPF) (previous year ₹ 2.85 lakhs for the year 2012-13)
- b) Term Deposits are held as Margins for LC/BGs

### NOTE 6D : OTHER FINANCIAL ASSETS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Interest accrued on Deposits	65.18	38.08
Earnest Money Deposit Amount	22.58	1.18
<b>TOTAL</b>	<b>87.76</b>	<b>39.26</b>

### NOTE 7 : OTHER CURRENT ASSETS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>(Unsecured and considered good)</b>		
<b>Advances to:</b>		
Material suppliers/contractors	778.51	584.03
Central Excise, Sales tax, GST etc.,	3,101.34	1,510.09
Export Incentive Receivables	175.53	205.01
State Industrial Promotion Subsidy receivables	2,876.27	1,824.81
Income Tax and other taxes	233.01	47.37
Employees	2.26	1.54
Prepaid expenses	360.10	323.44
<b>TOTAL</b>	<b>7,527.02</b>	<b>4,496.29</b>

### NOTE 8 : EQUITY SHARE CAPITAL

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Authorised Capital</b>		
6,00,00,000 (Previous Year 6,00,00,000) Equity Shares of ₹ 5/- each	3,000.00	3,000.00
<b>TOTAL</b>	<b>3,000.00</b>	<b>3,000.00</b>
<b>Issued, Subscribed and Paid up</b>		
3,20,50,067 (Previous year 3,20,50,067) Equity shares of ₹ 5/- each	1,602.50	1,602.50
8,300 (Previous year 8,300) Equity Shares forfeited of ₹ 5/- each	0.42	0.42
<b>TOTAL</b>	<b>1,602.92</b>	<b>1,602.92</b>

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 8 : EQUITY SHARE CAPITAL (Contd..)

#### Notes

#### (a) Reconciliation of equity shares

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
Issued, subscribed and paid-up capital				
At the beginning of the period	3,20,50,067	1,602.50	3,20,50,067	1,602.50
Issued during the period	-	-	-	-
<b>At the closing of the period</b>	<b>3,20,50,067</b>	<b>1,602.50</b>	<b>3,20,50,067</b>	<b>1,602.50</b>

#### (b) 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 shareholders 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 their share holding.

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

Name	As at 31.03.2022		As at 31.03.2021	
	No. of shares	% of Total Shares	No. of shares	% of Total Shares
Shri Sharad B Pitti	43,49,926	13.57	43,49,926	13.57
Shri Akshay S Pitti	42,28,414	13.19	42,28,414	13.19
Smt Madhuri S Pitti	17,58,620	5.49	17,58,620	5.49
Pitti Electrical Equipment Pvt Ltd	86,46,667	26.98	86,46,667	26.98

#### (d) Shares held by promoters at the end of the year

Name	As at 31.03.2022		As at 31.03.2021		% Change during the year
	No. of shares	% of total shares	No. of shares	% of total shares	
Shri Sharad B Pitti	43,49,926	13.57	43,49,926	13.57	-
Shri Akshay S Pitti	42,28,414	13.19	42,28,414	13.19	-
Smt Madhuri S Pitti*	17,58,620	5.49	17,58,620	5.49	-
Pitti Electrical Equipment Pvt Ltd*	86,46,667	26.98	86,46,667	26.98	-
Sharad B Pitti HUF*	17,000	0.06	17,000	0.06	-

\* Promoter Group

### Note 9 : OTHER EQUITY

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Securities Premium</b>		
At the beginning of the year	8,106.46	8,106.46
Add: during the period	-	-
<b>At the closing of the period</b>	<b>8,106.46</b>	<b>8,106.46</b>
<b>General Reserve</b>		
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	-	-
<b>At the closing of the period</b>	<b>750.48</b>	<b>750.48</b>

## Notes to Financial Statements

for the year ended 31st March 2022

### Note 9 : OTHER EQUITY (Contd..)

₹ in lakhs

	As at 31.03.2022	As at 31.03.2021
<b>Retained Earnings</b>		
At the beginning of the year	13,054.05	10,252.61
Add : Profit for the year	5,189.46	2,801.44
Less : Interim dividend on equity shares during the year	(376.59)	-
Less : Transferred to general reserve during the year	-	-
<b>At the closing of the period</b>	<b>17,866.92</b>	<b>13,054.05</b>
<b>Items of Other Comprehensive Income</b>		
Remeasurement of the net defined benefit (liability)/assets	163.43	160.50
Change in fair value of current investment	(93.24)	(92.91)
<b>At the closing of the period</b>	<b>70.19</b>	<b>67.59</b>
<b>TOTAL</b>	<b>26,794.05</b>	<b>21,978.58</b>

### NOTE 10 A : BORROWINGS

₹ in lakhs

	As at 31.03.2022	As at 31.03.2021
<b>A. Secured Loans</b>		
Term Loans from Banks (Refer Note a)	8,447.13	1,248.25
Term Loans from others (Refer Note b)	-	1,211.84
<b>Sub total</b>	<b>8,447.13</b>	<b>2,460.09</b>
<b>Vehicle Loans</b>		
From Lenders (Refer Note c)	61.71	87.33
<b>Sub total</b>	<b>61.71</b>	<b>87.33</b>
<b>Total - A</b>	<b>8,508.84</b>	<b>2,547.42</b>
<b>B. Unsecured loans</b>		
From related parties (Refer Note d)	2,510.00	2,510.00
<b>Total - B</b>	<b>2,510.00</b>	<b>2,510.00</b>
<b>TOTAL - (A+B)</b>	<b>11,018.84</b>	<b>5,057.42</b>

#### Terms and conditions of Loans and Security

##### (a) Term Loans from Banks

₹ in lakhs

Secured Loans	Long Term		Term loan instalments due less than 12 months		Repayment Terms	Security
	Outstanding Amount as at 31st March 2022	Outstanding Amount as at 31st March 2021	Outstanding Amount as at 31st March 2022	Outstanding Amount as at 31st March 2021		
Term Loans	4,312.18	752.83	2,136.67	1032.05	Monthly/Quarterly instalments payable over remaining period of 1 to 6 years.	Notes 1
WCTL/GECL	4,134.95	495.42	884.01	334.58	Monthly instalments payable over remaining period of 6 years	Notes 2
<b>Total - (a)</b>	<b>8,447.13</b>	<b>1,248.25</b>	<b>3,020.68</b>	<b>1,366.63</b>		

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 10 A : BORROWINGS (Contd..)

#### (b) Term Loans from Others

₹ in lakhs

Secured Loans	Long Term		Term loan instalments due less than 12 months		Repayment Terms	Security
	Outstanding Amount as at 31st March 2022	Outstanding Amount as at 31st March 2021	Outstanding Amount as at 31st March 2022	Outstanding Amount as at 31st March 2021		
Term Loans	-	909.01	-	376.73		
WCTL/GECL	-	302.83	-	13.17	NA	NA
<b>Total - (b)</b>	<b>-</b>	<b>1,211.84</b>	<b>-</b>	<b>389.90</b>		
<b>Total - (a+b)</b>	<b>8,447.13</b>	<b>2,460.09</b>	<b>3,020.68</b>	<b>1,756.53</b>		

(c) Vehicle loans are secured by hypothecation of vehicles funded by respective lenders. Vehicle loans are repayable in monthly instalments till February 2026

(d) Unsecured loans ₹ 2,510 lakhs (previous year ₹ 2,510 lakhs) brought in by the promoters and promoters group as subordinate debt to the secured debt.

#### Notes :

- 1) Pari passu 1st charge on present and future Fixed Assets of the Company and pari passu 2nd charge on present and future Current Assets of the Company. Further all loans are guaranteed by the promoters of the company. Further, SBI is having exclusive charge on immovable properties of Promoters and pledge of 19,44,530 shares of Promoters holding. Term loans carry interest rate in the range of 8.80% to 11.70% p.a.
- 2) WCTL/GECL loans are secured by Pari Passu 2nd charge on present and future Fixed Assets and Current Assets of the Company and 2nd Pari Passu charge on 19,44,530 pledge of shares along with other working capital lenders in consortium and these are repayable at an interest rate range from 7.95% to 9.25%

### Note 10B : LEASE LIABILITY

₹ in lakhs

	As at 31.03.2022	As at 31.03.2021
Lease Liability	5,274.51	5,148.63
<b>TOTAL</b>	<b>5,274.51</b>	<b>5,148.63</b>

### Note 11 : PROVISIONS

₹ in lakhs

	As at 31.03.2022	As at 31.03.2021
Provision for Gratuity	163.20	211.63
Provision for Leave encashment	127.16	29.71
Provision for Dismantling of PPE	489.92	443.68
<b>TOTAL</b>	<b>780.28</b>	<b>685.02</b>

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

₹ in lakhs

	As at 31.03.2022	As at 31.03.2021
At the beginning of the year	1,007.49	1,106.88
Provision for the year	(94.76)	(99.39)
<b>Closing balance</b>	<b>912.73</b>	<b>1,007.49</b>



## Notes to Financial Statements

for the year ended 31st March 2022

### Note 13A : BORROWINGS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Working capital borrowings from Banks (Secured) (Refer Note (a) )	16,956.94	17,003.72
Current maturities of long term borrowings: (Refer Note (b) )		
Term loans	3,020.68	1,756.53
Vehicle loans	21.33	71.57
Inter Corporate Deposit	1,425.00	1,475.00
<b>TOTAL</b>	<b>21,423.95</b>	<b>20,306.82</b>

#### Note:

(a) Working capital facilities are availed at interest rate ranging from 7.20% p.a. to 9.75% p.a. which are secured on a pari paasu first charge basis against hypothecation of Inventory (stocks), Trade Receivables and all other current assets both present and future, pari passu second charge on movable and immovable properties of the Company both present and future, pledge of 19,44,530 shares owned by Promoters and secured by way of personal guarantee of the Promoters of the Company.

(b) Refer Note 10A

### NOTE 13B : TRADE PAYABLES

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Dues to micro enterprises and small enterprises (Refer Note 25.17)*	131.73	249.78
Dues to others	21,889.90	10,278.96
<b>TOTAL</b>	<b>22,021.63</b>	<b>10,528.74</b>

#### 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.

\* The amount mentioned is principal only.

#### Trade Payables ageing schedule for the year ended 31 st March 2022

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) Undisputed dues - MSME	131.73	-	-	-	-	131.73
(ii) Undisputed dues - Others	20,418.05	1,416.21	37.84	0.15	17.65	21,889.90
(iii) Disputed dues — MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>20,549.78</b>	<b>1,416.21</b>	<b>37.84</b>	<b>0.15</b>	<b>17.65</b>	<b>22,021.63</b>

#### Trade Payables ageing schedule for the year ended 31 st March 2021

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) Undisputed dues - MSME	249.78	-	-	-	-	249.78
(ii) Undisputed dues - Others	8,729.86	1,530.92	-	-	18.18	10,278.96
(iii) Disputed dues — MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>8,979.64</b>	<b>1,530.92</b>	<b>-</b>	<b>-</b>	<b>18.18</b>	<b>10,528.74</b>

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 13C : OTHER FINANCIAL LIABILITIES

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Unclaimed Dividend	6.94	8.77
Interest accrued*	106.46	68.00
Others	738.45	450.20
<b>TOTAL</b>	<b>851.85</b>	<b>526.97</b>

\*There is no interest payable to MSME vendors during the current or previous year

### NOTE 13 D : LEASE LIABILITY

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Lease Liability	1,541.07	1,227.80
<b>TOTAL</b>	<b>1,541.07</b>	<b>1,227.80</b>

### NOTE 14 : OTHER CURRENT LIABILITIES

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Advances from Customers	1,315.57	189.88
Other Liabilities	166.42	139.07
<b>TOTAL</b>	<b>1,481.99</b>	<b>328.95</b>

### NOTE 15 : PROVISIONS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Provision for employee benefits :</b>		
Provision for Gratuity	74.80	5.34
Provision for Bonus	279.76	216.62
Provision for Leave encashment	22.34	96.75
<b>TOTAL</b>	<b>376.90</b>	<b>318.71</b>

### NOTE 16 : INCOME TAX LIABILITIES (NET)

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Provision for taxation (net)	1,563.21	1,003.99
<b>TOTAL</b>	<b>1,563.21</b>	<b>1,003.99</b>

### NOTE 17A : REVENUE FROM OPERATIONS

	₹ in lakhs	
	For the Year ended 31.03.2022	For the Year ended 31.03.2021
<b>Sales &amp; Services:</b>		
Sale of Products	93,326.70	50,833.61
Sale of Scrap	13,110.11	5,137.79
Sale of Tools	414.71	312.83
Job work & Service Income	548.47	634.33

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 17A : REVENUE FROM OPERATIONS (Contd..)

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
<b>Gross Sales &amp; Services (inclusive of GST)</b>	<b>1,07,399.99</b>	<b>56,918.56</b>
Less : GST	(11,672.23)	(5,481.18)
<b>Net Sales &amp; Services</b>	<b>95,727.76</b>	<b>51,437.38</b>
Sale of Products	83,768.73	46,251.43
Sale of Scrap	11,111.41	4,354.59
Sale of Tools	358.01	265.11
Job work & Service Income	489.61	566.25
<b>Net Sales &amp; Services</b>	<b>95,727.76</b>	<b>51,437.38</b>
Less : Discounts to Customers	(732.44)	(338.19)
<b>Revenue from Sales &amp; Services (A)</b>	<b>94,995.32</b>	<b>51,099.19</b>

### NOTE 17B : OTHER OPERATING REVENUE

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Export incentives and others	387.06	717.52
<b>Total (B)</b>	<b>387.06</b>	<b>717.52</b>
<b>Total Revenue from Operations (A+B)</b>	<b>95,382.38</b>	<b>51,816.71</b>

### NOTE 18 : OTHER INCOME

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Interest on Deposits	96.38	80.43
Profit on Sale of Asset	30.14	-
Industrial Incentive	1,051.46	1,653.70
Other Misc. Receipts	466.04	315.80
Dividend Income	0.00	0.00
<b>TOTAL</b>	<b>1,644.02</b>	<b>2,049.93</b>

### NOTE 19 : COST OF MATERIAL CONSUMED

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Opening stock	7,462.68	5,965.25
Add: Purchases	78,863.61	36,190.50
Less: Closing stock including Material in Transit	(16,900.78)	(7,462.68)
<b>Consumption</b>	<b>69,425.51</b>	<b>34,693.07</b>

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

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
<b>A. Opening stocks:</b>		
Work-in-process	2,072.74	2,040.09
Finished goods	4,237.20	3,361.63
Scrap	348.15	90.37
<b>Total - A</b>	<b>6,658.09</b>	<b>5,492.09</b>

## Notes to Financial Statements

for the year ended 31st March 2022

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

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
<b>B. Closing stocks:</b>		
Work-in-process	4,597.69	2,072.74
Finished goods	3,609.12	4,237.20
Scrap	61.85	348.15
<b>Total - B</b>	<b>8,268.66</b>	<b>6,658.09</b>
<b>C. (Increase)/Decrease in stocks (A-B)</b>	<b>(1,610.57)</b>	<b>(1,166.00)</b>

### Note 21 : EMPLOYEE BENEFIT EXPENSE

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Employees remuneration and benefits	6,951.37	4,877.78
Employees settlement expenses	-	19.05
Contribution to PF/ESI	346.89	259.02
Gratuity expenses*	73.96	47.84
Remuneration to Directors	192.72	192.83
Staff welfare expenses	282.17	213.12
<b>TOTAL</b>	<b>7,847.11</b>	<b>5,609.64</b>

\* Refer note no. 25.3

### Note 22 : FINANCE COSTS

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Interest on Term Loans*	1,267.52	505.93
Interest on Working Capital	1,239.07	1,550.70
Interest as per Ind AS	423.82	377.70
Interest on Income Tax	94.69	67.07
Bank Charges	900.72	426.07
Forex Loss	34.57	32.55
<b>TOTAL</b>	<b>3,960.39</b>	<b>2,960.02</b>

\*Interest capitalized during the FY 2021-22 is NIL (Previous year ₹ 2.49 lakhs)

### Note 23 : OTHER EXPENSES

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Consumption of Stores, Spares, Tools & Dies	1,739.80	1,128.05
Power & fuel	793.08	620.34
<b>Repairs &amp; Maintenance :</b>		
Plant	62.21	31.05
Building	13.88	4.14
Vehicles	13.35	11.56
Other Assets	132.95	106.96
Loss on Sale/Scrap of Fixed Assets	-	159.93
Credit Risk Impaired	70.60	4.06
Credit Risk Allowance	(61.11)	2.52



## Notes to Financial Statements

for the year ended 31st March 2022

### Note 23 : OTHER EXPENSES (Contd..)

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Other selling & Distribution expenses	461.19	396.33
Packing Cost	1,013.94	739.88
Carriage outwards	509.04	327.71
Travelling & Conveyance	304.45	282.23
Insurance	235.06	140.72
Rent	1.20	3.88
Rates & Taxes ( Excluding Taxes on Income )	90.61	94.54
Director's Sitting Fees	21.25	19.50
Forex loss on Export Receivables and Imports Payables	58.22	-
<b>Remuneration to auditors :</b>		
Audit Fee	25.41	24.20
Tax Audit Fee	5.25	5.00
Certification Fee /Taxation matter	9.96	4.81
Communication Expenses	40.92	36.37
Professional consultancy	459.24	387.17
CSR Expenses	138.86	50.15
Miscellaneous Expenses	317.89	293.98
<b>TOTAL</b>	<b>6,457.25</b>	<b>4,875.08</b>

### NOTE 24 : TAX EXPENSES

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Current tax	1,955.15	1,098.34
Taxes on Earlier Years	10.20	(20.13)
Deferred (credit)/expenses	(94.76)	(99.39)
<b>TOTAL</b>	<b>1,870.59</b>	<b>978.82</b>

### NOTE 25: NOTES ON ACCOUNTS

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

Particulars	For the Year 2021 – 22	For the Year 2020 – 21
<b>Earnings</b>		
Profit for the period (₹ in lakhs)	5,189.46	2,877.84
<b>Shares</b>		
Number of shares at the beginning of the period	3,20,50,067	3,20,50,067
Add: Shares issued during the period	-	-
Total number of equity shares outstanding at the end of the period	3,20,50,067	3,20,50,067
Weighted average number of equity shares outstanding during the period	3,20,50,067	3,20,50,067
<b>Earnings per share of par value ₹ 5/- Basic (₹)</b>	<b>16.19</b>	<b>8.98</b>
<b>Earnings per share of par value ₹ 5/- Diluted (₹)</b>	<b>16.19</b>	<b>8.98</b>

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25 : NOTES ON ACCOUNTS (Contd..)

#### 25.2 Contingent Liabilities and Commitment

₹ in lakhs

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(a) Contingent Liabilities-Claims against the Company not acknowledged as debts:</b>		
i. Service Tax liability for which appeals preferred by the Company is pending with CESTAT Bangalore for the FY 2008-09 to 2011-12 up to December 2011.	68.55*	68.55*
ii. Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax Hyderabad for the AY 2017-18.	923.08*	923.08*
iii. Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax Hyderabad for the AY 2018-19.	5.14*	5.14*
<b>(b) Commitments</b>		
i. Bank guarantees	1,401.43	1,154.69
ii. Estimated amount of liability on account of Capital Commitments	3,181.55	1,889.03

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

#### 25.3 Employee Benefit Plans

As per Indian Accounting Standard 19 – “Employee Benefits” the disclosures as defined are given below :

##### A) Defined Benefit Plan

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

Assumptions	Gratuity Plan		Leave Encashment Plan	
	2021-22	2020-21	2021-22	2020-21
Discount Rate	7.16%	6.80%	7.16%	6.80%
Rate of increase in Compensation levels	2% p.a.	2% p.a.	2% p.a.	2% p.a.
Rate of Return on Plan Assets	7.16%	6.80%	0%	0%
Expected Average remaining working lives of employees (years)	25 yrs	25 yrs	25 yrs	25 yrs

Changes in Present Value of Obligations	Gratuity Plan		Leave Encashment Plan	
	2021-22	2020-21	2021-22	2020-21
Present Value of Obligation as at the beginning of the year	430.82	305.98	126.46	89.24
Interest Cost	28.51	20.81	7.59	5.48
Current Service Cost	45.45	41.54	36.83	37.22
Benefits paid	(23.14)	(7.08)	(29.56)	(17.37)
Actuarial (gain)/ loss on obligations	0.71	69.57	8.17	11.89
Present Value of Obligation as at the end of the year	482.35	430.82	149.50	126.46
<b>Amount to be recognized in Balance Sheet</b>				
Present Value of Obligation as at the end of the year	482.35	430.82	149.50	126.46
Fair Value of Plan Assets as at the end of the year	244.35	213.85	-	-
Funded Status	(238.00)	(216.97)	(149.50)	(126.46)
Net Asset / (Liability) Recognized in Balance Sheet	(238.00)	(216.97)	(149.50)	(126.46)
<b>Expenses Recognized in the Statement of Profit and Loss</b>				
Current Service Cost	45.45	41.54	36.83	37.22
Past Service Cost	-	-	-	-
Interest Cost	28.51	20.81	7.59	5.48
Expected Return on Plan Assets	(3.64)	(7.59)	-	-
Net actuarial (gain)/ loss recognized in the year	0.71	69.57	8.17	11.89
Expenses Recognized in the Statement of Profit & Loss	71.03	124.33	52.60	54.58

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25 : NOTES ON ACCOUNTS (Contd..)

#### Sensitivity Analysis – Gratuity Plan

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period while holding all other assumptions constant. The result of sensitivity analysis is given below:

₹ in lakhs

Particulars	Gratuity Plan			
	As at 31.03.2022		As at 31.03.2021	
	Decrease	Increase	Decrease	Increase
Change in Rate of discount (Delta effect of +/-1%)	525.85	444.85	472.08	395.47
Change in Rate of Salary Growth (Delta effect of +/-1%)	436.86	535.66	387.64	480.89
Change in Rate of Attrition (Delta effect of +/-1%)	446.54	514.22	397.34	460.89
Change in Mortality Rate (Delta effect of +/-10%)	481.45	483.25	430.01	431.62

#### Sensitivity Analysis – Leave Encashment Plan

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period while holding all other assumptions constant. The result of sensitivity analysis is given below:

₹ in lakhs

Particulars	Leave Encashment Plan			
	As at 31.03.2022		As at 31.03.2021	
	Decrease	Increase	Decrease	Increase
Change in Rate of discount (Delta effect of +/-1%)	166.02	135.68	141.14	114.23
Change in Rate of Salary Growth (Delta effect of +/-1%)	130.11	173.26	109.43	147.39
Change in Rate of Attrition (Delta effect of +/-1%)	131.11	165.64	110.86	140.25
Change in Mortality Rate (Delta effect of +/-10%)	149.13	149.87	126.15	126.77

### B) Defined Contribution Plan

Contribution to Defined Contribution plan recognized as expense for the year is as under:

₹ in lakhs

Description	2021-22	2020-21
Employer Contribution to ESI	37.31	29.85
Employer Contribution to PF	280.73	206.95
Employer Contribution to pension scheme	28.49	21.94
Labor welfare fund	0.36	0.28
<b>Total</b>	<b>346.89</b>	<b>259.02</b>

### 25.4 Details of consumption of Raw Material

₹ in lakhs

Description	For the Year 2021-22	For the Year 2020-21
Imported	10,740.31	5,385.55
Indigenous	58,685.20	29,307.52
<b>TOTAL</b>	<b>69,425.51</b>	<b>34,693.07</b>

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25 : NOTES ON ACCOUNTS (Contd..)

#### 25.5 Stock and Turnover of Manufactured and Traded goods

₹ in lakhs

Description	Turnover	Closing Inventory (FG)	Opening Inventory (FG)
Sale of Products	94,505.71	3,609.12	4,237.20
	(50,532.94)	(4,237.20)	(3,361.63)
Sale of Services	489.61	-	-
	(566.25)	-	-
<b>TOTAL</b>	<b>94,995.32</b>	<b>3,609.12</b>	<b>4,237.20</b>
	<b>(51,099.19)</b>	<b>(4,237.20)</b>	<b>(3,361.63)</b>

**Note:** Figures in brackets represent previous year's figures 2020-21.

#### 25.6 Stock of Work in process

₹ in lakhs

Description	As at 2021-22	As at 2020-21
Work/Material in process	4,597.69	2,072.74
<b>TOTAL</b>	<b>4,597.69</b>	<b>2,072.24</b>

#### 25.7 CIF Value of Imports

₹ in lakhs

Particulars	For the Year 2021-22	For the Year 2020-21
Capital goods	3,122.48	3,187.00
Raw Materials	12,726.01	6,121.74
Stores and Spares	147.70	59.39
<b>TOTAL</b>	<b>15,996.19</b>	<b>9,368.13</b>

#### 25.8 Earnings in Foreign Currency

₹ in lakhs

Particulars	For the Year 2021-22	For the Year 2020-21
FOB value of Exports	26,480.31	20,026.59

#### 25.9 Expenditure in Foreign Currency

₹ in lakhs

Particulars	For the Year 2021-22	For the Year 2020-21
Travelling and others	210.07	197.82
<b>Total</b>	<b>210.07</b>	<b>197.82</b>

#### 25.10 Disclosure as per Section 186 of the Companies Act 2013

The details of loans guarantees and investments under Section 186 of the Companies Act 2013 read with the Companies (Meetings of Board and its Powers) Rules 2014 are as follows:

- Details of investment made are given in Note 3A & 25.13
- There are no guarantees issued by your Company in accordance with section 186 of the Companies Act 2013 read with rules issued there under

#### 25.11 Segment Reporting

Segments are identified in line with Indian Accounting Standards (Ind AS) 108 "Operating Segments" taking into consideration the internal organization and management structure.

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



## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25 : NOTES ON ACCOUNTS (Contd..)

The operating segment of the Company is identified to be manufacturing of "Engineering Products of Iron and Steel" and the CODM reviews business performance at an overall Company level as one segment. Hence no separate disclosure is provided.

Information by Geographies

In presenting geographic information segment revenue has been based on the location of the customer and segment assets are based on geographical location of assets.

#### a) Revenue from External Customers

Sl. No	Segment Revenue	₹ in lakhs	
		For the Year 2021-22	For the Year 2020-21
a)	India	67,414.44	33,803.08
b)	Outside India	29,611.96	20,063.56
	<b>TOTAL</b>	<b>97,026.40</b>	<b>53,866.64</b>

#### b) Assets

Segment Assets	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
India	83,068.29	61,873.21
Outside India	12,576.36	8,234.55
<b>TOTAL</b>	<b>95,644.65</b>	<b>70,107.76</b>

#### c) Revenue from Major Customers

Details of single external customer from whom the Company receives more than 10% of the revenue.

Revenue from four customers of the Company having more than 10% of the total revenue aggregating to ₹ 39,234.15 lakhs (previous year ₹ 27,593.95 lakhs).

### 25.12 Fair Values Hierarchy

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

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

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

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

Particulars	₹ in lakhs			
	Fair value hierarchy			
	Total	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		Level 1	Level 2	Level 3
<b>31-March-22</b>				
<b>Financial Asset</b>				
Investment in equity instruments	1,646.73	0.69	1,641.04	5.00
Security Deposits	39.65	-	-	39.65
<b>Financial Liability</b>				
Borrowings	32,442.79	-	-	32,442.79
<b>Total</b>	<b>34,129.17</b>	<b>0.69</b>	<b>1,641.04</b>	<b>32,487.44</b>
<b>31-March-21</b>				
<b>Financial Asset</b>				
Investment in equity instruments	1,647.07	1.03	1,641.04	5.00
Security Deposits	17.19	-	-	17.19
<b>Financial Liability</b>				
Borrowings	25,364.24	-	-	25,364.24
<b>Total</b>	<b>27,028.50</b>	<b>1.03</b>	<b>1,641.04</b>	<b>25,386.43</b>

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25 : NOTES ON ACCOUNTS (Contd..)

#### 25.13 Related party disclosures

##### List of Related parties:

##### Wholly Owned Subsidiary

- (i) Pitti Rail and Engineering Components Limited

##### Directors

- (i) Shri Sharad B Pitti\*  
(ii) Shri Akshay S Pitti\*  
(iii) Shri N.R. Ganti  
(iv) Shri G. Vijaya Kumar#  
(v) Shri M. Gopalakrishna  
(vi) Ms. Gayathri Ramachandran  
(vii) Shri S. Thiagarajan

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

- (i) Smt Madhuri S Pitti  
(ii) Smt Radhika A Pitti  
(iii) Sharad B Pitti (HUF)

##### Key Managerial Personnel

- (i) Shri N. K. Khandelwal (till 13.04.2022)  
(ii) Ms. Mary Monica Braganza

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

- (i) Pitti Castings Private Limited  
(ii) Pitti Electrical Equipment Private Limited  
(iii) Pitti Components Limited  
(iv) Pitti Trade and Investments Private Limited

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

- (i) Badrivishal Pannalal Pitti Trust

#### A. Transactions/balances outstanding with related parties

##### (1) For the Financial Year 2021-22

Sl. No	Transactions / Outstanding balances	₹ in lakhs				
		Wholly Owned Subsidiary	Directors/ Relatives	Director's interest in Company/ Entities	Key Managerial Personnel	Total
1	Remuneration	-	212.81	-	108.92	321.73
2	Rent / Lease Expenses	-	283.20	-	-	283.20
3	Rent / Lease Income	1.48	-	1.58	-	3.06
4	Purchases of goods & services	-	-	9,808.12	-	9,808.12

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25 : NOTES ON ACCOUNTS (Contd..)

₹ in lakhs

Sl. No	Transactions / Outstanding balances	Wholly Owned Subsidiary	Directors/ Relatives	Director's interest in Company/ Entities	Key Managerial Personnel	Total
5	Sales of goods & services	-	-	1,191.87	-	1,191.87
6	Unsecured Loan - received	-	2,730.00	-	-	2,730.00
7	Unsecured Loan – repaid	-	2,730.00	-	-	2,730.00
8	Inter Corporate Deposits – received	-	-	70.00	-	70.00
9	Inter Corporate Deposits – repaid	-	-	70.00	-	70.00
10	Interest paid	-	308.20	0.08	-	308.28
11	Dividend paid	-	121.68	101.60	0.82	224.10
12	Amount payable at the year end	0.36	2,558.59	1,932.21	5.81	4,496.97
13	Amount receivable at the year end	-	60.23	283.65	-	343.88
14	Investments at the year end	5.00	-	1,641.00	-	1,646.00

#### (2) For the previous Financial Year 2020-21

₹ in lakhs

Sl. No	Transactions / Outstanding balances	Wholly Owned Subsidiary	Directors/ Relatives	Director's interest in Company/ Entities	Key Managerial Personnel	Total
1	Remuneration	-	207.87	-	99.77	307.64
2	Rent / Lease Expenses	-	268.53	-	-	268.53
3	Rent / Lease Income	0.70	-	1.50	-	2.20
4	Purchases of goods & services	-	-	8,982.47	-	8,982.47
5	Sales of goods & services	-	-	565.61	-	565.61
6	Unsecured Loan - received	-	3,660.00	-	-	3,660.00
7	Unsecured Loan – repaid	-	1,150.00	-	-	1,150.00
8	Inter Corporate Deposits – received	-	-	1,150.00	-	1,150.00
9	Inter Corporate Deposits – repaid	-	-	2,150.00	-	2,150.00
10	Donations for CSR	-	-	50.15	-	50.15
11	Interest paid	-	-	161.02	-	161.02
12	Rent Deposit Received	0.36	-	-	-	0.36
13	Investment made	5.00	-	-	-	5.00
14	Amount payable at the year end	0.36	2,554.21	144.30	7.78	2,706.65
15	Amount receivable at the year end	-	60.23	519.88	-	580.11
16	Investments at the year end	5.00	-	1,641.00	-	1,646.00

### B. Disclosure pursuant to regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

Transaction with Promoter / Promoter Group holding more than 10% of equity share capital of the Company.

₹ in lakhs

Sl. No.	Particulars	For the Year 2021-22	For the Year 2020-21
<b>1</b>	<b>Shri Sharad B Pitti</b>		
-	Remuneration	98.78	96.93
-	Lease rental	97.90	92.05
-	Dividend	51.11	-
-	Interest on unsecured loans	-	2.56
-	Unsecured loans received	-	175.00
-	Unsecured loans repaid	-	175.00
-	Amount payable at the year end	15.70	13.48
-	Amount receivable (rent deposit) at year end	20.21	20.21

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25 : NOTES ON ACCOUNTS (Contd..)

₹ in lakhs

Sl. No.	Particulars	For the Year 2021-22	For the Year 2020-21
<b>2</b>	<b>Shri Akshay S Pitti</b>		
-	Remuneration	98.78	95.90
-	Dividend	49.68	-
-	Interest on unsecured loans	308.20	58.58
-	Unsecured loans received	2,730.00	3,485.00
-	Unsecured loans repaid	2,730.00	975.00
-	Amount payable at the year end	2,514.66	2,512.46
<b>3</b>	<b>Pitti Electrical Equipment Private Limited</b>		
-	Purchase of goods	38.48	638.86
-	Dividend	101.60	-
-	Interest on inter corporate deposits	0.08	80.15
-	Inter corporate deposits received	70.00	-
-	Inter corporate deposits repaid	70.00	1,000.00
-	Amount payable at the year end	-	112.72

#### 25.14 Deferred Tax

₹ in lakhs

Sl. No.	Particulars	Deferred Tax (Liability)/ Asset as at 01.04.2021	Current Year charge (Debit)	Deferred Tax (Liability)/ Asset as at 31.03.2022
1	Difference between Depreciation as per Co's Act. & as per IT Act.	(1,980.27)	17.56	(1,962.71)
2	Others	972.78	77.20	1,049.98
	<b>Deferred Tax Net</b>	<b>(1,007.49)</b>	<b>94.76</b>	<b>(912.73)</b>

**25.15** The Company has provided for cess as specified in section 441 A of the Companies Act 1956 and in the absence of any notification by the Central Govt. the Company could not deposit the same with the appropriate authority.

**25.16** The assessment for impairment of assets has taken place at the end of reporting period as per guidelines laid down in Ind AS 36 'Impairment of assets'. For the assets having recoverable amount less than its carrying amount the carrying amount of the asset is reduced to its recoverable amount and the resulting impairment loss is recognised in profit or loss.

#### 25.17 Micro Small and Medium Enterprises Development Act 2006

Disclosure required as per section 22 of the Micro Small and Medium Enterprise Development Act 2006 (MSMED Act) is given below:

₹ in lakhs

Sl. No.	Particulars	Year 2021-22	Year 2020-21
1	Principal amounts due to suppliers under MSMED	131.73	249.78
2	Interest accrued and due to suppliers covered under MSMED on the above amount unpaid	-	-
3	Payment made to suppliers (with Interest) beyond the appointed day during the year.	-	-
4	Interest paid to suppliers covered under MSMED	-	-
5	Interest due & Payable to suppliers covered under MSMED Act. towards payments already made.	-	-

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



## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25 : NOTES ON ACCOUNTS (Contd..)

#### 25.18 Right of Use Assets

For the Financial Year 2021-22

₹ in lakhs

Particulars	Category of ROU Assets					Total
	Land	Building	Plant & Machinery	Vehicles	Computers	
Balance as on 1st April 2021	191.93	2,032.96	5,090.85	79.40	-	7,395.14
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-
Additions/Adjustments	-	330.30	1,367.80	9.07	-	1,707.17
Deletions/Adjustments	-	-	-	-	-	-
Depreciation	17.88	150.17	626.65	23.90	-	818.60
<b>Balance as on 31st March 2022</b>	<b>174.05</b>	<b>2,213.09</b>	<b>5,832.00</b>	<b>64.57</b>	<b>-</b>	<b>8,283.71</b>

For the Previous Financial Year 2020-21

₹ in lakhs

Particulars	Category of ROU Assets					Total
	Land	Building	Plant & Machinery	Vehicles	Computers	
Balance as on 1st April 2020	209.81	2,152.55	-	41.51	19.20	2,423.07
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-
Additions/Adjustments	-	-	5,442.02	62.74	-	5,504.76
Deletions/Adjustments	-	-	-	-	-	-
Depreciation	17.88	119.59	351.17	24.85	19.20	532.69
<b>Balance as on 31st March 2021</b>	<b>191.93</b>	<b>2,032.96</b>	<b>5,090.85</b>	<b>79.40</b>	<b>-</b>	<b>7,395.14</b>

25.19 Letters have been written for confirmation of debit and credit balances pertaining to debtors and creditors and reply from certain parties are awaited.

#### 25.20 Financial and derivative instruments

₹ in lakhs

Description	As at 31.03.2022	As at 31.03.2021
Forward Contracts	7,071.55	4,077.31

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

#### 25.21 Statutory Auditor's remuneration

₹ in lakhs

Sl. No.	Description	Year 2021-22	Year 2020-21
1	Statutory Audit	25.41	24.20
2	Tax Audit	5.25	5.00
3	Certification fee / Taxation matter	9.96	4.81

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25 : NOTES ON ACCOUNTS (Contd..)

#### 25.22 Ratios

₹ in lakhs

S. no	Particulars	Numerator	Denominator	31.03.2022	31.03.2021	Variance	Reason for variance more than 25%
1.	Current Ratio (in times)	Current assets	Current liabilities	1.19	1.13	5.31%	
2.	Debt- Equity Ratio (in times)	Debt *	Equity	1.15	1.08	6.48%	
3.	Debt Service Coverage Ratio (in times)	Earnings available for debt service	Interest	5.37	3.83	40.21%	Note 1 (a)
4.	Return on Equity (in%)	Profit after tax	Shareholder equity	18.27%	12.20%	49.75%	Note 1 (a)
5.	Inventory Turnover Ratio (in times)	Sales	Average Inventory	4.42	3.60	22.78%	
6.	Trade Receivables Turnover Ratio (in times)	Net sales	Average Receivables	5.05	3.28	53.96%	Note 1 (b)
7.	Trade Payables Turnover ratio (in times)	Net Purchase	Average payables	5.84	5.06	15.42%	
8.	Net Capital turnover ratio (in times)	Net sales	Working Capital	9.99	11.76	-15.05%	
9.	Net Profit Ratio (in %)	Net profit	Net sales	5.35%	5.34%	0.19%	
10.	Return on capital employed (in%)	Earnings before interest and taxes	Capital employed	17.29%	12.43%	39.10%	Note 1 (a)

\* Debt excludes lease liabilities.

**Note 1:** Improvement in ratio due to a) increased earnings on account of overall business growth (b) Improved collections and revenue growth.

#### Definitions:

- Current Assets = Total Current Assets as per Balance Sheet
- Current Liabilities = Total Current Liabilities as per Balance Sheet
- Debt = Long term and short-term borrowings as per Note 10A and Note 13A respectively of the Balance Sheet
- Equity/Shareholder Equity = Total Equity as per Balance Sheet
- EBDIT = Profit Before Tax + Depreciation + Interest on Term Loans + Interest on working capital borrowings
- Interest = Total Interest cost on Borrowings (Term Loans and Working Capital Borrowings)
- Average Inventory = (Opening Inventory + Closing Inventory)/2
- Average Receivables = (Opening Receivables + Closing Receivables)/2
- Average Payables = (Opening Payables + Closing Payables)/2
- Working Capital = Current Assets – Current Liabilities
- Capital Employed = Total Assets- Current Liabilities

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25 : NOTES ON ACCOUNTS (Contd..)

#### 25.23 Other Statutory Information

- (i) The Company does not have any Benami property where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The quarterly returns or statements of current assets filed by the company with banks or financial institutions are in agreement with the books of accounts.
- (iii) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (iv) The Company does not have any transactions with companies struck off.
- (v) The Company does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- (vi) The Company has complied with the requirements of the number of layers prescribed under clause (87) of section 2 of the Companies (Restriction on number of Layers) Rules 2017.
- (vii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies) including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (b) Provide any guarantee security or the like to or on behalf of the Ultimate Beneficiaries.
- (viii) The Company has not received any fund from any person(s) or entity(ies) including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) Provide any guarantee security or the like on behalf of the Ultimate Beneficiaries.
- (ix) The Company has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act 1961 (such as search or survey or any other relevant provisions of the Income Tax Act 1961).
- (x) Corporate Social Responsibility (CSR):

₹ in lakhs

Sl. No.	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a.	Amount required to be spent by the Company during the year as per section 135 of the Companies Act, 2013	69.38	50.15
b.	Amount of expenditure incurred	138.86	50.15
c.	(Excess)/Shortfall at the end of the year	(69.48)	-
d.	Total of previous years shortfall	-	-
e.	Reason for shortfall	-	-
f.	Nature of CSR Activities	<b>1) Promotion of Health Care</b> <b>2) Protection of National Heritage</b>	1) Eradicating Hunger, Poverty & Malnutrition 2) Promoting Education 3) Women Empowerment 4) Promotion of Health Care

## Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25 : NOTES ON ACCOUNTS (Contd..)

₹ in lakhs

Sl. No.	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
g.	Details of related party transactions, e.g., contribution to a trust controlled by the company	Nil	CSR Activities undertaken through M/s. Badrivishal Pannalal Pitti Trust (A Public Charitable Trust by Pitti family)
h.	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	Nil	Nil

- (xi) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

As per our report of even date

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

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

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

**G Vijaya Kumar**  
 Director  
 DIN:00780356

**Vijay Singh**  
 Partner

M. No:F5532  
 Place : Hyderabad  
 Date : 23<sup>rd</sup> May 2022

**Akshay S Pitti**  
 Vice-Chairman & Managing Director  
 and Interim CFO  
 DIN:00078760

**Mary Monica Braganza**  
 Company Secretary & Compliance Officer  
 M. No:221671

Place : Hyderabad  
 Date : 23<sup>rd</sup> May 2022



## Independent Auditor's Report

TO THE MEMBERS OF **PITTI ENGINEERING LIMITED**

### Report on Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of PITTI ENGINEERING LIMITED which include joint operations (hereinafter referred to as "the Holding Company"), its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated balance sheet as at 31st March 2022, the consolidated statement of Profit and Loss, including the other comprehensive income statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information here in after referred to as ("the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act, of the consolidated state of affairs of the Company as at 31st March 2022, their consolidated profit, changes in equity and their consolidated cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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

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

The Holding Company's Board of Directors are responsible for the preparation of other information. The other information comprises the information included in the Director's Report but does not include the Consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the Consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with Ind AS and other accounting principles generally accepted in India.

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a

going concern, disclosing, as applicable, matters related to the going concern, and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibility for Audit of Consolidated Financial Statements:

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

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

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

future events or conditions may cause the entity to cease to continue as a going concern.

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

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

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss, the consolidated Statement of Changes in Equity, and the Statement of Cash Flows dealt with by this Report agree with the relevant books of account;
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards ("IND AS") specified under Section 133 of the Act, read with relevant rules issued there under.
  - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors are disqualified as of 31 March 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.
- g) 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 read with Schedule V to the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Note 25.02 to the financial statements;
  - ii) The Company does not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses; and
  - iii) There were no such amounts that were required to be transferred to the Investor Education and Protection Fund during the year ended 31st March 2022.
  - iv) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend or invest in other person or entity identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies incorporated in India or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall, whether, directly or indirectly, lend or invest in other person or entity identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (c) Based on the audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
  - v) The dividend declared or paid during the year by the Holding Company is in compliance with Section 123 of the Act.

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

**Vijay Singh**  
Partner  
Membership Number: 221671  
UDIN: 22221671AJLCJH2901

Place: Hyderabad  
Date: 23<sup>rd</sup> May 2022

## Annexure - A to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **PITTI ENGINEERING LIMITED** ("the Company") as of 31st March 2022, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Board of directors of the company are 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 the 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") issued by the 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

Place: Hyderabad  
Date: 23<sup>rd</sup> May 2022

### Meaning of Internal Financial Controls Over Financial Reporting

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

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit the preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with the authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

### Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company and its subsidiary company which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Vijay Singh**  
Partner  
Membership Number: 221671  
UDIN: 22221671AJLCJH2901

## Cosolidated Balance Sheet

as at 31st March 2022

Particulars	Notes	₹ in lakhs	
		As at 31.03.2022	As at 31.03.2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Property, plant and equipment	2A	22,785.15	19,283.66
(b) Capital work-in-progress		61.23	113.53
(c) Intangible Assets	2B	1,382.42	1,807.10
(d) Right of use of Assets	2C	8,300.10	7,412.55
(e) Investment property	2D	203.82	-
(f) Financial Assets			
(i) Investments	3A	1,641.00	1,641.00
(ii) Other financial assets	3B	189.89	505.02
(g) Other non-current assets	4	2,318.36	768.37
<b>TOTAL NON - CURRENT ASSETS</b>		<b>36,881.97</b>	<b>31,531.23</b>
<b>CURRENT ASSETS</b>			
(a) Inventories	5	27,228.71	15,722.09
(b) Financial Assets			
(i) Investments	6A	0.73	1.07
(ii) Trade receivables	6B	20,426.46	17,176.93
(iii) Cash and Cash equivalents	6C	3,504.24	894.41
(iv) Other financial assets	6D	87.76	39.26
(c) Assets held for sale	2D	-	262.00
(d) Other current assets	7	7,527.02	4,496.29
<b>TOTAL CURRENT ASSETS</b>		<b>58,774.92</b>	<b>38,592.05</b>
<b>TOTAL ASSETS</b>		<b>95,656.89</b>	<b>70,123.28</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	8	1,602.92	1,602.92
(b) Other equity	9	26,788.68	21,976.36
<b>TOTAL EQUITY</b>		<b>28,391.60</b>	<b>23,579.28</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	10 A	11,018.84	5,057.42
(ii) Lease Liability	10 B	5,291.10	5,166.63
(iii) Others		0.36	0.36
(b) Other Long Term Liabilities		-	385.00
(c) Provisions	11	780.28	685.02
(d) Deferred tax liabilities (net)	12	912.30	1,007.34
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>18,002.88</b>	<b>12,301.77</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	13A	21,423.95	20,306.82
(ii) Trade payables	13B		
Dues to micro and small enterprises		131.73	249.78
Dues to other enterprises		21,889.97	10,278.96
(iii) Other financial liabilities	13C	852.10	527.22
(iv) Lease liability	13D	1,542.56	1,227.80
(b) Other current liabilities	14	1,481.99	328.95
(c) Provisions	15	376.90	318.71
(d) Income tax liabilities (net)	16	1,563.21	1,003.99
<b>TOTAL CURRENT LIABILITIES</b>		<b>49,262.41</b>	<b>34,242.23</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>95,656.89</b>	<b>70,123.28</b>
<b>Significant accounting policies and notes on accounts</b>	1 to 25		

As per our report of even date

For and on behalf of the Board of Directors of  
**Pitti Engineering Limited**  
CIN : L29253TG1983PLC004141For **Laxminiwās & Co**  
Chartered Accountants  
Firm's Registration Number: 011168S**Sharad B Pitti**  
Chairman & Managing Director  
DIN:00078716**G Vijaya Kumar**  
Director  
DIN:00780356**Vijay Singh**  
Partner**Akshay S Pitti**  
Vice-Chairman & Managing Director  
and Interim CFO  
DIN:00078760**Mary Monica Braganza**  
Company Secretary & Compliance Officer  
M. No:F5532

M. No:221671

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022

## Consolidated Statement of Profit & Loss

for the year ended 31st March 2022

Particulars	Notes	₹ in lakhs	
		For the Year ended 31.03.2022	For the Year ended 31.03.2021
<b>INCOME</b>			
Revenue from operations	17A	94,995.32	51,099.19
Other Operating revenue	17B	387.06	717.52
<b>Total Revenue from Operations</b>		<b>95,382.38</b>	<b>51,816.71</b>
Other income	18	1,642.55	2,049.23
<b>TOTAL INCOME</b>		<b>97,024.93</b>	<b>53,865.94</b>
<b>EXPENSES</b>			
Cost of Materials consumed	19	69,425.51	34,693.07
Changes in inventories of work-in-process, finished goods and scrap	20	(1,610.57)	(1,166.00)
Employee benefits expenses	21	7,847.11	5,609.64
Finance costs	22	3,960.50	2,960.81
Depreciation and amortization expenses	2A,2B, 2C&2D	3,887.68	3,038.68
Other expenses	23	6,458.08	4,875.46
<b>TOTAL EXPENSES</b>		<b>89,968.31</b>	<b>50,011.66</b>
<b>Profit before tax</b>		<b>7,056.62</b>	<b>3,854.28</b>
<b>TAX EXPENSES</b>	24		
(a) Current tax		1,955.15	1,098.34
(b) Tax relating to earlier years		10.20	(20.13)
(c) Deferred tax		(95.04)	(99.54)
<b>TOTAL TAX EXPENSES</b>		<b>1,870.31</b>	<b>978.67</b>
<b>Profit for the period</b>		<b>5,186.31</b>	<b>2,875.61</b>
<b>Other Comprehensive Income</b>			
<b>(i) Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of the net defined benefit (liability)/assets		2.93	(76.48)
Change in fair value of non-current investment		-	-
Change in fair value of current investment		(0.33)	0.08
<b>(ii) Items that will be reclassified subsequently to profit or loss</b>			
<b>Total other comprehensive income</b>		<b>2.60</b>	<b>(76.40)</b>
<b>Total Comprehensive Income</b>		<b>5,188.91</b>	<b>2,799.21</b>
<b>Earnings per Equity Share of Face Value of ₹ 5/- each</b>	25.1		
(a) Basic		16.18	8.97
(b) Diluted		16.18	8.97
Significant accounting policies and notes on accounts	1 to 25		

As per our report of even date

For and on behalf of the Board of Directors of  
**Pitti Engineering Limited**  
CIN : L29253TG1983PLC004141For **Laxminiwās & Co**  
Chartered Accountants  
Firm's Registration Number: 011168S**Sharad B Pitti**  
Chairman & Managing Director  
DIN:00078716**G Vijaya Kumar**  
Director  
DIN:00780356**Vijay Singh**  
Partner**Akshay S Pitti**  
Vice-Chairman & Managing Director  
and Interim CFO  
DIN:00078760**Mary Monica Braganza**  
Company Secretary & Compliance Officer  
M. No:F5532

M. No:221671

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022



## Consolidated Statement of Changes in Equity

for the year ended 31st March 2022

### (a) Equity Share Capital

₹ in lakhs

Particulars	Note No.	
<b>Balance as at 1 April , 2020</b>		1,602.92
Changes in equity share capital during the year	8 (a)	-
<b>Balance as at 31 March 2021</b>		<b>1,602.92</b>
<b>Balance as at 1 April , 2021</b>		1,602.92
Changes in equity share capital during the year	8 (a)	-
<b>Balance as at 31 March , 2022</b>		<b>1,602.92</b>

### (b) Other Equity

₹ in lakhs

Particulars	Reserves and Surplus			Items of other comprehensive income		Total Other Equity
	Securities Premium	General Reserve	Retained Earnings	Equity Instruments through other comprehensive income	Other items of other comprehensive income	
Balance as on 1 April , 2020	8,106.46	750.48	10,176.22	(92.99)	236.98	19,177.15
Profit and loss during period	-	-	2,875.61	-	-	2,875.61
Fair Valuation of investments	-	-	-	0.08	-	0.08
Actuarial Gain Loss	-	-	-	-	(76.48)	(76.48)
<b>Total Comprehensive Income for the current year</b>	<b>8,106.46</b>	<b>750.48</b>	<b>13,051.83</b>	<b>(92.91)</b>	<b>160.50</b>	<b>21,976.36</b>
Dividends	-	-	-	-	-	-
<b>Balance as on 31 March, 2021</b>	<b>8,106.46</b>	<b>750.48</b>	<b>13,051.83</b>	<b>(92.91)</b>	<b>160.50</b>	<b>21,976.36</b>
Balance as on 1 April , 2021	8,106.46	750.48	13,051.83	(92.91)	160.50	21,976.36
Profit and loss during period	-	-	5,186.31	-	-	5,186.31
Fair Valuation of investments	-	-	-	(0.33)	-	(0.33)
Actuarial Gain Loss	-	-	-	-	2.93	2.93
<b>Total Comprehensive Income for the current year</b>	<b>8,106.46</b>	<b>750.48</b>	<b>18,238.14</b>	<b>(93.24)</b>	<b>163.43</b>	<b>27,165.27</b>
Dividends	-	-	(376.59)	-	-	(376.59)
<b>Balance as on 31 March, 2022</b>	<b>8,106.46</b>	<b>750.48</b>	<b>17,861.55</b>	<b>(93.24)</b>	<b>163.43</b>	<b>26,788.68</b>

As per our report of even date

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

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

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

**G Vijaya Kumar**  
 Director  
 DIN:00780356

**Vijay Singh**  
 Partner

**Akshay S Pitti**  
 Vice-Chairman & Managing Director  
 and Interim CFO  
 DIN:00078760

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

M. No:221671

Place : Hyderabad  
 Date : 23<sup>rd</sup> May 2022

Place : Hyderabad  
 Date : 23<sup>rd</sup> May 2022

## Consolidated Cash Flow Statement

for the year ended 31st March 2022

₹ in lakhs

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>7,056.62</b>	3,854.28
<b>Adjusted for</b>		
Depreciation and amortisation expenses	<b>3,887.68</b>	3,038.68
Interest Income	<b>(96.39)</b>	(80.43)
Credit Risk Impaired	<b>70.60</b>	4.06
Credit Risk Allowance	<b>(61.11)</b>	2.52
Loss / (Profit) on sale of fixed assets (net)	<b>(30.14)</b>	159.93
Re-measurement gains/(losses) on employee defined benefit plans	<b>2.93</b>	(76.48)
Re-measurement gains/(losses) on Investments	<b>(0.33)</b>	0.08
Loss on current financial assets measured at FVTPL	<b>0.34</b>	(0.11)
Advance received for Asseets held for sale	<b>(385.00)</b>	-
Unrealised foreign exchange differences	<b>256.13</b>	(538.98)
Finance Costs	<b>3,960.50</b>	2,960.81
<b>Operating Profit before Working Capital changes</b>	<b>14,661.83</b>	<b>9,324.36</b>
<b>Working Capital changes adjusted for</b>		
Trade & Other financial and non financial assets	<b>(7,750.26)</b>	(4,410.23)
Inventories	<b>(11,506.62)</b>	(3,071.93)
Trade Payables and other financial and non financial liabilities	<b>15,178.94</b>	1,904.07
	<b>(4,077.94)</b>	(5,578.09)
<b>Cash generated from operations</b>	<b>10,583.89</b>	<b>3,746.27</b>
Taxes Paid	<b>(1,792.76)</b>	(575.31)
<b>Cash Flow before extraordinary items</b>	<b>8,791.13</b>	<b>3,170.96</b>
<b>Net Cash Flow From Operating Activities - (A)</b>	<b>8,791.13</b>	<b>3,170.96</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant & equipment and intangibles	<b>(6,148.40)</b>	(3,291.58)
Advances to Property, Plant & equipment and intangibles	<b>(1,542.26)</b>	(358.96)
ROU Assets as per IND AS 116	<b>(1,707.17)</b>	(3,247.73)
Proceeds from sale of fixed assets	<b>73.70</b>	70.67
Interest income received	<b>45.70</b>	182.62
<b>Net Cash used in Investing Activities - (B)</b>	<b>(9,278.43)</b>	<b>(6,644.98)</b>

## Consolidated Cash Flow Statement

for the year ended 31st March 2022

₹ in lakhs

Particulars	For the year ended 31-03-2022	For the year ended 31-03-2021
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Finance charges	(3,532.14)	(2,625.58)
Cash Payments for Principal portion of lease liability	(348.66)	(320.91)
Cash Payments for interest portion of lease liability	(14.68)	(11.71)
Proceeds from Borrowings - Noncurrent (including current maturities)	9,097.55	2,856.14
Repayment of Borrowings - Noncurrent (including current maturities)	(4,281.34)	(3,318.46)
Borrowings - Current (Net)	(96.78)	2,816.87
Term Deposit Accounts with financial institutions	334.68	(324.99)
Payment of Dividend	(376.59)	-
Lease Liability	439.23	3,769.00
	<b>1,221.27</b>	2,840.36
<b>Net Cash used in Finance Activities - (C)</b>	<b>1,221.27</b>	<b>2,840.36</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents ( A+B+C)</b>	<b>733.97</b>	<b>(633.66)</b>
<b>Opening Balance in Cash and Cash Equivalents</b>	<b>36.78</b>	<b>670.44</b>
<b>Closing Balance in Cash and Cash Equivalents</b>	<b>770.75</b>	<b>36.78</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	9.69	18.27
Balances with banks		
Current accounts	753.09	3.81
EEFC accounts	1.03	5.93
Unpaid dividend account	6.94	8.77
<b>Total cash and cash equivalents</b>	<b>770.75</b>	<b>36.78</b>

As per our report of even date

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

**Vijay Singh**  
Partner

M. No:221671

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022

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

**Akshay S Pitti**  
Vice-Chairman & Managing Director  
and Interim CFO  
DIN:00078760

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

**G Vijaya Kumar**  
Director  
DIN:00780356

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

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. CORPORATE INFORMATION

The Consolidated financial statements comprise financial statements of Pitti Engineering Limited (Formerly Pitti Laminations Limited) ("the Holding Company" or "The Company") which is a public Company and it's wholly owned subsidiary "Pitti Rail and Engineering Components Limited" which is incorporated in India during the FY 2020-21. The registered office of the Group is located at 4th floor Padmaja Landmark, Somajiguda, Hyderabad – 500082, Telangana, India. The shares of the holding company are listed on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd.

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

#### 1.2. BASIS OF PREPARATION AND PRESENTATION

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The Consolidated financial statements of the Group are presented in Indian Rupees (₹), which is also its functional currency and all values are rounded to the nearest lakh (₹ 00,000), except when otherwise indicated.

#### 1.3 PRINCIPLES OF CONSOLIDATION

- The financial statements of the Holding Company and its subsidiaries are combined on a line-by-line basis by adding together like-items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intragroup transactions.
- Profits or losses resulting from intra-group transactions that are recognised in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.
- The Consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- The carrying amount of the parent's investment in each subsidiary is offset (eliminated) against the parent's portion of equity in each subsidiary.

### 1.4. PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### (a) Basis of Accounting

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of Companies Act, 2013 as amended from time to time.

The Consolidated financial statements comprises of Pitti Engineering Limited (Formerly Pitti Laminations Limited) and its wholly owned subsidiary Pitti Rail and Engineering Components Limited, being the entity that it controls. Control is assessed in accordance with the requirement of Ind AS 110 – Consolidated financial statements.

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

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

#### (b) Significant accounting judgments, estimates and assumptions

The preparation of the Group's Consolidated financial statements in conformity with Ind AS requires the 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.

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

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

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

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables intangibles investments and other assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic the Company has used internal and external sources of information. The Company has reviewed the assumptions used and based on current estimates expects the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

### (d) Current/ Non-Current Classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- 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:

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

The Group classifies all other liabilities as non-current.

### 1.4. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

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

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

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

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Property, Plant and Equipment is provided

Schedule II to the Companies Act, 2013 except in respect of the assets where the useful life estimated by Management is different from the Act details are given below.

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

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

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

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

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

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

on straight-line method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013. Building constructed on leasehold land is depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of the land is beyond the life of the building. Any Capital Expenditure costing ₹ 5,000 or less are treated as a Revenue Expenditure and recognized in the statement of profit and loss in the year in which it is incurred.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in

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

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

### Subsequent cost

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



# Consolidated Notes to Financial Statements

for the year ended 31st March 2022

## De-recognition

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

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

## 1.5. REVENUE RECOGNITION

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

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

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

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

### (a) Interest income

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

### (b) Dividend income

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

### (c) Other income

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

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

Income arising out of industrial incentives schemes under respective states for the investments made by Company in Hyderabad plant 4 and Aurangabad plant are recognized based on the sanction received from the competent authorities.

## 1.6. INVESTMENTS

The company has accounted for its investment in subsidiary at cost less impairment loss (if any).

All other equity investments are measured at fair value, with value changes recognized in Statement of Profit and Loss, except for those equity investments for which the company has elected to present the change in 'Other Comprehensive Income'.

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

## 1.7. INVENTORIES

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

# Consolidated Notes to Financial Statements

for the year ended 31st March 2022

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

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

## 1.8. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

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

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

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

### (a) Initial Recognition

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

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

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

### (c) Derivative Financial Instruments and Hedge Accounting:

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

At the inception of a forward contract, the Group formally designates and documents the hedge relationship to which

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

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

## 1.9. EMPLOYEE BENEFITS

### Defined Contribution Plan

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

### Defined Benefit Plan

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

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

Measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income (OCI) in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

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

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

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

### 1.10. BORROWING COSTS

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

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

### 1.11. LEASES

#### The Group as a lessee

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

- (i) The contract involves the use of an identified asset.
- (ii) The Group has substantially all the economic benefits from use of the asset through the period of the lease and

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

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

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

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

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

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

### 1.12. IMPAIRMENT

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

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

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

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

### 1.13. EARNINGS PER SHARE

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

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

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

### 1.14. SEGMENT REPORTING

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

### 1.15. PROVISIONS AND CONTINGENCIES

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

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

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

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

### 1.16. TAXATION

#### Current Income Tax

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

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

The Group has adopted and effected the reduced corporate tax rate permitted under section 115BAA of the Income Tax Act, 1961 as per the Taxation Laws (Amendment) Ordinance, 2019. The tax calculations for the year ended 31st March 2022 have been made accordingly.

#### Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

### 1.17. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### Financial Assets

#### Initial Recognition and Measurement

All financial assets are recognized initially at fair value, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- (i) Debt instruments at amortized cost
- (ii) Debt instruments at fair value through other comprehensive income (FVTOCI)
- (iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- (iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### Debt Instruments at Amortized Cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- a) The asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows,  
  
And
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

#### Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument

by- instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- (i) The rights to receive cash flows from the asset have expired, or
- (ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) The Group has transferred substantially all the risks and rewards of the asset, or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

#### Impairment of Financial Assets

In accordance with Ind AS 109, the Group uses expected credit loss model, for evaluating impairment of financial assets other than those measured at sale value through profit and loss. Expected credit losses are measured through a loss allowance at an amount equal to :

- The twelve months expected credit losses (expected credit losses that result from those default events on the financial instrument but are possible within twelve months after the reporting date.) : or
- Full life time expected credit losses (expected credit losses that result from those default events over the life of the financial instrument).

For trade receivables, the Group applies simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables at every reporting date the existing trade receivables are reviewed and accordingly required credit loss is recognized in books.

For other assets (other than trade receivables), the Group uses twelve months expected credit loss to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full life time expected credit loss is used.

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### Financial Liabilities

#### Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Loans and Borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

#### Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

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

#### 1.18. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification.

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell and are presented separately in the balance sheet.

#### 1.19. INVESTMENT PROPERTY

Properties that are held for long-term rental yields and/ or for capital appreciation are classified as investment properties. Investment properties are stated at cost of acquisition or construction less accumulated depreciation and impairment if any. Depreciation is recognised using the straight-line method so as to amortise the cost of investment properties over their useful lives as specified in Schedule II of the Companies Act 2013. Transfers to or from investment properties are made at the carrying amount when and only when there is a change in use. An item of investment property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying amount of the property and is recognised in the Statement of Profit and Loss.



## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 2A: PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN PROGRESS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.2021	As at ADDITIONS 31.03.2022	As at ADJUSTMENTS 01.04.2021	As at FOR THE YEAR RESERVES	FOR ADJUSTMENTS 31.03.2022	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021	As at 31.03.2021
<b>Tangible Assets</b>									
Land	716.37	1,103.50	-	-	-	-	-	1,819.87	716.37
Factory Building									
- on Own premises	3,483.00	56.92	-	690.88	125.28	-	816.16	2,723.77	2,792.12
- on Lease hold Property	1,298.02	4.21	-	699.72	59.12	-	758.84	543.39	598.30
Plant & Equipment	23,704.96	4,085.10	30.29	12,945.59	1,926.82	-	14,856.03	12,903.74	10,759.37
Tools	4,097.10	542.75	39.59	536.62	216.20	-	738.62	3,861.64	3,560.48
Patterns, Match plates & Mould Box	369.13	78.18	-	71.17	50.84	-	122.01	325.30	297.96
Office Equipment	292.99	32.84	0.33	186.31	34.64	-	220.64	104.86	106.68
Furniture & Fixtures	173.18	20.26	-	135.06	6.15	-	141.21	52.23	38.12
Other-Computers	359.51	38.99	1.40	300.10	24.73	-	323.50	73.60	59.41
Vehicles	669.11	106.42	7.57	314.26	80.35	-	391.21	376.75	354.85
<b>Sub Total</b>	<b>35,163.37</b>	<b>6,069.17</b>	<b>79.18</b>	<b>15,879.71</b>	<b>2,524.13</b>	<b>-</b>	<b>35.62</b>	<b>18,368.22</b>	<b>19,283.66</b>
<b>Capital Work In Progress</b>	113.53	7,445.74	7,498.04					<b>61.23</b>	113.53

During the current year, ₹ Nil Interest Capitalized on Term loans.

### Capital Work in Progress ageing schedule

Particulars	As on 31 st March 2022				As on 31 st March 2021					
	Amount in CWIP for a period of				Amount in CWIP for a period of					
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	61.23	-	-	-	61.23	102.93	10.60	-	-	113.53
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>61.23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61.23</b>	<b>102.93</b>	<b>10.60</b>	<b>-</b>	<b>-</b>	<b>113.53</b>

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE : 2B INTANGIBLE ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01.04.2021	As at ADDITIONS 31.03.2022	As at ADJUSTMENTS 01.04.2021	As at FOR THE YEAR RESERVES	FOR ADJUSTMENTS 31.03.2022	As at 31.03.2022	As at 31.03.2022	As at 31.03.2021	As at 31.03.2021
Computer Software	768.54	61.08	-	583.63	68.43	-	652.06	177.56	184.91
Product Development Expenses	2,086.64	-	-	464.45	417.33	-	881.78	1,204.86	1,622.19
<b>Sub Total</b>	<b>2,855.18</b>	<b>61.08</b>	<b>-</b>	<b>1,048.08</b>	<b>485.76</b>	<b>-</b>	<b>1,533.84</b>	<b>1,382.42</b>	<b>1,807.10</b>
<b>NOTE: 2C RIGHT OF USE ASSETS</b>									
Land	227.69	-	-	35.76	17.88	-	53.64	174.05	191.93
Building	2,290.06	330.30	-	239.69	151.19	-	390.88	2,229.48	2,050.37
Plant and Machinery	5,442.02	1,367.80	-	351.17	626.65	-	977.82	5,832.00	5,090.85
Vehicles	106.78	9.07	-	27.38	23.90	-	51.28	64.57	79.40
<b>Subtotal</b>	<b>8,066.55</b>	<b>1,707.17</b>	<b>-</b>	<b>654.00</b>	<b>819.62</b>	<b>-</b>	<b>1,473.62</b>	<b>8,300.10</b>	<b>7,412.55</b>
<b>Grand Total</b>	<b>46,085.10</b>	<b>7,837.42</b>	<b>79.18</b>	<b>17,581.79</b>	<b>3,829.51</b>	<b>-</b>	<b>35.62</b>	<b>21,375.68</b>	<b>28,503.31</b>
Previous Year	39,982.45	9,317.41	3,214.76	15,252.33	3,038.68	-	709.22	17,581.79	24,730.12
<b>Note: 2D INVESTMENT PROPERTY*</b>									
<b>Investment Property</b>									
Land	0.49	-	-	-	-	-	-	0.49	0.49
Factory Building	452.55	-	-	191.04	58.18	-	249.22	203.33	261.51
<b>Sub Total</b>	<b>453.04</b>	<b>-</b>	<b>-</b>	<b>191.04</b>	<b>58.18</b>	<b>-</b>	<b>249.22</b>	<b>203.82</b>	<b>262.00</b>
<b>Total</b>	<b>453.04</b>	<b>-</b>	<b>-</b>	<b>191.04</b>	<b>58.18</b>	<b>-</b>	<b>249.22</b>	<b>203.82</b>	<b>262.00</b>

\* Fair Market Value ₹ 1,194.50 Lakhs as per valuation report given by registered independent valuer

\* Assets held for sale value nil (previous year ₹ 262 lakhs) has been transferred to Investment Property.

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 3A : INVESTMENTS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Investment with Pitti Castings Private Ltd (Unquoted)</b>		
<b>a. Equity Shares</b>	408.00	408.00
(40,80,000 equity shares at face value ₹ 10/- each, previous year 40,80,000) Presented as per Fair Market Value as per Ind AS Requirement		
<b>b. Redeemable Preferential shares</b>	1,233.00	1,233.00
(1,23,30,000 Preferential shares (non-cumulative non-participative redeemable) at face value ₹ 10/- each)		
<b>TOTAL</b>	<b>1,641.00</b>	<b>1,641.00</b>

### NOTE 3B : OTHER FINANCIAL ASSETS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Unsecured, considered good</b>		
Term Deposits with Financial Institutions	150.50	485.18
<b>Deposits:</b>		
Rent	28.53	16.92
With suppliers	10.86	2.92
<b>TOTAL</b>	<b>189.89</b>	<b>505.02</b>

### NOTE 4 : OTHER NON CURRENT ASSETS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Unsecured, considered good</b>		
Capital Advance for Fixed Assets	2,140.55	598.29
Prepaid Expenses - Rent Deposits	47.63	39.90
Gold Coins	1.49	1.49
<b>Deposits:</b>		
With government bodies	128.69	128.69
<b>TOTAL</b>	<b>2,318.36</b>	<b>768.37</b>

### NOTE 5 : INVENTORIES

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
(At lower of cost or Net realisable value)		
Raw material including Material in Transit	16,900.78	7,462.68
Work in process	4,597.69	2,072.74
Finished goods	3,609.12	4,237.20
Stores and spares	2,059.27	1,601.32
Scrap	61.85	348.15
<b>TOTAL</b>	<b>27,228.71</b>	<b>15,722.09</b>

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 6A : INVESTMENTS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Investment in Equity Shares</b>		
<b>I. Quoted</b>		
Development Credit Bank Ltd.	0.69	1.03
Face Value 1,000 Equity Shares of ₹ 10/- each Presented as per Fair Market Value as per Ind AS Requirement		
<b>II. Unquoted</b>		
Saraswat Co-operative Bank Ltd.	0.01	0.01
50 Equity Shares of ₹ 10/- each (Unquoted)		
S.V. Co-operative Bank Ltd	0.03	0.03
100 Equity Shares of ₹ 10/- each (Unquoted)		
<b>TOTAL</b>	<b>0.73</b>	<b>1.07</b>

### NOTE 6B : TRADE RECEIVABLES

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Trade Receivables considered good - Secured</b>	-	-
<b>Trade Receivables considered good - Un Secured</b>	20,497.61	17,264.30
Trade Receivables which have Significant increase in Credit Risk	(0.55)	(83.31)
Trade Receivables - Credit Impaired	(70.60)	(4.06)
<b>TOTAL</b>	<b>20,426.46</b>	<b>17,176.93</b>

#### Trade Receivables ageing schedule for the year ended 31 st March 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Amount not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables — considered good	18,066.78	2,341.29	17.06	0.36	0.90	71.23	20,497.61
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	(0.55)	(0.55)
(iii) Undisputed Trade Receivables — credit impaired	-	-	-	-	-	(70.60)	(70.60)
(iv) Disputed Trade Receivables — considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired	-	-	-	-	-	-	-
<b>Total</b> <b>{(i)-[(ii)-(iii)]} + {(iv)-[(v)-(vi)]}</b>							<b>20,426.46</b>

#### Trade Receivables aging schedule for the year ended 31 st March 2021

Particulars	Outstanding for following periods from due date of payment						Total
	Amount not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables — considered good	14,821.03	2,273.25	79.79	-	2.40	87.83	17,264.30
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	(83.31)	(83.31)
(iii) Undisputed Trade Receivables — credit impaired	-	-	-	-	-	(4.06)	(4.06)
(iv) Disputed Trade Receivables — considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired	-	-	-	-	-	-	-
<b>Total</b> <b>{(i)-[(ii)-(iii)]} + {(iv)-[(v)-(vi)]}</b>							<b>17,176.93</b>

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 6C : CASH AND CASH EQUIVALENTS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Cash on Hand	9.69	18.27
<b>Balances with banks</b>		
Current Accounts	753.09	3.81
EEFC Accounts	1.03	5.93
Unclaimed dividend account (Refer note a)	6.94	8.77
<b>Cash &amp; Cash equivalents</b>	<b>770.75</b>	<b>36.78</b>
<b>Other bank balances</b>		
Term Deposit Accounts (Refer note b)	2,733.49	857.63
<b>TOTAL</b>	<b>3,504.24</b>	<b>894.41</b>

#### Note:

- a) During the year an amount of ₹ 2.91 lakhs final dividend for the year 2013-14 & ₹ 2.14 lakhs interim dividend for the year 2014-15 was transferred to Investor Education and Protection Fund (IEPF) (previous year ₹ 2.85 lakhs for the year 2012-13)
- b) Term Deposits are held as Margins for LC/BGs

### NOTE 6D : OTHER FINANCIAL ASSETS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Interest accrued on Deposits	65.18	38.08
Earnest Money Deposit Amount	22.58	1.18
<b>TOTAL</b>	<b>87.76</b>	<b>39.26</b>

### NOTE 7 : OTHER CURRENT ASSETS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>(Unsecured and considered good)</b>		
<b>Advances to:</b>		
Material suppliers/contractors	778.51	584.03
Central excise, Sales tax, GST etc.,	3,101.34	1,510.09
Export Incentive Receivables	175.53	205.01
State Industrial Promotion Subsidy receivables	2,876.27	1,824.81
Income Tax and other taxes	233.01	47.37
Employees	2.26	1.54
Prepaid expenses	360.10	323.44
<b>TOTAL</b>	<b>7,527.02</b>	<b>4,496.29</b>

### NOTE 8 : EQUITY SHARE CAPITAL

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Authorised Capital</b>		
6,00,00,000 (Previous Year 6,00,00,000) Equity Shares of ₹ 5/- each	3,000.00	3,000.00
<b>TOTAL</b>	<b>3,000.00</b>	<b>3,000.00</b>
<b>Issued, Subscribed and Paid up</b>		
3,20,50,067 (Previous year 3,20,50,067) Equity shares of ₹ 5/- each	1,602.50	1,602.50
8,300 (Previous year 8,300) Equity Shares forfeited of ₹ 5/- each	0.42	0.42
<b>TOTAL</b>	<b>1,602.92</b>	<b>1,602.92</b>

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 8 : EQUITY SHARE CAPITAL (Contd..)

#### Notes

#### (a) Reconciliation of equity shares

Particulars	As at 31.03.2022		As at 31.03.2021	
	No. of Shares	₹ in lakhs	No. of Shares	₹ in lakhs
Issued, subscribed and paid-up capital				
At the beginning of the period	3,20,50,067	1,602.50	3,20,50,067	1,602.50
Issued during the period	-	-	-	-
<b>At the closing of the period</b>	<b>3,20,50,067</b>	<b>1,602.50</b>	<b>3,20,50,067</b>	<b>1,602.50</b>

#### (b) 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 shareholders 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 their share holding.

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

Name	As at 31.03.2022		As at 31.03.2021	
	No. of shares	% of Total Shares	No. of shares	% of Total Shares
Shri Sharad B Pitti	43,49,926	13.57	43,49,926	13.57
Shri Akshay S Pitti	42,28,414	13.19	42,28,414	13.19
Smt Madhuri S Pitti	17,58,620	5.49	17,58,620	5.49
Pitti Electrical Equipment Pvt Ltd	86,46,667	26.98	86,46,667	26.98

#### (d) Shares held by promoters at the end of the year

Name	As at 31.03.2022		As at 31.03.2021		% Change during the year
	No. of shares	% of total shares	No. of shares	% of total shares	
Shri Sharad B Pitti	43,49,926	13.57	43,49,926	13.57	-
Shri Akshay S Pitti	42,28,414	13.19	42,28,414	13.19	-
Smt Madhuri S Pitti*	17,58,620	5.49	17,58,620	5.49	-
Pitti Electrical Equipment Pvt Ltd*	86,46,667	26.98	86,46,667	26.98	-
Sharad B Pitti HUF*	17,000	0.06	17,000	0.06	-

\* Promoter Group

### NOTE 9 : OTHER EQUITY

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Securities Premium</b>		
At the beginning of the year	8,106.46	8,106.46
Add: during the period	-	-
<b>At the closing of the period</b>	<b>8,106.46</b>	<b>8,106.46</b>
<b>General Reserve</b>		
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	-	-
<b>At the closing of the period</b>	<b>750.48</b>	<b>750.48</b>



## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### Note 9 : OTHER EQUITY (Contd..)

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Retained Earnings</b>		
At the beginning of the year	13,051.83	10,176.22
Add : Profit/(Loss) for the period	5,186.31	2,875.61
Less : Interim dividend on equity shares during the year	(376.59)	-
Less : Transferred to general reserve during the year	-	-
<b>At the closing of the period</b>	<b>17,861.55</b>	<b>13,051.83</b>
<b>Items of Other Comprehensive Income</b>		
Remeasurement of the net defined benefit (liability)/assets	163.43	160.50
Change in fair value of current investment	(93.24)	(92.91)
<b>Net Surplus in the Statement of Profit and Loss</b>	<b>70.19</b>	<b>67.59</b>
<b>TOTAL</b>	<b>26,788.68</b>	<b>21,976.36</b>

### NOTE 10A : BORROWINGS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>A. Secured Loans</b>		
Term Loans from Banks (Refer Note a)	8,447.13	1,248.25
Term Loans from others (Refer Note b)	-	1,211.84
<b>Sub total</b>	<b>8,447.13</b>	<b>2,460.09</b>
<b>Vehicle Loans</b>		
From Lenders (Refer Note c)	61.71	87.33
<b>Sub total</b>	<b>61.71</b>	<b>87.33</b>
<b>Total - A</b>	<b>8,508.84</b>	<b>2,547.42</b>
<b>B. Unsecured loans</b>		
From related parties (Refer Note d)	2,510.00	2,510.00
<b>Total - B</b>	<b>2,510.00</b>	<b>2,510.00</b>
<b>TOTAL - (A+B)</b>	<b>11,018.84</b>	<b>5,057.42</b>

#### Terms and conditions of loans and security

##### (a) Term Loans from Banks

	₹ in lakhs					
Secured Loans	Long Term		Term loan instalments due less than 12 months		Repayment Terms	Security
	Outstanding Amount as at 31st March 2022	Outstanding Amount as at 31st March 2021	Outstanding Amount as at 31st March 2022	Outstanding Amount as at 31st March 2021		
Term Loans	4,312.18	752.83	2,136.67	1,032.05	Monthly/Quarterly instalments payable over remaining period of 1 to 5 years.	Notes 1
WCTL/GECL	4,134.95	495.42	884.01	334.58	Monthly instalments payable over remaining period of 6 years	Notes 2
<b>Total - (a)</b>	<b>8,447.13</b>	<b>1,248.25</b>	<b>3,020.68</b>	<b>1,366.63</b>		

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 10 A : BORROWINGS (Contd..)

#### (b) Term Loans from Others

	₹ in lakhs					
Secured Loans	Long Term		Term loan instalments due less than 12 months		Repayment Terms	Security
	Outstanding Amount as at 31st March 2022	Outstanding Amount as at 31st March 2021	Outstanding Amount as at 31st March 2022	Outstanding Amount as at 31st March 2021		
Term Loans	-	909.01	-	376.73		
WCTL/GECL	-	302.83	-	13.17	NA	NA
<b>Total - (b)</b>	<b>-</b>	<b>1,211.84</b>	<b>-</b>	<b>389.90</b>		
<b>Total - (a+b)</b>	<b>8,447.13</b>	<b>2,460.09</b>	<b>3,020.68</b>	<b>1,756.53</b>		

(c) Vehicle loans are secured by hypothecation of vehicles funded by respective lenders. Vehicle loans are repayable in monthly instalments till February 2026

(d) Unsecured loans ₹ 2,510 lakhs (previous year ₹2,510 lakhs) brought in by the promoters and promoters group as subordinate debt to the secured debt.

#### Notes :

- 1) Pari passu 1st charge on present and future Fixed Assets of the Company and pari passu 2nd charge on present and future Current Assets of the Company. Further all loans are guaranteed by the promoters of the company. Further, SBI is having exclusive charge on immovable properties of Promoters and pledge of 19,44,530 shares of Promoters holding. Term loans carry interest rate in the range of 8.80% to 11.70% p.a.
- 2) WCTL/GECL loans are secured by Pari Passu 2nd charge on present and future Fixed Assets and Current Assets of the Company and 2nd Pari Passu charge on 19,44,530 pledge of shares along with other working capital lenders in consortium and these are repayable at an interest rate range from 7.95% to 9.25%

### NOTE 10B : LEASE LIABILITY

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Lease Liability	5,291.10	5,166.63
<b>TOTAL</b>	<b>5,291.10</b>	<b>5,166.63</b>

### NOTE 11 : PROVISIONS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Provision for Gratuity	163.20	211.63
Provision for Leave encashment	127.16	29.71
Provision for Dismantling of PPE	489.92	443.68
<b>TOTAL</b>	<b>780.28</b>	<b>685.02</b>

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

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
At the beginning of the year	1,007.34	1,106.88
Provision for the year	(95.04)	(99.54)
<b>Closing balance</b>	<b>912.30</b>	<b>1,007.34</b>

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 13A : BORROWINGS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Working capital borrowings from Banks (Secured) (Refer Note (a))	16,956.94	17,003.72
Current maturities of Long term borrowings: (Refer Note (b))		
Term loans	3,020.68	1,756.53
Vehicle loans	21.33	71.57
Inter Corporate Deposit	1,425.00	1,475.00
<b>TOTAL</b>	<b>21,423.95</b>	<b>20,306.82</b>

#### Note:

(a) Working capital facilities are availed at interest rate ranging from 7.20% p.a. to 9.75% p.a. which are secured on a pari paasu first charge basis against hypothecation of Inventory (stocks), Trade Receivables and all other current assets both present and future, pari passu second charge on movable and immovable properties of the Company both present and future, pledge of 19,44,530 shares owned by Promoters and secured by way of personal guarantee of the Promoters of the Company.

(b) Refer Note 10A

### NOTE 13B : TRADE PAYABLES

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Dues to micro enterprises and small enterprises (Refer Note 25.17)*	131.73	249.78
Dues to others	21,889.97	10,278.96
<b>TOTAL</b>	<b>22,021.70</b>	<b>10,528.74</b>

#### 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.

\* The amount mentioned is principal only.

#### Trade Payables aging schedule for year ended 31 st March 2022

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) Undisputed dues - MSME	131.73	-	-	-	-	131.73
(ii) Undisputed dues - Others	20,418.12	1,416.21	37.84	0.15	17.65	21,889.97
(iii) Disputed dues — MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>20,549.85</b>	<b>1,416.21</b>	<b>37.84</b>	<b>0.15</b>	<b>17.65</b>	<b>22,021.70</b>

#### Trade Payables aging schedule for year ended 31 st March 2021

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) Undisputed dues - MSME	249.78	-	-	-	-	249.78
(ii) Undisputed dues - Others	8,729.86	1,530.92	-	-	18.18	10,278.96
(iii) Disputed dues — MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
<b>Total</b>	<b>8,979.64</b>	<b>1,530.92</b>	<b>-</b>	<b>-</b>	<b>18.18</b>	<b>10,528.74</b>

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 13C : OTHER FINANCIAL LIABILITIES

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Unclaimed Dividend	6.94	8.77
Interest accrued*	106.46	68.00
Others	738.70	450.45
<b>TOTAL</b>	<b>852.10</b>	<b>527.22</b>

\*There is no interest payable to MSME vendors during the current or previous year

### NOTE 13D : LEASE LIABILITY

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Lease Liability	1,542.56	1,227.80
<b>TOTAL</b>	<b>1,542.56</b>	<b>1,227.80</b>

### NOTE 14 : OTHER CURRENT LIABILITIES

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Advances from Customers	1,315.57	189.88
Other Liabilities	166.42	139.07
<b>TOTAL</b>	<b>1,481.99</b>	<b>328.95</b>

### NOTE 15 : PROVISIONS

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
<b>Provision for employee benefits :</b>		
Provision for Gratuity	74.80	5.34
Provision for Bonus	279.76	216.62
Provision for Leave encashment	22.34	96.75
<b>TOTAL</b>	<b>376.90</b>	<b>318.71</b>

### NOTE 16 : INCOME TAX LIABILITIES (NET)

	₹ in lakhs	
	As at 31.03.2022	As at 31.03.2021
Provision for taxation (net)	1,563.21	1,003.99
<b>TOTAL</b>	<b>1,563.21</b>	<b>1,003.99</b>

### NOTE 17A : REVENUE FROM OPERATIONS

	₹ in lakhs	
	For the Year ended 31.03.2022	For the Year ended 31.03.2021
<b>Sales &amp; Services:</b>		
Sale of Products	93,326.70	50,833.61
Sale of Scrap	13,110.11	5,137.79
Sale of Tools	414.71	312.83
Job work & Service Income	548.47	634.33

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 17A : REVENUE FROM OPERATIONS (Contd..)

	₹ in lakhs	
	For the Year ended 31.03.2022	For the Year ended 31.03.2021
<b>Gross Sales &amp; Services (inclusive of GST)</b>	<b>1,07,399.99</b>	<b>56,918.56</b>
Less : GST	(11,672.23)	(5,481.18)
<b>Net Sales &amp; Services</b>	<b>95,727.76</b>	<b>51,437.38</b>
Sale of Products	83,768.73	46,251.43
Sale of Scrap	11,111.41	4,354.59
Sale of Tools	358.01	265.11
Job work & Service Income	489.61	566.25
<b>Net Sales &amp; Services</b>	<b>95,727.76</b>	<b>51,437.38</b>
Less : Discounts to Customers	(732.44)	(338.19)
<b>Revenue from Sales &amp; Services (A)</b>	<b>94,995.32</b>	<b>51,099.19</b>

### NOTE 17B : OTHER OPERATING REVENUE

	₹ in lakhs	
	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Export incentives and others	387.06	717.52
<b>Total (B)</b>	<b>387.06</b>	<b>717.52</b>
<b>Total Revenue from Operations (A+B)</b>	<b>95,382.38</b>	<b>51,816.71</b>

### NOTE 18 : OTHER INCOME

	₹ in lakhs	
	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Interest on Deposits	96.39	80.43
Profit on Sale of Asset	30.14	-
Industrial Incentive	1,051.46	1,653.70
Other Misc. Receipts	464.56	315.10
Dividend Income	0.00	0.00
<b>TOTAL</b>	<b>1,642.55</b>	<b>2,049.23</b>

### NOTE 19 : COST OF MATERIAL CONSUMED

	₹ in lakhs	
	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Opening stock	7,462.68	5,965.25
Add: Purchases	78,863.61	36,190.50
Less: Closing stock including Material in Transit	(16,900.78)	(7,462.68)
<b>Consumption</b>	<b>69,425.51</b>	<b>34,693.07</b>

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

	₹ in lakhs	
	For the Year ended 31.03.2022	For the Year ended 31.03.2021
<b>A. Opening stocks:</b>		
Work-in-process	2,072.74	2,040.09
Finished goods	4,237.20	3,361.63
Scrap	348.15	90.37
<b>Total - A</b>	<b>6,658.09</b>	<b>5,492.09</b>

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

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

	₹ in lakhs	
	For the Year ended 31.03.2022	For the Year ended 31.03.2021
<b>B. Closing stocks:</b>		
Work-in-process	4,597.69	2,072.74
Finished goods	3,609.12	4,237.20
Scrap	61.85	348.15
<b>Total - B</b>	<b>8,268.66</b>	<b>6,658.09</b>
<b>C. (Increase)/Decrease in stocks (A-B)</b>	<b>(1,610.57)</b>	<b>(1,166.00)</b>

### Note 21 : EMPLOYEE BENEFIT EXPENSE

	₹ in lakhs	
	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Employees remuneration and benefits	6,951.37	4,877.78
Employees settlement expenses	-	19.05
Contribution to PF/ESI *	346.89	259.02
Gratuity Expenses *	73.96	47.84
Remuneration to Directors	192.72	192.83
Staff welfare expenses	282.17	213.12
<b>TOTAL</b>	<b>7,847.11</b>	<b>5,609.64</b>

\* Refer note no. 25.3

### Note 22 : FINANCE COSTS

	₹ in lakhs	
	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Interest on Term Loans	1,267.52	505.93
Interest on Working Capital	1,239.07	1,550.70
Interest as per Ind AS	423.92	378.49
Interest on Income Tax	94.69	67.07
Bank Charges	900.73	426.07
Forex Loss	34.57	32.55
<b>TOTAL</b>	<b>3,960.50</b>	<b>2,960.81</b>

\*Interest capitalized during the FY 2021-22 is NIL (Previous year ₹ 2.49 lakhs)

### Note 23 : OTHER EXPENSES

	₹ in lakhs	
	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Consumption of Stores, Spares, Tools & Dies	1,739.80	1,128.05
Power & fuel	793.08	620.34
<b>Repairs &amp; Maintenance :</b>		
Plant	62.21	31.05
Building	13.88	4.14
Vehicles	13.35	11.56
Other Assets	132.95	106.96
Loss on Sale/Scrap of Fixed Assets	-	159.93
Credit Risk Impaired	70.60	4.06
Credit Risk Allowance	(61.11)	2.52



## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### Note 23 : OTHER EXPENSES (Contd..)

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Other selling & Distribution expenses	461.19	396.33
Packing Cost	1,013.94	739.88
Carriage outwards	509.04	327.71
Travelling & Conveyance	304.45	282.23
Insurance	235.06	140.72
Rent	1.20	3.18
Rates & Taxes ( Excluding Taxes on Income )	90.95	94.86
Director's Sitting Fees	21.25	19.50
Forex loss on Export Receivables and Imports Payables	58.22	-
<b>Remuneration to auditors :</b>		
Audit Fee	25.66	24.45
Tax Audit Fee	5.25	5.00
Certification Fee /Taxation matter	10.04	4.81
Communication Expenses	40.92	36.37
Professional consultancy	459.40	387.43
CSR Expenses	138.86	50.15
Miscellaneous Expenses	317.89	294.23
<b>TOTAL</b>	<b>6,458.08</b>	<b>4,875.46</b>

### NOTE 24 : TAX EXPENSES

₹ in lakhs

	For the Year ended 31.03.2022	For the Year ended 31.03.2021
Current tax	1,955.15	1,098.34
Taxes on Earlier Years	10.20	(20.13)
Deferred (credit)/expenses	(95.04)	(99.54)
<b>TOTAL</b>	<b>1,870.31</b>	<b>978.67</b>

### NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS

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

Particulars	For the Year 2021 – 22	For the Year 2020 – 21
<b>Earnings</b>		
Profit for the period (₹ in lakhs)	5,186.31	2,875.61
<b>Shares</b>		
Number of shares at the beginning of the period	3,20,50,067	3,20,50,067
Add: Shares issued during the period	-	-
Total number of equity shares outstanding at the end of the period	3,20,50,067	3,20,50,067
Weighted average number of equity shares outstanding during the period	3,20,50,067	3,20,50,067
<b>Earnings per share of par value ₹ 5/- Basic (₹)</b>	<b>16.18</b>	<b>8.97</b>
<b>Earnings per share of par value ₹ 5/- Diluted (₹)</b>	<b>16.18</b>	<b>8.97</b>

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

#### 25.2 Contingent Liabilities & Commitment

₹ in lakhs

Particulars	As at 31.03.2022	As at 31.03.2021
<b>(a) Contingent Liabilities-Claims against the Company not acknowledged as debts:</b>		
(i) Service Tax liability for which appeals preferred by the Company is pending with CESTAT, Bangalore for the FY 2008-09 to 2011-12 up to December, 2011.	68.55*	68.55*
(ii) Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax, Hyderabad for the AY 2017-18.	923.08*	923.08*
(iii) Income Tax liability for which appeal preferred by the Company is pending with Commissioner of Income Tax, Hyderabad for the AY 2018-19.	5.14*	5.14*
<b>(b) Commitments</b>		
(i) Bank guarantees	1,401.43	1,154.69
(ii) Estimated amount of liability on account of Capital Commitments	3,181.55	1,889.03

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

#### 25.3. Employee Benefit Plans

As per Indian Accounting Standard 19 – “Employee Benefits”, the disclosures as defined are given below :

##### A) Defined Benefit Plan

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

Assumptions	Gratuity Plan		Leave Encashment Plan	
	2021-22	2020-21	2021-22	2020-21
Discount Rate	7.16%	6.80%	7.16%	6.80 %
Rate of increase in Compensation levels	2%p.a.	2% p.a.	2% p.a.	2% p.a.
Rate of Return on Plan Assets	7.16%	6.80%	0%	0%
Expected Average remaining working lives of employees (years)	25 yrs	25 yrs	25 yrs	25 yrs

Changes in Present Value of Obligations	Gratuity Plan		Leave Encashment Plan	
	2021-22	2020-21	2021-22	2020-21
Present Value of Obligation as at the beginning of the year	430.82	305.98	126.46	89.24
Interest Cost	28.51	20.81	7.59	5.48
Current Service Cost	45.45	41.54	36.83	37.22
Benefits paid	(23.14)	(7.08)	(29.56)	(17.37)
Actuarial (gain)/ loss on obligations	0.71	69.57	8.17	11.89
Present Value of Obligation as at the end of the year	482.35	430.82	149.50	126.46
<b>Amount to be recognized in Balance Sheet</b>				
Present Value of Obligation as at the end of the year	482.35	430.82	149.50	126.46
Fair Value of Plan Assets as at the end of the year	244.35	213.85	-	-
Funded Status	(238.00)	(216.97)	(149.50)	(126.46)
Net Asset / (Liability) Recognized in Balance Sheet	(238.00)	(216.97)	(149.50)	(126.46)
<b>Expenses Recognized in the Statement of Profit and Loss</b>				
Current Service Cost	45.45	41.54	36.83	37.22
Past Service Cost	-	-	-	-
Interest Cost	28.51	20.81	7.59	5.48
Expected Return on Plan Assets	(3.64)	(7.59)	-	-
Net actuarial (gain)/ loss recognized in the year	0.71	69.57	8.17	11.89
Expenses Recognized in the Statement of Profit & Loss	71.03	124.33	52.60	54.58

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

#### Sensitivity Analysis – Gratuity Plan

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

₹ in lakhs

Particulars	Gratuity Plan			
	As at 31.03.2022		As at 31.03.2021	
	Decrease	Increase	Decrease	Increase
Change in Rate of discount (Delta effect of +/-1%)	525.85	444.85	472.08	395.47
Change in Rate of Salary Growth (Delta effect of +/-1%)	436.86	535.66	387.64	480.89
Change in Rate of Attrition (Delta effect of +/-1%)	446.54	514.22	397.34	460.89
Change in Mortality Rate (Delta effect of +/-10%)	481.45	483.25	430.01	431.62

#### Sensitivity Analysis – Leave Encashment Plan

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

₹ in lakhs

Particulars	Leave Encashment Plan			
	As at 31.03.2022		As at 31.03.2021	
	Decrease	Increase	Decrease	Increase
Change in Rate of discount (Delta effect of +/-1%)	166.02	135.68	141.14	114.23
Change in Rate of Salary Growth (Delta effect of +/-1%)	130.11	173.26	109.43	147.39
Change in Rate of Attrition (Delta effect of +/-1%)	131.11	165.64	110.86	140.25
Change in Mortality Rate (Delta effect of +/-10%)	149.13	149.87	126.15	126.77

#### B) Defined Contribution Plan

Contribution to Defined Contribution plan, recognized as expense for the year is as under:

₹ in lakhs

Description	2021-22	2020-21
Employer Contribution to ESI	37.31	29.85
Employer Contribution to PF	280.73	206.95
Employer Contribution to pension scheme	28.49	21.94
Labor welfare fund	0.36	0.28
<b>Total</b>	<b>346.89</b>	<b>259.02</b>

#### 25.4. Details of consumption of Raw Material

₹ in lakhs

Description	For the Year 2021-22	For the Year 2020-21
Imported	10,740.31	5,385.55
Indigenous	58,685.20	29,307.52
<b>TOTAL</b>	<b>69,425.51</b>	<b>34,693.07</b>

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

#### 25.5. Stock and Turnover of Manufactured and Traded goods

₹ in lakhs

Description	For the Year 2021-22			For the Year 2020-21		
	Turnover	Closing Inventory (FG)	Opening Inventory (FG)	Turnover	Closing Inventory (FG)	Opening Inventory (FG)
Sale of Products	94,505.71	3,609.12	4,237.20	50,532.94	4,237.20	3,361.63
Sale of Services	489.61	-	-	566.25	-	-
<b>TOTAL</b>	<b>94,995.32</b>	<b>3,609.12</b>	<b>4,237.20</b>	<b>51,099.19</b>	<b>4,237.20</b>	<b>3,361.63</b>

#### 25.6. Stock of Work in process

₹ in lakhs

Description	As at 2021-22	As at 2020-21
Work/Material in process	4,597.69	2,072.74
<b>TOTAL</b>	<b>4,597.69</b>	<b>2,072.24</b>

#### 25.7. CIF Value of Imports

₹ in lakhs

Particulars	For the Year 2021-22	For the Year 2020-21
Capital goods	3,122.48	3,187.00
Raw Materials	12,726.01	6,121.74
Stores and Spares	147.70	59.39
<b>TOTAL</b>	<b>15,996.19</b>	<b>9,368.13</b>

#### 25.8. Earnings in Foreign Currency

₹ in lakhs

Particulars	For the Year 2021-22	For the Year 2020-21
FOB value of Exports	26,480.31	20,026.59

#### 25.9. Expenditure in Foreign Currency

₹ in lakhs

Particulars	For the Year 2021-22	For the Year 2020-21
Travelling and others	210.07	197.82
<b>Total</b>	<b>210.07</b>	<b>197.82</b>

#### 25.10. Disclosure as per Section 186 of the Companies Act, 2013

The details of loans, guarantees and investments under Section 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

- Details of investment made are given in Note 3A & 25.13
- There are no guarantees issued by your Group in accordance with section 186 of the Companies Act, 2013 read with rules issued there under

#### 25.11. Segment Reporting

Segments are identified in line with Indian Accounting Standards (Ind AS) 108 "Operating Segments", taking into consideration the internal organization and management structure.

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

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

The operating segment of the Group is identified to be manufacturing of "Engineering Products of Iron and Steel" and the CODM reviews business performance at an overall Group level as one segment. Hence no separate disclosure is provided.

Information by Geographies:

In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of assets.

#### a) Revenue from External Customers:

Sl. No	Segment Revenue	₹ in lakhs	
		For the Year 2021-22	For the Year 2020-21
a)	India	67,412.97	33,802.38
b)	Outside India	29,611.96	20,063.56
	<b>TOTAL</b>	<b>97,024.93</b>	<b>53,865.94</b>

#### b) Assets

Segment Assets	₹ in lakhs	
	Carrying amount of assets	
	As at 31.03.2022	As at 31.03.2021
India	83,080.53	61,888.73
Outside India	12,576.36	8,234.55
<b>TOTAL</b>	<b>95,656.89</b>	<b>70,123.28</b>

#### c) Revenue from Major Customers:

Details of single external customer from whom the Company receives more than 10% of the revenue:

Revenue from four customers of the Company, having more than 10% of the total revenue aggregating to ₹ 39,234.15 lakhs (previous year ₹ 27,593.95 lakhs).

### 25.12. Fair values hierarchy

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

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

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

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

Particulars	₹ in lakhs			
	Fair value hierarchy			
	Total	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3
<b>31-March-22</b>				
<b>Financial Asset</b>				
Investment in equity instruments	1,641.73	0.69	1,641.04	-
Security Deposits	39.39	-	-	39.39
<b>Financial Liability</b>				
Borrowings	32,442.79	-	-	32,442.79
<b>Total</b>	<b>34,123.91</b>	<b>0.69</b>	<b>-</b>	<b>32,482.18</b>
<b>31-March-21</b>				
<b>Financial Asset</b>				
Investment in equity instruments	1,642.07	1.03	1,641.04	-
Security Deposits	16.92	-	-	16.92
<b>Financial Liability</b>				
Borrowings	25,364.24	-	-	25,364.24
<b>Total</b>	<b>27,023.23</b>	<b>1.03</b>	<b>1,641.04</b>	<b>25,381.16</b>

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

#### 25.13 Related party disclosures

##### I) List of Related parties

###### Wholly Owned Subsidiary

- (i) Pitti Rail and Engineering Components Limited

###### Directors

- (i) Shri Sharad B Pitti\*  
(ii) Shri Akshay S Pitti\*  
(iii) Shri N.R. Ganti  
(iv) Shri G. Vijaya Kumar#  
(v) Shri M. Gopalakrishna  
(vi) Ms. Gayathri Ramachandran  
(vii) Shri S. Thiagarajan

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

- (i) Smt Madhuri S Pitti  
(ii) Smt Radhika A Pitti  
(iii) Sharad B Pitti (HUF)

###### Key Managerial Personnel

- (i) Shri N. K. Khandelwal (till 13.04.2022)  
(ii) Ms. Mary Monica Braganza

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

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

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

Badrivishal Pannalal Pitti Trust

#### A. Transactions/balances outstanding with related parties:

##### For the Financial Year 2021-22

Sl. No	Transactions / Outstanding balances	Directors/ Relatives	Director's interest in Group/Entities	Key Managerial Personnel	₹ in lakhs
					Total
1	Remuneration	212.81	-	108.92	321.73
2	Rent / Lease Expenses	283.20	-	-	283.20
3	Rent / Lease Income	-	1.58	-	1.58
4	Purchases of goods & services	-	9,808.12	-	9,808.12
5	Sales of goods & services	-	1,191.87	-	1,191.87
6	Unsecured Loan - received	2,730.00	-	-	2,730.00
7	Unsecured Loan – repaid	2,730.00	-	-	2,730.00
8	Inter Corporate Deposits – received	-	70.00	-	70.00



## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

₹ in lakhs

Sl. No	Transactions / Outstanding balances	Directors/ Relatives	Director's interest in Group/Entities	Key Managerial Personnel	Total
9	Inter Corporate Deposits – repaid	-	70.00	-	70.00
10	Interest paid	308.20	0.08	-	308.28
11	Dividend paid	121.66	101.60	0.82	224.08
12	Amount payable at the year end	2,558.59	1,932.21	5.81	4,496.61
13	Amount receivable at the year end	60.23	283.65	-	343.88
14	Investments at the year end	-	1,641.00	-	1,641.00

#### For the Financial Year 2020-21

₹ in lakhs

Sl. No	Transactions / Outstanding balances	Directors/ Relatives	Director's interest in Group/Entities	Key Managerial Personnel	Total
1	Remuneration	207.87	-	99.77	307.64
2	Rent / Lease Expenses	268.53	-	-	268.53
3	Rent / Lease Income	-	1.50	-	1.50
4	Purchases of goods & services	-	8,982.47	-	8,982.47
5	Sales of goods & services	-	565.61	-	565.61
6	Unsecured Loan - received	3,660.00	-	-	3,660.00
7	Unsecured Loan – repaid	1,150.00	-	-	1,150.00
8	Inter Corporate Deposits – received	-	1,150.00	-	1,150.00
9	Inter Corporate Deposits – repaid	-	2,150.00	-	2,150.00
10	Donations for CSR	-	50.15	-	50.15
11	Interest paid	-	161.02	-	161.02
12	Amount payable at the year end	2,554.21	144.30	7.78	2,706.29
13	Amount receivable at the year end	60.23	519.88	-	580.11
14	Investments at the year end	-	1,641.00	-	1,641.00

### B. Disclosure pursuant to regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

#### Transaction with Promoter / Promoter Group holding more than 10% of equity share capital of the Company

₹ in lakhs

Sl. No.	Particulars	For the Year 2021-22	For the Year 2020-21
<b>1</b>	<b>Shri Sharad B Pitti</b>		
-	Remuneration	98.78	96.93
-	Lease Rental	97.90	92.05
-	Interest on Unsecured Loans	-	2.56
-	Dividend	51.11	-
-	Unsecured Loans Received	-	175.00
-	Unsecured Loans Repaid	-	175.00
-	Amount Payable at the year end	15.70	13.48
-	Amount Receivable at the year end (Rent deposit)	20.21	20.21
<b>2</b>	<b>Shri Akshay S Pitti</b>		
-	Remuneration	98.78	95.90
-	Dividend	49.68	-
-	Interest on Unsecured Loans	308.20	58.58
-	Unsecured Loans Received	2,730.00	3,485.00
-	Unsecured Loans Repaid	2,730.00	975.00
-	Amount Payable at the year end	2,514.66	2,512.46

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

₹ in lakhs

Sl. No.	Particulars	For the Year 2021-22	For the Year 2020-21
<b>3</b>	<b>Pitti Electrical Equipment Pvt Ltd</b>		
-	Interest on Inter Corporate Deposits	0.08	80.15
-	Purchase of Goods	38.48	638.86
-	Dividend	101.60	-
-	Inter Corporate Deposits Received	70.00	-
-	Inter Corporate Deposits Repaid	70.00	1,000.00
-	Amount Payable at the year end	-	112.72

#### 25.14. Deferred Tax

₹ in lakhs

Sl. No	Particulars	Deferred Tax (Liability)/ Asset as at 01.04.2021	Current Year charge (Debit)/ Credit	Deferred Tax (Liability)/ Asset as at 31.03.2022
1	Difference between Depreciation as per Co's Act. & as per IT Act.	(1,954.73)	(3.86)	(1,958.59)
2	Others	947.39	98.90	1,046.29
	<b>Deferred Tax Net</b>	<b>(1,007.34)</b>	<b>95.04</b>	<b>(912.30)</b>

**25.15.** The Group has provided for cess as specified in section 441 A of the Companies Act, 1956 and in the absence of any notification by the Central Govt. the Group could not deposit the same with the appropriate authority.

**25.16.** The assessment for impairment of assets has taken place at the end of reporting period as per guidelines laid down in Ind AS 36, 'Impairment of assets'. For the assets having recoverable amount less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the resulting impairment loss is recognised in profit or loss.

#### 25.17. Micro, Small and Medium Enterprises Development Act, 2006

Disclosure required as per section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act) is given below:

₹ in lakhs

Sl. No.	Particulars	Year 2021-22	Year 2020-21
1	Principal amounts due to suppliers under MSMED	131.73	249.78
2	Interest accrued and due to suppliers covered under MSMED on the above amount, unpaid	-	-
3	Payment made to suppliers (with Interest) beyond the appointed day during the year.	-	-
4	Interest paid to suppliers covered under MSMED	-	-
5	Interest due & Payable to suppliers covered under MSMED Act., towards payments already made.	-	-

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

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

25.18. Additional Information as required by paragraph 2 of the general Instructions for preparation of consolidated Statements to Schedule III to the companies Act, 2013

₹ in lakhs

Particulars	As at 31st March 2022		Year Ended 31st March 2022					
	Net Assets i.e Total Assets minus Total Liabilities		Share in Profit or Loss		Share in other comprehensive income		Share of total comprehensive income	
	As a % of Consoli-dated net assets	Amount	As a % of Consoli-dated profit or Loss	Amount	As a % of other compre- hensive income	Amount	As a % of total compre- hensive income	Amount
Parent	100%	28,398.06	100%	5,190.55	100%	2.60	100%	5,193.15
Pitti Engineering Limited								
Subsidiary								
Pitti Rail & Engineering Components Limited	0%	(0.37)	100%	(3.15)	-	-	100%	(3.15)
Total Elimination	0%	5.00	-	-	-	-	-	-
<b>Total</b>	<b>100%</b>	<b>28,392.69</b>	<b>100%</b>	<b>5,187.40</b>	<b>100%</b>	<b>2.60</b>	<b>100%</b>	<b>5,190.00</b>

₹ in lakhs

Particulars	As at 31st March 2021		Year Ended 31st March 2021					
	Net Assets i.e Total Assets minus Total Liabilities		Share in Profit or Loss		Share in other comprehensive income		Share of total comprehensive income	
	As a % of Consoli-dated net assets	Amount	As a % of Consoli-dated profit or Loss	Amount	As a % of other compre- hensive income	Amount	As a % of total compre- hensive income	Amount
Parent	100%	23,581.50	100%	2,877.84	100%	(76.40)	100%	2,801.44
Pitti Engineering Limited								
Subsidiary								
Pitti Rail & Engineering Components Limited	0%	2.78	0%	(2.23)	0%	-	0%	(2.23)
Total Elimination	0%	5.00	0%	-	0%	-	0%	-
<b>Total</b>	<b>100%</b>	<b>23,579.28</b>	<b>100%</b>	<b>2,875.61</b>	<b>100%</b>	<b>(76.40)</b>	<b>100%</b>	<b>2,799.21</b>

### 25.19. Right of Use of Assets

For the Financial Year 2021-22

₹ in lakhs

Particulars	Category of ROU Assets						Total
	Land	Building	Plant & Machinery	Vehicles	Computers		
Balance as on 1st April 2021	191.93	2,050.37	5,090.85	79.40	-	-	7,412.55
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-	-
Additions/Adjustments	-	330.30	1,367.80	9.07	-	-	1,707.17
Deletions/Adjustments	-	-	-	-	-	-	-
Depreciation	17.88	151.19	626.65	23.90	-	-	819.62
<b>Balance as on 31st March 2022</b>	<b>174.05</b>	<b>2,229.48</b>	<b>5,832.00</b>	<b>64.57</b>	<b>-</b>	<b>-</b>	<b>8,300.10</b>

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

For the Financial Year 2020-21

₹ in lakhs

Particulars	Category of ROU Assets					Total
	Land	Building	Plant & Machinery	Vehicles	Computers	
Balance as on 1st April 2020	209.81	2,152.55	-	41.51	19.20	2,423.07
Reclassified on account of adoption of Ind AS 116	-	-	-	-	-	-
Additions/Adjustments	-	17.92	5,442.02	62.74	-	5,522.68
Deletions/Adjustments	-	-	-	-	-	-
Depreciation	17.88	120.10	351.17	24.85	19.20	533.20
<b>Balance as on 31st March 2021</b>	<b>191.93</b>	<b>2,050.37</b>	<b>5,090.85</b>	<b>79.40</b>	<b>-</b>	<b>7,412.55</b>

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

### 25.21. Financial and Derivative Instruments:

₹ in lakhs

Description	As at 31.03.2022	As at 31.03.2021
Forward Contracts	7,071.55	4,077.31

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

### 25.22. Statutory Auditor's Remuneration

₹ in lakhs

Sl. No.	Description	Year 2021-22	Year 2020-21
1	Statutory Audit	25.66	24.45
2	Tax Audit	5.25	5.00
3	Certification fee / Taxation matter	10.04	4.81

### 25.23. Key Ratios

₹ in lakhs

Sl. no	Particulars	Numerator	Denominator	31.03.2022	31.03.2021	Variance	Reason for variance more than 25%
1.	Current Ratio (in times)	Current assets	Current liabilities	1.19	1.13	5.31%	
2.	Debt- Equity Ratio (in times)	Debt *	Equity	1.15	1.08	6.48%	
3.	Debt Service Coverage Ratio (in times)	Earnings available for debt service	Interest	5.37	3.83	40.21%	Note 1 (a)
4.	Return on Equity (in%)	Profit after tax	Shareholder equity	18.27%	12.20%	49.75%	Note 1 (a)
5.	Inventory Turnover Ratio (in times)	Sales	Average Inventory	4.42	3.60	22.78%	
6.	Trade Receivables Turnover Ratio (in times)	Net sales	Average Receivables	5.05	3.28	53.96%	Note 1 (b)
7.	Trade Payables Turnover ratio (in times)	Net Purchase	Average payables	5.84	5.06	15.42%	
8.	Net Capital turnover ratio (in times)	Net sales	Working Capital	9.99	11.76	-15.05%	
9.	Net Profit Ratio (in %)	Net profit	Net sales	5.35%	5.34%	0.19%	
10.	Return on capital employed (in%)	Earnings before interest and taxes	Capital employed	17.29%	12.43%	39.10%	Note 1 (a)

\* Debt excludes lease liabilities.

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

**Note 1:** Improvement in ratio due to a) increased earnings on account of overall business growth (b) Improved collections and revenue growth.

#### Definitions:

- (a) Current Assets = Total Current Assets as per Balance Sheet
- (b) Current Liabilities = Total Current Liabilities as per Balance Sheet
- (c) Debt = Long term and short-term borrowings as per Note 10A and Note 13A respectively of the Balance Sheet
- (d) Equity/Shareholder Equity = Total Equity as per Balance Sheet
- (e) EBDIT = Profit Before Tax + Depreciation + Interest on Term Loans + Interest on working capital borrowings
- (f) Interest = Total Interest cost on Borrowings (Term Loans and Working Capital Borrowings)
- (g) Average Inventory = (Opening Inventory + Closing Inventory)/2
- (h) Average Receivables = (Opening Receivables + Closing Receivables)/2
- (i) Average Payables = (Opening Payables + Closing Payables)/2
- (j) Working Capital = Current Assets – Current Liabilities
- (k) Capital Employed = Total Assets- Current Liabilities

#### 25.24 Other Statutory Information

- (i) The Group does not have any Benami property where any proceeding has been initiated or pending against the Group for holding any Benami property.
- (ii) The quarterly returns or statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts.
- (iii) The Group has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (iv) The Group does not have any transactions with companies struck off.
- (v) The Group does not have any charges or satisfaction which is yet to be registered with Registrar of Companies beyond the statutory period.
- (vi) The Group has complied with the requirements of the number of layers prescribed under clause (87) of section 2 of the Companies (Restriction on number of Layers) Rules 2017.
- (vii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies) including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (b) Provide any guarantee security or the like to or on behalf of the Ultimate Beneficiaries.
- (viii) The Group has not received any fund from any person(s) or entity(ies) including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) Provide any guarantee security or the like on behalf of the Ultimate Beneficiaries.

## Consolidated Notes to Financial Statements

for the year ended 31st March 2022

### NOTE 25: CONSOLIDATED NOTES ON ACCOUNTS (Contd..)

- (ix) The Group has not entered into any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act 1961 (such as search or survey or any other relevant provisions of the Income Tax Act 1961).

- (x) Corporate Social Responsibility (CSR) :

Sl. No.	Particulars	₹ in lakhs	
		Year ended 31 March 2022	Year ended 31 March 2021
a.	Amount required to be spent by the Company during the year as per section 135 of the Companies Act,2013	69.38	50.15
b.	Amount of expenditure incurred	138.86	50.15
c.	(Excess)/Shortfall at the end of the year	(69.48)	-
d.	Total of previous years shortfall	-	-
e.	Reason for shortfall	-	-
f.	Nature of CSR Activities	1) Promotion of Health Care 2) Protection of National Heritage	1) Eradicating Hunger, Poverty & Malnutrition 2) Promoting Education 3) Women Empowerment 4) Promotion of Health Care
g.	Details of related party transactions, e.g., contribution to a trust controlled by the company	Nil	CSR Activities undertaken through M/s. Badrivishal Pannalal Pitti Trust (A Public Charitable Trust by Pitti family)
h.	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	Nil	Nil

- (xi) The Group has not traded or invested in Crypto Currency or Virtual Currency during the financial year

As per our report of even date

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

**Vijay Singh**  
Partner

M. No:221671

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022

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

**Akshay S Pitti**  
Vice-Chairman & Managing Director  
and Interim CFO  
DIN:00078760

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

**G Vijaya Kumar**  
Director  
DIN:00780356

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

Place : Hyderabad  
Date : 23<sup>rd</sup> May 2022



## Form No. AOC-1

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014]

### Statement containing salient feature of the financial statement of subsidiaries / associate companies/ joint ventures

#### PART-A: Subsidiaries

₹ in lakhs

Sl. No	Particulars	Details
1.	Name of the subsidiary	Pitti Rail and Engineering Components Limited (Wholly Owned Subsidiary)
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Date of acquiring subsidiary	5th October 2020
4.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA
5.	Share capital	5.00
6.	Reserves & surplus	(5.37)
7.	Total Assets	18.02
8.	Total Liabilities	18.02
9.	Investments	Nil
10.	Turnover	Nil
11.	Profit before taxation	(3.43)
12.	Provision for taxation	(0.28)
13.	Profit after taxation	(3.15)
14.	Proposed Dividend	Nil
15.	% of shareholding	100%

**Note:** The Wholly Owned Subsidiary is yet to commence its commercial operations.

#### PART – B: Associate Companies / Joint Ventures: Not Applicable

As per our report of even date

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

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

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

**G. Vijaya Kumar**  
Director  
DIN:00780356

**Vijay Singh**  
Partner  
M.No: 221671

**Akshay S Pitti**  
Vice-Chairman & Managing  
Director and Interim CFO  
DIN:00078760

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

Place: Hyderabad  
Date: 23rd May 2022

Place: Hyderabad  
Date: 23rd May 2022

## Notice

Notice is hereby given that the 38th Annual General Meeting of Pitti Engineering Limited will be held on Friday, 23rd September, 2022 at 4.00 P.M IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

### Ordinary Business

#### 1. To receive, consider and adopt

- a) the audited financial statements of the Company for the financial year ended 31st March 2022 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 2022 and the reports of the Board of Directors and Auditors thereon as circulated to the Members, be and are hereby considered and adopted."

- b) the audited consolidated financial statements of the Company for the financial year ended 31st March 2022 and the report of the Auditors thereon and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT the audited consolidated financial statements of the Company for the financial year ended 31st March 2022 and the report of the Auditors thereon as circulated to the Members, be and are hereby considered and adopted."

2. To confirm the payment of three interim dividends and to declare a final dividend on equity shares of the Company for the year ended 31st March 2022 and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT the first interim dividend of ₹ 0.375/- (7.50%) per equity share of face value ₹ 5/- each fully paid-up of the Company for the financial year 2021-22 approved by the Board of Directors and already paid be and is hereby confirmed.

RESOLVED FURTHER THAT the second interim dividend of ₹ 0.40/- (8%) per equity share of face value ₹ 5/- each fully paid-up of the Company for the financial year 2021-22 approved by the Board of Directors and already paid be and is hereby confirmed.

RESOLVED FURTHER THAT the third interim dividend of ₹ 0.40/- (8%) per equity share of face value ₹ 5/- each fully paid-up of the Company for the financial year 2021-22 approved by the Board of Directors and already paid be and is hereby confirmed.

RESOLVED FURTHER THAT the final dividend of ₹ 0.85/- (17%) per equity share of face value ₹ 5/- each fully paid-up of the Company, as recommended by the Board of

Directors, be and is hereby declared for the financial year ended 31st March 2022 and the same be paid out of the profits of the Company."

3. To appoint a Director in place of Shri Akshay S Pitti (DIN:00078760), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT Shri Akshay S Pitti (DIN:00078760) who retires by rotation at this meeting and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

4. To appoint Talati & Talati LLP, Chartered Accountants as Statutory Auditors of the Company 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 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof) and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, Talati & Talati LLP, Chartered Accountants, (ICAI Firm Registration Number.110758W/W100377) be and are hereby appointed as Statutory Auditors of the Company for a term of five consecutive years to hold office from the conclusion of this 38th Annual General Meeting ("AGM") till the conclusion of the 43rd AGM at such remuneration, as may be fixed by the Board of Directors of the Company."

### Special Business

5. To ratify the payment of remuneration to the Cost Auditors for the financial year 2022-23 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 2023 amounting to ₹ 2,50,000/- (Rupees two lakhs fifty thousand only) plus applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the audit, be and is hereby ratified."

6. To appoint Shri D V Aditya (DIN: 02847365) as an Independent Director and in this regard to consider and if thought fit, to pass the following resolution as an Special Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 149,150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act and the 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 D V Aditya (DIN:02847365) who was appointed by the Board of Directors as an additional Director of the Company w.e.f. 10th August 2022 and who holds office upto the date of this AGM in terms of section 161 of the Act, 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 the 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 appointed as an Independent Director of the Company not liable to retire by rotation and to hold office for a term commencing with effect from 10th August 2022 up to 9th August 2027.

RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

By order of the Board  
For Pitti Engineering Limited

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

Place: Hyderabad  
Date: 10th August 2022

#### Notes:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") relating to the Special Business to be transacted at the AGM is annexed hereto. Further additional information as required under the SEBI Listing Regulations are also annexed. Details of Directors retiring by rotation / seeking appointment at this Meeting are provided in the "Annexure" to the Notice.
2. The Ministry of Corporate Affairs ("MCA") has, vide its circular dated 5th May 2022, read together with circulars dated 8th April 2020, 13th April 2020, 5th May 2020, January 13, 2021, 8th December 2021 and 14th December 2021 (collectively referred to as "MCA Circulars"), permitted convening the AGM through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without physical presence of the

members at a common venue. In accordance with the MCA Circulars and applicable provisions of the Act read with Rules made thereunder and the SEBI Listing Regulations, the AGM of the Company is being held through VC / OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.

3. In compliance with the aforesaid Circulars issued by MCA and SEBI, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories/RTA. Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website [www.pitti.in](http://www.pitti.in), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL <https://www.evoting.nsdl.com>.
4. Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with XL Softech Systems Limited in case the shares are held by them in physical form.
5. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to MCA and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All documents referred to in 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 and will also be available for electronic inspection by the members from the date of circulation of this Notice up to the date of this AGM. Members seeking to inspect such documents can send an e-mail to [shares@pitti.in](mailto:shares@pitti.in).
8. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 21st September 2022 through email on [shares@pitti.in](mailto:shares@pitti.in). The same will be replied by the Company suitably.
9. The register of members and share transfer books of the Company will remain closed from Saturday, 17th September

2022 to Friday, 23rd September 2022 (both days inclusive) for determining the entitlement of the shareholders for the final dividend for the financial year ended 31st March 2022 and for annual book closure

10. Members are requested to:

- a) Intimate/update changes, if any, in their postal address, email address, mobile number, PAN, nominations, power of attorney, bank details such as name of the bank and branch, bank account number, IFS code etc, to the Registrar and Transfer Agent of the Company in case of shares held in physical form and to their Depository Participants in case the shares are held by them in dematerialized form.
- b) Submit the following mandated forms along with requisite supporting documents while making their request for change/update. The said forms are also available on the website of the Company at [www.pitti.in](http://www.pitti.in).

S,no	Particulars	Form
1	Registration of PAN, postal address, e-mail address, mobile number, Bank Account. Details or changes /updatation thereof.	ISR-1
2	Confirmation of Signature of shareholder by the Banker.	ISR-2
3	Registration of Nomination	SH-3
4	Cancellation or Variation of Nomination	SH-14
5	Declaration to opt out of Nomination	ISR-3
6	Service requests for issue of duplicate securities, certificates, claim from unclaimed suspense account, renewal/ exchange of securities certificate	ISR-4

- c) Note that SEBI has vide Circular No. SEBI/HO/MIRSD/ MIRSD\_RTAMB /P/CIR/2021/655 dated 3rd November 2021 read with SEBI/HO/MIRSD/MIRSD\_RTAMB/P / CIR/2021/687 dated 14th December 2021 mandated furnishing of PAN and KYC details viz. contact details (postal address, Mobile number and e-mail), bank details, nomination etc. by holders of physical securities. The Company had sent individual letters to all its physical shareholder for furnishing the required details.

Members may further note that in absence of the above information on or after 1st April 2023, the folio(s) shall be frozen by the Registrar and Share Transfer Agents in compliance with the aforesaid SEBI Circulars and if the folio(s) continue to remain frozen as on 31st December 2025, the frozen folios shall be referred by the Registrar and Share Transfer Agents / Company to the administering authority under the Benami Transactions (Prohibitions) Act, 1988 and/or Prevention of Money Laundering Act, 2002.

11. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
12. Instructions for e-voting and joining the AGM are as follows:

#### Voting Through Electronic Means

- i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below.

- ii. The remote e-voting period commences on Tuesday, 20th September 2022 (9:00 a.m. IST) and ends on Thursday, 22nd September 2022 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday 16th September 2022 i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

- iii. The Board of Directors has appointed Shri Ajay Kishen (Membership No.6298, CP 5146) Practicing Company Secretary as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.

- iv. The Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

- v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

- vi. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.com](mailto:evoting@nsdl.com). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

In case of individual shareholders holding securities in demat mode and who acquires shares of the Company

and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-voting and joining virtual meeting for individual shareholders holding securities in demat mode".

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

Step 1: Access to NSDL e-voting system

Step 2: Cast your vote electronically and join virtual meeting on NSDL e-voting system

**Details on Step 1 are mentioned below:**

**A. Login method for remote e-voting and joining virtual meeting for individual shareholders holding securities in demat mode.**


As per SEBI circular on e-voting facility provided by listed entities, dated 9th December 2020, all "individual shareholders holding shares of the Company in demat mode" can cast their vote, by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. The procedure to login and access e-voting, as implemented by the Depositories / Depository Participant(s), is given below:

NSDL	CDSL
<p><b>1. Users already registered for IDeAS e-Services facility of NSDL may follow the following procedure:</b></p> <ol style="list-style-type: none"> <li>Visit URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>Click on the button "Beneficial Owner" available for login under 'IDeAS' section.</li> <li>A new page will open, enter User ID and Password for accessing IDeAS. After successful authentication, click on "Access to e-voting" under Value Added Services on the panel available on the left hand side. Click on "Access to e-voting" under e-voting services.</li> <li>Click on the Company name or e-voting service provider i.e NSDL and you will be re-directed to the e-voting website of NSDL for casting your vote during the remote e-voting period.</li> </ol> <p><b>2. Users not registered for IDeAS e-Services facility of NSDL may follow the following procedure:</b></p> <ol style="list-style-type: none"> <li>To register click on the link: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>Select "Register Online for IDeAS" or click on the link: <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>A new page will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen.</li> <li>After successful registration, please follow Point No. 1 above to cast your vote.</li> </ol>	<p><b>1. Users already registered for Easi / Easiest facility of CDSL may follow the following procedure:</b></p> <ol style="list-style-type: none"> <li>Visit URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>Click on "New System Myeasi" icon/ Login to Myeasi option under Quick Login</li> <li>Login with your Registered User ID and Password.</li> <li>After successful login of Easi/Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</li> </ol> <p><b>2. Users not registered for Easi/Easiest facility of CDSL may follow the following procedure:</b></p> <ol style="list-style-type: none"> <li>To register click on the link: <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>After successful registration, please follow Point No. 1 above to cast your vote.</li> </ol>

**NSDL**

3. Shareholders can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.

**NSDL Mobile App is available on**



**CDSL**

3. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & e-mail as recorded in the demat Account. After successful authentication, user will be provided links for the respective e-Voting service provider i.e. NSDL where the e-Voting is in progress.

**Login Method for Individual Members holding Shares of the Company in Demat mode through their Depository Participants:**

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.

Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43

**B. Login method for e-voting and joining virtual meeting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

How to Log-in to NSDL e-voting website?

- Visit the e-voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com> either on a personal computer or on a mobile.
- Once the home page of e-voting system is launched, click on the icon 'Login' which is available under "Shareholders" section.
- A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.
- Alternatively, if you are registered for NSDL eservices i.e. IDeAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDeAS login. Once you log-in to NSDL eservices after using your log in credentials, click on e-voting and you can proceed to Step 2 i.e. cast your vote electronically.



5. Your User ID details are given below:

Login type	Helpdesk details
A] For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****
B] For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****
C] For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example, if EVEN is 123456 and folio number is 001 *** then user ID is 123456001***

6. Password details for shareholders other than individual Shareholders are given below:

a. If you are already registered for e-voting, then you can use your existing password to login and cast your vote.

b. If you are using NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c. How to retrieve your 'initial password'?

i. If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL in your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your User ID' and your 'initial password'.

ii. In case you have not registered your email address with the Company/ Depository, please follow instructions.

Process for those shareholders whose email ids are not registered with the depositories / Company for procuring User ID and password and registration of email IDs for e-voting for the resolutions set out in this notice.

a) In case shares are held in physical mode please provide Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to shares@pitti. in.

b) In case shares are held in demat mode, please provide DPID—Client ID (16 digit DPID + Client ID or 16 digit beneficiary ID) Name, client master or copy of consolidated account statement, PAN (self- attested scanned copy of PAN card), AADHAR (self- attested scanned copy of Aadhar Card) to shares@pitti. in. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting for Individual shareholders holding securities in demat mode.

c) Alternatively shareholder / members may send an e-mail request to evoting@nsdl. co.in for procuring User ID and password for e-voting by proving above mentioned documents.

7. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:

a) Click on "Forgot User Details/ Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www. evoting. nsdl. com.

b) "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting. nsdl. com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl. com mentioning your demat account number/folio number, your PAN, your name and your registered address.

d) Members can also use the one-time password (OTP) based login for casting the votes on the e-Voting system of NSDL.

8. After entering your password, click on Agree to Terms and Conditions" by selecting on the check box.

9. Now, you will have to click on "Login" button.

10. After you click on the "Login" button, Home page of e-voting will open.

#### Details on Step 2 are mentioned below:

#### How to cast your vote electronically on NSDL e-voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General meeting is in active status.

2. Select "EVEN" of the Company, for which you wish to cast your vote during the remote e-voting period and casting your vote during the Annual General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".

3. Now you are ready for e-voting as the Voting page opens.

4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on 'Submit' and also "Confirm" when prompted.

5. Upon confirmation, the message 'Vote cast successfully' will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for shareholders

1. Institutional/Corporate shareholders [i.e. other than individuals, HUF, NRI, etc.] are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the scrutinizer by email to ajaykishen2021@gmail. com with a copy marked to evoting@nsdl. co. in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc) can also upload their Board Resolution / Power of Attorney / Authority letter etc by clicking on "Upload Board Resolution / Authority letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go

through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [https://www. evoting. nsdl. com](https://www.evoting. nsdl. com) to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting. nsdl. com](http://www.evoting. nsdl. com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at [evoting@nsdl. co. in](mailto:evoting@nsdl. co. in).

#### The instructions for members for e-voting on the day of the AGM are as under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members / shareholders, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

3. Members who have voted through remote e-voting will be eligible to attend the AGM through VC / OAVM. However, they will not be eligible to vote at the AGM.

4. The contact details for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-voting.

#### Instructions for members for attending the AGM through VC/ OAVM are as under

- a) Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at <https://www.evoting. nsdl. com> by using their remote e-voting login credentials and selecting the EVEN for the Company's AGM. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and password may retrieve the same by following the remote e-voting instructions mentioned in the notice. Further members can also use the OTP based login for logging into the e-voting system of NSDL.

- b) Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for members on first come first served basis.

- c) Members may join the meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, members will be required to use Internet with a good speed to avoid any disturbance during the meeting. Members will need the latest version of Chrome, Safari, Internet

Explorer 11, MS Edge or Firefox. Please note that participants connecting from mobile devices or Tablets or through Laptops connecting via mobile hotspot may experience audio / video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi- Fi or LAN connection to mitigate any glitches.

- d) Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 38th AGM, from their registered e-mail address, mentioning their name, DP ID and Client ID number / folio number and mobile number, to reach the Company's e-mail address at [shares@pitti.in](mailto:shares@pitti.in) before 3:00 p.m. (IST on 21st September 2022). Such questions by the members shall be suitably replied by the Company.
- e) Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at [shares@pitti.in](mailto:shares@pitti.in) from 17th September 2022 (9:00 a.m. (IST) to 20th September 2022 (3:00 p.m. (IST)). Those members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

#### Other Instructions

- The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall counter sign the same.
- The result declared along with the Scrutinizer's Report shall be placed on the Company's website [www.pitti.in](http://www.pitti.in) and on the website of NSDL <https://www.evoting.nsdl.com> immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

#### 13. Dividend Related Information

Subject to approval of the Members at the AGM, the final dividend will be paid within 30 days from the conclusion of the AGM, to the Members whose names appear on the Company's Register of Members as on 16th September 2022 and in respect of the shares held in dematerialised mode, to the Members whose names are furnished

by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

Payment of dividend shall be made through electronic mode to the Members who have updated their bank account details. Dividend warrants / at par cheques will be despatched to the registered address of the Members who have not updated their bank account details.

Members are requested to register / update their complete bank details with their Depository participant(s) with which they maintain their demat accounts, if shares are held in dematerialised mode, by submitting forms and documents as may be required by the Depository Participant(s) and the process to be followed for updation of bank details, if shares are held in physical mode, is given in Note No.10 in this Notice.

#### Tax Deductible at Source (TDS) / Withholding tax

In terms of the provisions of the Income-tax Act, 1961, ("the Act"), dividend paid or distributed by a Company on or after 1st April 2020 is taxable in the hands of the shareholders. Accordingly the Company will be required to withhold taxes at the prescribed rates on the dividend paid to its shareholders. The TDS / withholding tax rate would vary depending on the residential status of the shareholder and documents submitted by shareholder with the Company / XL Softech Systems Limited (RTA).

#### A. For resident shareholders

Tax will be deducted at source ("TDS") under Section 194 of the Act at 10% on the amount of dividend payable unless exempt under any of the provisions of the Act. However, in case of individuals, TDS would not apply if the aggregate of total dividend distributed to them by the Company during financial year does not exceed ₹ 5,000/-.

Tax at source will not be deducted in cases where a shareholder provides Form 15G (applicable to individual) / Form 15H (applicable to an individual above the age of 60 years), provided that the eligibility conditions are being met. Blank Form 15G and 15H can be downloaded from the Company website at [www.pitti.in](http://www.pitti.in). Please note that all fields mentioned in the Form are mandatory and Company may reject the forms submitted, if it does not fulfil the requirement of law.

Needless to mention, valid Permanent Account Number ("PAN") will be mandatorily required. Shareholders who do not have PAN, TDS would be deducted at higher rates u/s 206AA of the Act.

NIL /lower tax shall be deducted on the dividend payable to following resident shareholders on submission of self-declaration (as per format available on the company website at [www.pitti.in](http://www.pitti.in)) as listed below:

- Insurance companies: Declaration (refer format) by shareholder qualifying as Insurer as per section 2(7A) of the Insurance Act, 1938 along with self-attested copy of PAN card;
- Mutual Funds: Declaration by Mutual Fund shareholder eligible for exemption u/s 10(23D) of the Income- tax Act, 1961 along with self-attested copies of registration documents and PAN card;
- Alternative Investment Fund (AIF) established in India: Declaration that the shareholder is eligible for exemption under section 10(23FBA) of the Act and they are established as Category I or Category II AIF under the SEBI regulations. Copy of self-attested registration documents and PAN card should be provided.
- New Pension System Trust: Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
- Other shareholders – Declaration along with self-attested copy of documentary evidence supporting the exemption and self-attested copy of PAN card.
- Shareholders who have provided a valid certificate issued u/s. 197 of the Act for lower / nil rate of deduction or an exemption certificate issued by the income tax authorities along with Declaration.

#### B. For non-resident shareholders (including Foreign Institutional Investors and Foreign Portfolio Investors)

Tax is required to be withheld in accordance with the provisions of Section 195 and section 196D of the Act at applicable rates in force. As per the relevant provisions of the Act, the tax shall be withheld @ 20% (plus applicable surcharge and cess) on the amount of dividend payable. In case non resident shareholders provide a certificate issued under section 197/195 of the Act, for lower / NIL withholding taxes, rate specified in the said certificate shall be considered, on submission of self-attested copy of the same. However, as per Section 90 of the Act, a non-resident shareholder has the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA") between India and the country of tax residence of the shareholder, if they are more beneficial to the shareholder. For this purpose, i.e. to avail the tax treaty benefits, the non-resident shareholder will have to provide the following:

- Self-attested copy of PAN card, if any, allotted by the Indian income tax authorities; In case PAN is not available, the non resident shareholder shall furnish (a) name, (b) e-mail ID, (c) contact number, (d) address in residency country, (e) Tax Identification Number of the residency country.
- Self-attested copy of Tax Residency Certificate ("TRC") obtained from the tax authorities of the country of which the shareholder is resident;

- Self-declaration in Form 10F, if all the details required in this form are not mentioned in the TRC;
- Self-declaration by the non-resident shareholder specifically addressed to the Company of meeting treaty eligibility requirement and satisfying beneficial ownership requirement (Non-resident having PE in India would need to comply with provisions of section 206AB of the IT Act).
- In case of Foreign Institutional Investors and Foreign Portfolio Investors, self-attested copy of SEBI registration certificate.
- In case of shareholder being tax resident of Singapore, please furnish the letter issued by the competent authority or any other evidences demonstrating the non-applicability of Article 24 - Limitation of Relief under India-Singapore Double Taxation Avoidance Agreement (DTAA).

The self-declarations referred to above can be downloaded from the website of the Company [www.pitti.in](http://www.pitti.in) under Investor Desk section.

Application of beneficial DTAA rate shall depend upon the completeness and satisfactory review by the Company, of the documents submitted by non-resident shareholders and meeting requirement of Act read with applicable tax treaty. In absence of the same, the Company will not be obligated to apply the beneficial DTAA rates at the time of tax deduction on dividend amounts.

#### Section 206AB of the Act

Rate of TDS @10% u/s 194 of the Act is subject to provisions of section 206AB of Act (effective from 1 July 2021) which introduces special provisions for TDS in respect of non-filers of income-tax return. As provided in section 206AB, tax is required to be deducted at higher of following rates in case of payments to specified persons:

- at twice the rate specified in the relevant provision of the Act; or
- at twice the rate or rates in force; or
- at the rate of 5%.

Where sections 206AA and 206AB are applicable i.e. the specified person has not submitted the PAN as well as not filed the return; the tax shall be deducted at the higher of the two rates prescribed in these two sections.

The term 'specified person' is defined in sub section (3) of section 206AB who satisfies the following conditions:

- A person who has not filed the income tax return for previous year immediately prior to the previous year in which tax is required to be deducted, for which the time limit of filing of return of income under section 139(1) of the Income Tax Act has expired; and



- The aggregate of TDS and TCS in his case is ₹ 50,000 or more in each of the previous year.

The non-resident who does not have the permanent establishment is excluded from the scope of a specified person.

The Company will use the mechanism prescribed by Income tax department to verify if a shareholder is a 'specified person' under section 206AB of the Income Tax Act and basis the result provided, the Company will apply higher rates under section 206AB of the Income Tax Act on those shareholders who are covered as 'specified person' under section 206AB of the IT Act.

To enable us to determine the appropriate TDS / withholding tax rate applicable, we request you to provide the above details and documents not later than 23rd September 2022.

To summarise, dividend will be paid after deducting the tax at source as under:

- NIL for resident shareholders receiving dividend upto ₹ 5000 or in case Form 15G / Form 15H (as applicable) along with self-attested copy of the PAN card is submitted.
- 10% for other resident shareholders in case copy of PAN card is provided/available.
- NIL / lower withholding tax rate for resident shareholders on submission of self-attested copy of the certificate issued under section 197 of the Act.
- 20% for resident shareholders if copy of PAN card is not provided / not available non filers of return of income.
- Tax will be assessed on the basis of documents submitted by the non-resident shareholders.
- 20% plus applicable surcharge and cess for non-resident shareholders in case the relevant documents are not submitted.
- Lower/ NIL TDS on submission of self-attested copy of the valid certificate issued under section 197/195 of the Act.

Aforesaid rates will be subject to applicability of section 206AB of the Act.

In terms of Rule 37BA of Income Tax Rules 1962, if dividend income on which tax has been deducted at source is assessable in the hands of a person other than the deductee, then such deductee should file

declaration with Company in the manner prescribed by the Rules on or before 23rd September 2022. The Company will not accept any declarations referred to Rule 37BA of Income Tax Rules, 1962 on or after 23rd September 2022.

In case tax on dividend is deducted at a higher rate in the absence of receipt or defect in any of the aforementioned details / documents, you will be able to claim refund of the excess tax deducted by filing your income tax return. No claim shall lie against the Company for such taxes deducted.

#### Other Information

- For shareholders having multiple accounts under different status / category  
  
Shareholders holding equity shares under multiple accounts under different status / category and single PAN, may note that, higher of the tax as applicable to status in which shares are held under a PAN will be considered on their entire holding in different accounts.
- Clearing member should ensure that as on record date no shares are lying in their account.
- Please note the form 15H, 15G, 10F and Self declaration forms for Residents and Non-Residents are available on the website of the Company at [www.pitti.in](http://www.pitti.in). Kindly note that the aforementioned documents should be emailed to [shares@pitti.in](mailto:shares@pitti.in) and in the prescribed format. If the Non-Resident declarations are not received in the prescribed format, Company reserves the right to reject the same. No communication on the tax determination / deduction shall be entertained after 23rd September 2022.

#### Explanatory Statement under section 102 of the Companies Act, 2013 and additional information as required under the SEBI Listing Regulations and circulars issued thereunder

##### Item No. 4

This explanatory statement is in terms of Regulation 36(5) of the SEBI Listing Regulations and relevant circulars issued thereunder.

The Members of the Company at the 33rd Annual General Meeting ('AGM') held on 6th September 2017, approved the reappointment of M/s. Laxminiwas & Co, Chartered Accountants, (Firm Registration Number: 011168S) as the statutory auditors of the Company for a period of five years from the conclusion

of the said AGM. Accordingly, Laxminiwas & Co, Chartered Accountants will complete their term on the conclusion of this AGM in terms the said approval and Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors on the recommendation of the Audit Committee proposes the appointment of Talati & Talati LLP, Chartered Accountants (Firm Registration Number 110758W/W100377) as the statutory auditors of the Company. If approved by the Members, the appointment of Talati & Talati LLP, Chartered Accountants as statutory auditors will be for a period of five years commencing from the conclusion of this 38th AGM till the conclusion of 43rd AGM at such remuneration, as may be fixed by the Board of Directors of the Company.

Talati & Talati LLP, Chartered Accountants was founded by CA. Sunil Talati (Past President, ICAI) in 1976. The firm has its presence in Ahmedabad, Delhi, Kochi, Mumbai, Noida, Surat, Vadodara and Dubai (UAE). The firm provides a range of services which include audit & assurance, taxation, due diligence, fundraising support, transaction, and management advisory services. The firm is currently managed by 20 partners with 8 offices globally.

Talati & Talati LLP, Chartered Accountants have consented to their appointment as Auditors and have confirmed that if appointed, their appointment will be in accordance with Section 139 read with Section 141 of the Companies Act, 2013. Talati & Talati LLP, Chartered Accountants have also provided confirmation that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board' of the ICAI.

The proposed remuneration to be paid to the Statutory Auditors for audit services for the financial year ending 31st March 2023 is ₹ 30,00,000 (Rupees Thirty Lakhs only). The said remuneration excludes taxes and out-of-pocket expenses. Besides the audit services, the Company would also obtain certifications from the statutory auditors under various statutory regulations and certifications required by clients, banks, statutory authorities, audit related services and other permissible non-audit services as required from time to time, for which they will be remunerated separately on mutually agreed terms. The remuneration for the subsequent year(s) of their term shall be fixed by the Board of Directors of the Company based on the recommendation of the Audit Committee. There is no material change in the remuneration proposed to be paid to Auditors for the financial year 2022-23 and the remuneration paid to the Retiring Auditors for the financial year 2021-22.

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.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 Board of Directors of the Company at the meeting held on 23rd May 2022, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. S S Zanwar & Associates, Cost Accountants to conduct an audit of cost records maintained by the Company for the financial year ending 31st March 2023. In terms of Section 148 of the Act 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.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

The Board of Directors at their meeting held on 10th August 2022, based on the recommendations of the Nomination and Remuneration Committee appointed Shri D V Aditya (DIN 02847365) as Additional Director who holds office upto the date of this AGM in terms of section 161 of the Companies Act, 2013.

Shri D V Aditya (DIN 02847365) aged 67 years is a fellow member of the Institute of Chartered Accountants of India and is a Bachelor of Commerce. He has over 36 years of strong experience and knowledge in taxation, financial reporting, and accounting. He is the proprietor of D V Aditya & Co., a Chartered Accountancy firm. D V Aditya & Co. have been the internal auditors of the Company from 1987 to 2013.

Shri D V Aditya is currently a member of the Administrative Committees of Andhra Mahila Sabha Arts and Science College and Andhra Mahila Sabha College of Teacher's Education (OU Campus).

Shri D V Aditya has given his consent to act as a Director and has provided declarations stating that he meets the criteria of independence as provided in the Act and SEBI Listing Regulations. He has also confirmed that he is not disqualified from being appointed as Director under the Act and is not debarred from holding the office of Director pursuant to any order issued by the Securities and Exchange Board of India.

The Company has, in terms of Section 160 of the Act, received a notice in writing from a Member proposing the candidature of Shri D V Aditya for the office of Director.

In the opinion of the Board, Shri D V Aditya is a person of integrity, fulfils the conditions for appointment as Independent Director as specified in the Act and SEBI Listing Regulations. Shri D V Aditya is independent of the management and possesses appropriate skills, experience, and knowledge.



Shri D V Aditya shall be paid remuneration by way of fees for attending meetings of the Board or Committees thereof as may be decided by the Board and reimbursement of expenses for participating in the Board or Committee meetings.

A copy of the draft letter of appointment of Shri D V Aditya as an Independent Director setting out the terms and conditions is available for inspection without any fee payable by the Members. Members seeking to inspect the same can send an email to shares@pitti.in.

Save and except Shri D V Aditya, none of the other Directors and Key Managerial Personnel or their relatives are concerned or interested financially or otherwise in the Resolution.

The Board considering the rich experience of Shri D V Aditya in taxation, accounts, and finance recommends the Special

Resolution set out in the item No 6 of the accompanying Notice for approval of the Members.

The details of Shri D V Aditya pursuant to the provisions of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India are provided in Annexure-2 to the Notice.

By order of the Board  
For Pitti Engineering Limited

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

Place: Hyderabad  
Date: 10th August 2022

## Annexure-1

### Details of Directors seeking appointment / re-appointment at the Annual General Meeting

Name	Shri Akshay S Pitti
DIN	00078760
Age	36 years
Date of first appointment on the Board	14.10.2004
Expertise in specific functional area	Industrial Management
Profile	Shri Akshay S Pitti is a Commerce Graduate. He started his journey in the organisation at an early age and has moved through all functionalities. With his extensive experience of serving in different roles within the organization, he has gathered the expertise to efficiently lead the Company.
Directorship held in other Companies as on date of AGM Notice	Pitti Rail and Engineering Components Limited (Unlisted) Pitti Castings Private Limited (Unlisted) Pitti Electrical Equipment Private Limited (Unlisted) Pitti Holdings Private Limited (Unlisted) Pitti Components Limited (Unlisted) Pitti Trade and Investment Private Limited (Unlisted)
Membership / Chairmanship of Committees of other Boards	NIL
Shareholding in the Company as on date of AGM Notice	42,28,414 equity shares
Relationship with other Directors / Key Managerial Personnel	Son of Shri Sharad B Pitti. Not related to any other Director or Key Managerial Personnel
Listed Entities from which resigned in the past three years	Nil

## Annexure-2

Name	Shri D.V. Aditya
DIN	02847365
Date of Birth	17.07.1955
Age	67 years
Date of first appointment on the Board	10th August 2022
Profile, Qualification & Experience	Shri D V Aditya is a fellow member of the Institute of Chartered Accountants of India and is a Bachelor of Commerce. He has over 36 years of strong experience and knowledge in taxation, financial reporting, and accounting. He is the proprietor of D V Aditya & Co., a Chartered Accountancy firm.
Expertise in specific functional area	Accountancy, Audit, Tax and Finance
Terms & conditions of Re-appointment / Appointment	As per the resolution at item No. 6 of this Notice read with the explanatory statement thereto.
Remuneration proposed to be paid	Sitting fee for attending meetings of the Board or Committees thereof as approved by the Board.
Past remuneration	Not Applicable
Shareholding in the Company as on date of this Notice	Nil
Number of meetings attended during the current financial year 2021-22	Not Applicable
Relationship with other Directors / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel.
Other Directorship as on date of this Notice	Nil
Membership / Chairmanship of Committees of other Boards	Nil
Skills and capabilities required for the role and manner in which the Director meets such requirements.	Shri D V Aditya possess the following skill sets identified by the Board: <ul style="list-style-type: none"> <li>• Governance and Board Service</li> <li>• Business understanding</li> <li>• Risk/Legal / Regulatory Compliance</li> <li>• Information technology / Accounting / Financial Experience</li> <li>• Strategy development and implementation.</li> </ul>
Listed Entities from which he has resigned in the past three years	Nil



**Pitti Engineering Limited**

(Formerly Pitti Laminations Limited)

**Registered Office**

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