

Directors' Report

Dear Members,

Your Directors are pleased to present the 37th 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 2021.

Business Overview

Pitti Engineering Limited, formerly known as Pitti Laminations Limited, is engaged in the manufacture 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. The Company supplies a range of engineering product to vastly diversified segments like hydro and thermal generation, windmill, mining, cement, steel, sugar, construction, lift irrigation, freight rail, passenger rail, mass urban transport, E-mobility, appliances, medical equipment, oil & gas and several other Industrial applications. Our products finding suitable application in almost all engineering application.

Financial Results

The standalone financial performance of your Company for the year ended 31st March 2021 is summarised below:

| Particulars | ₹ in lakhs | |
|---|------------|-----------|
| | 2020-21 | 2019-20 |
| Net Revenue from Operations | 51,816.71 | 52,506.29 |
| Other Income | 2,049.93 | 367.45 |
| Profit before Finance Costs, Depreciation, Amortisation and Tax | 9,854.85 | 8,139.09 |
| Less: Finance costs | 2,960.02 | 3,411.54 |
| Profit before Depreciation, Amortisation and Tax | 6,894.83 | 4,727.55 |
| Less: Depreciation & Amortisation | 3,038.17 | 2,742.00 |
| Profit before Tax | 3,856.66 | 1,985.55 |
| Less: Tax expenses | 978.82 | 276.05 |
| Profit after Tax | 2,877.84 | 1,709.50 |
| Add: Other comprehensive income | (76.40) | (25.83) |
| Total comprehensive income for the year | 2,801.44 | 1,683.67 |
| Add: Surplus at the beginning of the year | 10,320.20 | 8,636.53 |
| Less: Dividend | - | - |
| Less: Transferred to General reserve | - | - |
| Surplus carried to Balance sheet | 13,121.64 | 10,320.20 |

Operating Results and Business

The year 2020-21 will go down in the memory lane as the year of lockdowns due to the global pandemic Covid-19, the Company suffered total disruption of operations for about 40 days during the year. After opening, the ramp up was slow but in the latter half of the year it picked up good momentum. All sectors generated good demand and your Company could sustain the previous operating levels and deliver a reasonably good performance given the circumstances.

During the year, the Company received sanction of industrial subsidy from Government of Maharashtra for its investment in the Aurangabad Mega Project under the Incentive Package Scheme (IPS)-2013 for ₹ 16.25 crores for the claim years 2018-19 & 2019-20 which is accounted as other income in the books of accounts.

The net revenue from operations for the financial year 2020-21 was ₹ 518.17 crores as against ₹ 525.06 crores in the previous year and the total comprehensive income for the period was ₹ 28.01 crores as against ₹ 16.84 crores in the previous year.

The total debt as on 31st March 2021 was ₹ 254.32 crore which includes ₹ 69.53 crores long-term debt and ₹ 184.79 crore of short-term debt. Cash and cash equivalents at the year end was ₹ 13.76 crore resulting in a net debt position of ₹ 240.56 crore. We continued to maintain a conservative leverage profile with a total debt to equity ratio of 1.08x.

Impact of Covid-19

Covid-19 changed almost every aspect of human lives in ways never imagined. As its spread continued to rise exponentially, the Central and State Governments imposed lockdowns, consequent to which the manufacturing operations of the Company was suspended from 23rd March 2020. The operations at the plant in Aurangabad resumed on 25th April 2020 and the plants at Hyderabad resumed on 2nd May 2020 in compliance with the prescribed norms for social distancing, workplace sanitization, safety and hygiene.

The impact on the sales of the Company's product was primarily due to lockdown measures prescribed by various Government authorities. Our business strength and agility enabled us to deliver a steady performance despite the external challenges.

The Company is continuously monitoring the situation and taking necessary actions in response to the developments to minimize the impact and safeguard its assets and people. The Company evaluated the prevailing situation to assess the impact on the financial statements for the year ended 31st March 2021 and is confident of recoverability of the assets including receivables, investments, property plant and equipment, intangible assets, assets held for sale and estimates no material impact. However due to uncertainties surrounding Covid-19, the actual impact may be different from the estimates.

Subsidiaries, Associates and Joint Ventures

During the year under review, your Company has incorporated a Wholly Owned Subsidiary (WoS) viz., Pitti Rail and Engineering Components Limited (CIN: U29100TG2020PLC144524) 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 2021.

The Company is in the process of evaluating various proposals for setting up of green field projects in various states and in this regard the WoS had made an application for setting up a Mega Project in the State of Andhra Pradesh in Kadapa District under the Industrial Incentives Policy 2020-23 and had requested for customised incentives for making the project viable. The Company is reviewing the options for expansion at the existing manufacturing facilities and shall review the setting of the green field project in the State of Andhra Pradesh after thoroughly evaluating the viability of the project.

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 2021, 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.

Material Changes

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of this report. Further, it is hereby confirmed that there has been no change in the nature of business of the Company.

Transfer to Reserves

The Company does not propose to transfer any amount to the General Reserve out of the amount available for appropriation.

Dividend

In view of the proposed expansion plans requiring higher capital allocation and increased operations requiring higher working capital, your Director's express their inability to recommend dividend for the financial year 2020-21. The Board of Directors of the Company has adopted a dividend distribution policy. The policy is also available on the website of the Company, www.pitti.in.

Share Capital

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

There has been no change in the Key Managerial Personnel during the year. Shri Sharad B Pitti, Chairman & Managing Director; Shri Akshay S Pitti, Vice-Chairman & Managing Director; Shri N K Khandelwal, President Corporate Resources & CFO and Ms. Mary Monica Braganza, Company Secretary & Compliance Officer are the Key Managerial Personnel of the Company as on the date of this report.

Meetings of the Board

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

Committees of the Board

Detailed composition of the 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 from different backgrounds varied administrative, financial, legal and corporate experience. They bring together a good blend of knowledge, relevant skills, experience and have provided sound advice. The Board has functioned as a cohesive body, it effectively monitors both the progress and quality of work with appropriate risk management measures. It has ensured compliance with legal, regulatory and good governance norms. It was also noted that the Committees of the Board are functioning well and satisfaction was expressed on the performance of Independent Directors and the Executive Directors of the Company.

Particulars of Employees and Related Disclosures

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

There are no employees who draw remuneration in excess of the limits prescribed in Rule 5(2)(i), (ii) and (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Pursuant to

the provisions of the first proviso to Section 136(1) of the Act, the annual report excluding the remuneration details of top ten employees is being sent to the Members of the Company. The said information is available for inspection on all working days, during business hours, at the Registered Office of the Company. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts for the financial year ended 31st March 2021, the applicable Accounting Standards have been followed and there are no material departures from the same.
- b) such accounting policies as mentioned in the notes to the financial statements have been applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2021 and of the profit of the Company for the year ended on that date.
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual accounts have been prepared on a 'going concern' basis.
- e) proper internal financial controls laid down by the Directors were followed by your Company and that such internal financial controls are adequate and operating effectively and
- f) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

Industrial Relations

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 2021 was 1159.

Prevention of Sexual Harassment

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

no complaint under the sexual harassment policy has been received by the Company. The Company has complied with the provisions relating to the constitution of internal complaints committee under the Sexual Harassment of Women at Work Place (Prevention 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 the Directors and Employees to report their concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethical policy. The policy provides for adequate safeguards against victimisation of employees who avail of the mechanism.

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

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 2021, 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

As a part of its initiative under the Corporate Social Responsibility (CSR) the Company undertakes various welfare activities. During the year under review ₹ 50.15 lakhs being 2% of the average net profit of the preceding three years was spend on distribution of basic grocery items to the migrant

workers and poor affected due to the Covid-19 pandemic and lockdown; providing financial assistance to schools, students, women and widows and medical assistance to the needy. The CSR activities were executed through the implementing agency M/s Badrivishal Pannalal Pitti Trust.

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.

A revised policy for Corporate Social Responsibility drawn in line with the requirements of the amended section 134 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended was approved by the Board of Directors on 18th June 2021 and is available on the website of the Company, 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 other than investment in its wholly owned subsidiary during the year. Details of investments are given in the notes to the Financial Statements.

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 material transactions with related parties is given in Annexure-4 in Form No. AOC-2 and the same forms part of this report, please refer to note 25.13 of the notes to financial statements for the transactions with related parties.

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.

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 2021 is available on the Company's website, 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.



Corporate Governance

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

Auditors and Auditor's Report

Statutory Auditors

M/s. Laxminiwas & Co, Chartered Accountants were appointed as Statutory Auditors of the Company at the Annual General Meeting held on 6th September 2017 for a term of five years, subject to ratification by the Members at every Annual General Meeting (AGM). Pursuant to the notification dated 7th May 2018 issued by Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by Members at each AGM has been done away with. Accordingly, no such item has been considered in notice of the 37th AGM.

M/s. Laxminiwas & Co, Chartered Accountants have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Notes on financial statement referred to in the Auditor's Report are self explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

The Statutory Auditors of the Company have not reported any fraud under Section 143(12) of the Companies Act, 2013.

Cost Auditors

The Company is required to maintain cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013 and accordingly such accounts and records are maintained by the Company.

The Board of Directors, on the recommendation of Audit Committee has appointed M/s. S S Zanwar & Associates, Cost Accountants (Firm Registration No.100283) as the Cost Auditors to audit the cost accounts of the Company for the financial year 2021-22. 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 37th 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 2020-21. The Secretarial Audit Report for the financial year ended 31st March 2021 is annexed to this Report. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Cautionary Statement

Statements in this Directors' Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

Acknowledgement

Your Directors wish to place on record their appreciation for dedicated service and contribution made by the employees of the Company at all levels. Your Directors would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from its customers, suppliers, bankers, financial institutions, government authorities, business partners and other stakeholders.

For and on behalf of the
Board of Directors

Sharad B Pitti

Chairman & Managing Director
DIN: 00078716

Place : Hyderabad
Date : 18th June 2021

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

Upgradation of machines with latest technology by replacing old mechanical & electrical parts, connected multiple UPS in N+1 configuration to reduce overall load.

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

Entered into agreement with Tata Solar Power for 1MW solar plant at Aurangabad facility.

(iii) Capital investment on energy conservation equipment.

₹ 110.59 lakhs

(B) Technology Absorption

(i) Efforts made towards technology absorption

Replacing old gearbox, motor, electrical panel with latest technology servomotors with drive, PLC & HMI panel resulting in improved output per hour and reduction in overall consumption of energy.

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

Product improvement & new product development 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 | |
|---------------------------------|------------|-----------|
| | 2020-21 | 2019-20 |
| Foreign exchange earnings | 20,026.59 | 21,030.97 |
| CIF value of imports | 9,368.13 | 2,249.08 |
| Expenditure in foreign currency | 197.82 | 296.84 |

For and on behalf of the Board of Directors

Sharad B Pitti

Chairman & Managing Director

DIN: 00078716

Place : Hyderabad

Date : 18th June 2021

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 | 36.08:1 | 31.25% |
| Shri Akshay S Pitti Vice-Chairman & Managing Director | 36.08:1 | 34.18% |
| Shri N K Khandelwal President Corporate Resources & CFO | 31.51:1 | 20.74% |
| Ms. Mary Monica Braganza Company Secretary & Compliance officer. | 6.77:1 | 2.96% |

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 66.35% because of new recruitments made during the year majorly in skilled categories in line with the business requirement.
- Number of permanent employees on the rolls of the Company: There were 1159 employees on the rolls as on 31st March 2021.
- 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 2020-21 is 4.75% and the increase in the remuneration of managerial personnel is

32.70%. The reason for the difference is on account of full year impact of Executive Directors remuneration during the year Vs six month impact in the previous year due to revision in the salary of Executive Directors as per shareholders' approval on 19th September 2019 after a gap of seven years.

- Affirmation that the remuneration is as per the remuneration policy of the Company.

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

For and on behalf of the Board of Directors

Sharad B Pitti

Chairman & Managing Director

DIN: 00078716

Place : Hyderabad

Date : 18th June 2021

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, welfare activities, women empowerment, eradicating hunger, promoting health care and education. The CSR policy is available on the website of the Company, www.pitti.in.

2. 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 | 1 | 1 |
| 2. | Shri Akshay S Pitti | Member, Executive Director | 1 | 1 |
| 3. | Shri G Vijaya Kumar | Member, Independent, Non-Executive Director | 1 | 1 |

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 the 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.

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 as per Section 135(5) | | 2507.43 |
| 7. | a. | Two per cent of average net profit of the Company as per Section 135(5) | 50.15 |
| | 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) | 50.15 |

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 |
| 50.15 | 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 | | 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 | |
| | | | | State | District | | | | | | 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 | | Amount spent for the project | Mode of implementation - Direct (Yes/No) | Mode of implementation - Through implementing agency | |
| | | | | State | District | | | Name | CSR Registration number |
| 1. | Distribution of food grains to migrant workers and poor during Covid - 19 pandemic | Hunger, Poverty & Malnutrition | Yes | Telangana | Hyderabad | 38.70 | No | Badrivishal Pannalal Pitti Trust | NA |
| 2. | Providing financial assistance to schools and education assistance to students. | Education | Yes | Telangana Maharashtra | Hyderabad Aurangabad | 5.98 | No | Badrivishal Pannalal Pitti Trust | Obtaining CSR Registration was mandated w.e.f 01-04-2021. |
| 3. | Providing financial assistance to women and widows | Women Empowerment | Yes | Telangana | Hyderabad | 4.97 | No | Badrivishal Pannalal Pitti Trust | |
| 4. | Providing health care by offering medical assistance to the needy. | Healthcare | Yes | Telangana | Hyderabad | 0.50 | No | Badrivishal Pannalal Pitti Trust | |
| TOTAL | | | | | | 50.15 | | | |

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) - ₹ 50.15 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) | 50.15 |
| (ii) | Total amount spent for the Financial Year | 50.15 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | Nil |
| (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)] | Nil |

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 reporting 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,
Member - CSR Committee
DIN:00078760

G Vijaya Kumar

Independent Director,
Member - CSR Committee
DIN:00780356

Place: Hyderabad

Date: 18th June 2021

Annexure – 4

Form No. AOC-2

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended 31st March 2021 which were not at arm's length basis.

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

The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March 2021 are given below, please refer to note 25.13 of the notes to financial statements for the transactions with related parties.

| Name of the related party and nature of relationship | Nature of con-tracts / arrange-ments | Duration of the contract / ar-rangements / transactions and salient terms | Amount ₹ in lakhs |
|--|---------------------------------------|--|----------------------|
| 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.] | 8909.22 |
| Pitti Electrical Equipment Private Limited Directors interested | Purchase and sale of goods & services | Ongoing [Purchase and sale of goods & services at arm's length. Advance, if any as per terms of contract are adjusted against the invoice.] | 638.86 |

For and on behalf of the Board of Directors

Place : Hyderabad
Date : 18th June 2021

Sharad B Pitti
Chairman & Managing Director
DIN: 00078716

Secretarial Audit Report

For the financial year ended on 31st March 2021

(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, 2021, 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 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz.;
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [Not applicable to the Company during the Audit period]
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; [Not applicable to the Company during the Audit period]
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not applicable to the
- Company during the Audit period]
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not applicable to the Company during the Audit period]
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. [Not applicable to the Company during the Audit period]
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company are:
1. Factories Act, 1948
 2. Payment of Wages Act, 1936, and rules made thereunder
 3. The Minimum Wages Act, 1948, and rules made thereunder
 4. Employee's State Insurance Act, 1948, and rules made thereunder
 5. The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder
 6. The Payment of Bonus Act, 1965, and rules made thereunder
 7. Payment of Gratuity Act, 1972, and rules made thereunder
 8. The Water (Prevention & Control of Pollution) Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975
 9. Industrial Disputes Act, 1947
 10. The Air (Prevention and Control of Pollution) Act, 1981
 11. The Environment (Protection) Act, 1986
 12. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
 13. Contract Labour (Regulation and Abolition Act), 1970
 14. Maternity Benefit Act, 1961
 15. Child Labour (Prohibition and Regulation) Act, 1986
 16. Industrial Employment (Standing Orders) Act, 1946
 17. Employee's Compensation Act, 1976
 18. Equal Remuneration Act, 1976
 19. Employment Exchange (Compulsory Notification of Vacancies) Act, 1959



I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least

seven days in advance for meetings other than those held at shorter notice.

As per the minutes, the decisions at the Board Meetings were taken unanimously.

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

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

Ajay Kishen

Practicing Company Secretary

M.No: 6298 CP:5146

UDIN: F006298C000485887

Place: Hyderabad

Date: 18th June 2021

Note : This report is to be read with my letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

Annexure A

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

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad
Date: 18th June 2021

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