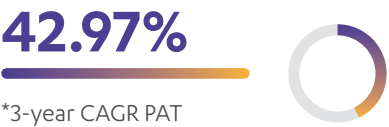
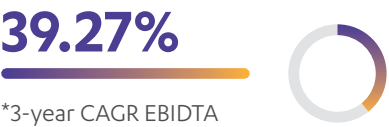
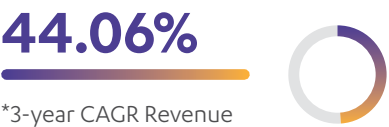


# Knowledge Progress Impact

**Pitti Engineering Limited**  
Annual Report 2022-23

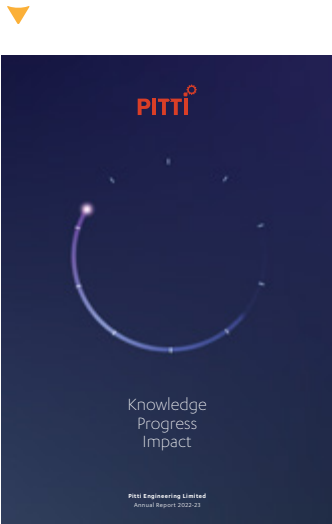
Being a distinct player with backward and forward integration capabilities, Pitti Engineering remains at the forefront of the electrical lamination industry to drive business growth.



(\*3-year CAGR is calculated from FY 2020 to FY 2023)

About the cover

The cover design represents illuminating knowledge, fueling progress and inspiring impact.



Contents

Corporate Overview

- 02 Corporate Information
- 03 Board of Directors
- 04 Pitti at a Glance
- 06 Management’s Perspective
- 08 Creating Value with Agility
- 12 Knowledge
- 16 Progress
- 20 Impact
- 22 Financial Highlights
- 23 Five-Year Highlights
- 24 Critical Global Supplier of Customised Solutions

Management Reports

- 28 Management Discussion and Analysis
- 40 Directors’ Report
- 54 Business Responsibility & Sustainability Report
- 74 Report on Corporate Governance

Financial Statements

- 95 Standalone Financial Statements
- 145 Consolidated Financial Statements

Notice

- 196 39<sup>th</sup> Annual General Meeting

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 forwardlooking words such as “believe,” “plan,” “anticipate,” “continue,” “estimate,” “expect,” “may,” “will” or other similar words. Forwardlooking 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-lookingstatements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

At our core, we prioritise the pursuit of knowledge, which fuels our commitment to new product development.

By harnessing the collective expertise of our teams and fostering a culture of innovation, we continuously push the boundaries of our knowhow to manufacture innovative solutions for a diverse range of industries.

Our acquisition of knowledge and creating positive impact in the industry has strengthened our position as a comprehensive and end-to-end machine components solutions provider. We are building an integrated supply chain, ensuring highest quality standards at every stage.

Our financial and operational performance in FY23 reflects the strength of our business model and the trust and confidence bestowed upon us by our customers and all other stakeholders.

We remain steadfast in our pursuit of excellence, striving to achieve new milestones and fulfilling the expectations of all stakeholders.

# Corporate Information

## Board of Directors

### Shri Sharad B Pitti

Chairman &  
Managing Director

### Shri Akshay S Pitti

Vice Chairman &  
Managing Director

### Ms. Gayathri Ramachandran

Non-Executive  
Independent Director

### Shri G Vijaya Kumar

Non-Executive  
Independent Director

### Shri M Gopalakrishna

Non-Executive  
Independent Director

### Shri N R Ganti

Non-Executive  
Independent Director

### Shri S Thiagarajan

Non-Executive  
Independent Director

### Shri M Pavan Kumar

Chief Financial Officer  
(w.e.f 12<sup>th</sup> November 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

### Talati & Talati LLP

Chartered Accountants  
Ambica Chambers  
Near Old High Court  
Navrangpura  
Ahmedabad - 380 009

## 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  
Telangana, India

## 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 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.

## Shri Akshay S Pitti

Vice Chairman &  
Managing Director



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.

## 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 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.

## Pitti at a Glance

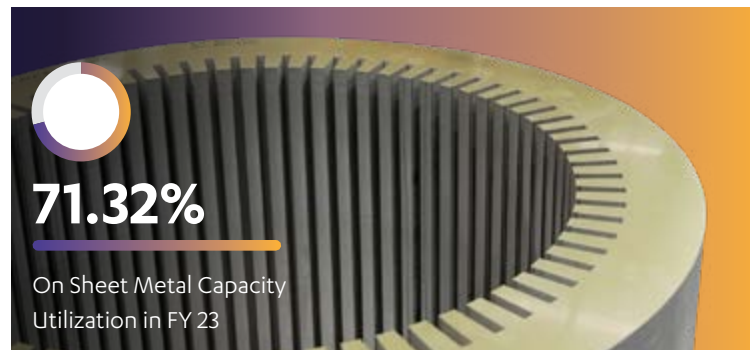
We specialize in the manufacture of value added motor/generator sub-assemblies and precision machined components for diverse sectors.

Our expertise in developing unique manufacturing processes and state of the art manufacturing facilities enable us to deliver top-notch products. With a strong presence in both domestic and international markets, we serve a wide range of industries, consistently meeting their unique requirements and exceeding expectations.

### Sheet Metal

We are a trusted provider of sheet metal laminations. Our expertise lies in delivering high-quality and precise solutions for various applications. With our advanced capabilities and skilled team, we offer reliable services to meet the unique requirements of our clients.

Refer page 14 for more details



### Precision Machining

Our manufacturing capabilities encompass a wide range of components, such as gear cases, axle boxes, suspension units, and more. With our expertise in machining stator cores, shafts, and ready-to-use rotors and stator frames, we ensure precision and deliver top-quality final products.

Refer page 14 for more details



### Assemblies

We have extensive expertise in handling large-scale stator cores weighing up to 10 tonnes and measuring diameter 2300 mm and height 2000 mm. In addition, we excel in the assembly of copper-inserted and brazed ready-to-use rotors with shaft. Our capabilities also extend to manufacturing aluminum die-casted rotors ranging from 80 to 450 frame size. With our unwavering focus on precision and quality, these assemblies meet the highest standards and deliver optimal performance.

Refer page 14 for more details



## Quick facts

4

Decades of existence

3

manufacturing facilities

One of the  
**Largest**

Manufacturer and exporter of  
electrical laminations from India

One of the  
**Leading**

Supplier to all motor  
manufacturers in India

50,200 MT

India's largest laminations  
manufacturer

4,60,800

Machine Hours



## Management's Perspective



**Sharad B Pitti**

Chairman & Managing Director

“

I'm pleased to share that our expansion efforts are right on track, and we are eagerly anticipating the installation of new machines and completion of this phase by end of FY24.



**Akshay S Pitti**

Vice Chairman & Managing Director

“

We continue to focus on building new and innovative products that cater to a wide range of downstream industries.

### Dear Shareholders,

The fiscal year 2022-23 presented a dynamic economic landscape characterized by various challenges. Several macroeconomic headwinds such as elevated inflation and supply chain disruptions impeded the growth of the global economy.

Despite headwinds, FY23 was one of our best years in terms of performance and value creation. Our cash accruals were ₹103.48 crore. The capacity utilisation rate for the year stood at 71.32%. Net debt has been reduced from ₹290 crores to ₹225 crores. As a result, the debt-to-equity ratio is 0.87. In addition, our working capital cycle was also reduced, taking into account client credit and procurement requirements, thus bolstering our cash flow.

### Knowledge

We employ specialised manufacturing techniques to create prototypes and assist our customers in reducing the time to market for innovative product ideas. We are also continuously searching for methods to increase our production efficiency, and we have recently implemented a number of automated technologies to assist us in this endeavour.

We have always relied on innovation to propel the Company forward. It is a never-ending adventure of growing better every day that we treasure. Innovation has been ingrained in our DNA since its inception, driving us to constantly seek new ideas and solutions. This relentless pursuit of improvement fuels our passion and ensures that we stay at the forefront of our industry.

We continue to focus on building new and innovative products that cater to a wide range of downstream industries to expand our value proposition and create long-term value for our customers throughout their operational processes. Through our focus

on development, we have successfully designed over 6200 laminations and numerous machine components.

### Progress

In our 40 years of existence, we have steadily built a solid foundation for expansion and our manufacturing operations are at the core of our growth strategy. Our manufacturing operations have consistently delivered high-quality products, allowing us to establish a strong reputation in the industry. With this solid foundation, we are now well-positioned to explore new markets and seize opportunities for further growth.

In FY23, we made a significant capital expenditure of ₹107 crore, a testament to our commitment to enhancing our production capabilities. Out of the total approved capex of ₹467 crore, we have incurred ₹244 crore upto 31st March 2023 and the balance will be incurred as per our capex schedule.

We continue to focus on developing components for new products such as Pumped Hydro, Compact hydro power, marine generators and BLDC Motors that cater to a wide range of downstream industries and forayed into fabrication and machining to service diverse industries. In addition, development and approvals of our Railway business is progressing well.

### Impact

Our strategic diversification in manufacturing capabilities has successfully broadened our market reach and strengthened our ability to meet the specific needs of our customers. In addition to maintaining consistent growth with our existing capacities, the upcoming facilities will generate substantial value creation. These advanced facilities are expected to bring about a notable decrease in overhead and direct labour costs, ultimately enhancing our cost efficiencies.

In parallel, our export order book is witnessing an unprecedented surge, surpassing all previous records in recent history, potentially even the past decade. This remarkable growth is primarily attributed to the railways and the mining industry. These sectors are presently undergoing substantial transformation, modernisation, and upgradation initiatives.

Additionally, due to robust order flows from both international and domestic markets, our sales for FY23 amounted to 36297 MT, resulting in ₹747.48 crores domestic revenue and ₹370.51 crores export revenue, setting a new record for profitability.

Given this favourable market environment, we foresee a consistent and substantial increase in orders for our export business in the foreseeable future. The strong demand we are experiencing in these regions reflects the continuous progress in the industry and the growing requirement for state-of-the-art solutions.

### Emerging Opportunities

The government's initiative to fortify the nation's infrastructure has led to a substantial increase of 37.40% in capital expenditure as per Union Budget 2023-24.

The railway infrastructure sector has received a substantial allocation of ₹2.41 trillion, with a focus on the development of the Vande Bharat Express 2.0 with further enhancements. The government intends to improve the cargo loading capacity of Indian Railways to 3,000 million tonnes by 2027, with the Dedicated Freight Corridor playing a vital role in realizing this objective.

In line with the nation's ambitious goal of achieving net zero emissions by 2070, the government has announced several key measures to support the electric vehicles (EVs) industry. The Indian government is also enthusiastic about this sector and is creating demand for EVs through the Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicles (FAME) scheme. These present more business opportunities for us.

Renewable energy sources such as wind power, hydroelectricity, and pumped hydro storage, are gaining momentum, with a notable increase in adoption and investment. Additionally, the industrial power requirements are also witnessing strong growth.

Our expertise and commitment to sustainability enable us to make a valuable contribution to the renewable energy landscape, strengthening our position in this thriving industry. This presents substantial opportunities for us to engage

in the green energy sector to capitalise on the expanding market.

The implementation of energy conservation norms IE-3 for electrical motors has also thrown open the door of a huge replacement market for the Company.

The Indian economy's growth prospects are encouraging, supported by favourable conditions, government policies, and increased budgetary allocations. Strong play of 'China-plus-one' in machined components contribute to growth of our Machining business. These factors are expected to bolster the development of robust railway systems, enhanced connectivity, efficient mobility of goods and people as well as job creation, and acting as long-term tailwinds for our business growth.

### Way Forward

I am pleased to share that our expansion efforts are right on track, and we are eagerly anticipating the installation of new machines and the completion of this phase by the end of FY24. Looking ahead, the demand outlook for FY24 remains highly promising, particularly in key segments such as railways and power generation. Additionally, we are excited about the new business opportunities that lie ahead, particularly in automotive, power generation and railways, which are expected to significantly contribute to our growth starting this year. Our order book forecast is a testament to our positive trajectory, standing strong at an impressive ₹823 crore.

In conclusion, we would like to thank all our stakeholders and the Board, for their continued support and being part of our journey of growth. We look forward to another exciting year ahead.

Warm Regards,

**Sharad B Pitti**

Chairman & Managing Director

**Akshay S Pitti**

Vice Chairman & Managing Director

# Creating Value with Agility

## Inputs

### Manufacturing & Financial Capital

<b>50,200 MT</b>	<b>4,60,800</b>
Installed Capacity	Machine hours
<b>978.01 crore</b>	<b>334.09 crore</b>
Total assets	Total Equity

### Intellectual & Human Capital

<b>40 years</b>	<b>1,331</b>
of Industry experience	Employees
<b>6,216</b>	<b>643</b>
Products developed	professionals, engineers, postgraduates, graduates, and diploma holders

### Social & Relationship Capital

<b>615</b>	<b>85</b>
Vendors	Customers
<b>26,757</b>	<b>11</b>
Shareholders	Countries Exported

## Value Creation Process



### Stakeholders Impacted



## Outputs

**36,297 MT**

Sales

**₹ 1117.98 crores**

Revenue

**₹ 58.83 crores**

PAT

**54%**

Dividend per Equity Share

**1.8 MWh**

Renewal Energy Generated

**75**

Training Programmes

**3,42,488**

Machining Hours utilised

**₹ 151.39 crores**

EBITDA

**₹ 0.22 crores**

spend on 5 CSR Projects

**17.10%**

RoCE

**4.8 Acres**

Afforestation undertaken

**211+**

New Products

## Outcomes

Recognised manufacturing units with global accreditations

Highly automated to drive economies of scale

Sustained investments in business with healthy accruals

Robust cash flow

Ensuring operational excellence

Culture of Innovation

Safe, fair and healthy workplace

Personal and professional growth opportunities

Consistent growth in shareholder value

457 long-serving employees (>5years)

Award Winning Company



Knowledge  
Progress  
Impact

**We are never satisfied with the status quo. Challenging conventional wisdom, enhancing capabilities, and seeking new opportunities of growth remain our forte. Our knowledge creates positive impact, which in turn drives our progress and value creation.**



# Knowledge

The depth and breadth of the knowledge that we have built over the years are reflected in the best-in-class technologies that we implement in our processes such as robotics or tooling technology, among many others.

Our certifications, software capabilities for process design, tool design, CNC machining and process simulation, along with diverse products range together reaffirm our knowledge prowess and thought leadership.

**ISO 9001-2015 & 14001-2015**, Integrated Management system. (For quality systems and environment management systems)

**IATF-16949** - International Automotive Task Force certification for Automobile products.

**Welding Certifications** - EN15085 Welding of Railway Vehicles and Components

**TPG Certifications** - Transportation power generation certification

- Welding – SAW, SMAW, GMAW, GTAW
- Castings
- NDT – UT, MPI, RT

Innovation has always been the fuel to drive progress at Pitti. It is a never-ending journey of getting better every day, which we cherish so deeply.

We are committed to providing our customers with the highest quality products and services. We have a strong engineering value chain that is supported by state-of-the-art production facilities and innovative methods. We use specialized manufacturing processes to generate prototypes and help our customers minimize time to market for their new product ideas. We are also constantly looking for ways to improve our manufacturing efficiency, and we have recently introduced many automation technologies to help us achieve this goal. We are confident that our commitment to excellence will continue to drive our success in the years to come.





## Some Innovative Capabilities

### Sheet Metal

Lamination punching from  
**0.35 mm to 3mm**  
thickness

Laser cut of steel stampings  
with thickness ranging from  
**0.35 mm to 25 mm**

Re-varnishing or recoating of  
insulation layer **0.005 mm**  
to meet special requirements of  
hydro and thermal generators

**5795** variety of laminations  
developed for motors and generators  
till date.

Capability to produce Diameter 14MM  
to Diameter **1357MM size** used  
in 20+ end user industries

### Precision Machining

Machining of stator cores & rotor cores  
with outer diameter ranging from  
**400 mm to 2000 mm**

Capability to manufacture shaft up to  
**900 mm diameter** and  
**3 meters** length

Precision machined casted  
parts (up to **4,000 kgs** in  
assembled condition)

5 Axis CNC machines up to  
**1,600 mm X 1,600**  
**mm** travel for complex  
machining parts

### Assemblies

Motor and Generator Core  
Assemblies upto diameter  
**2000 mm**

Large die cast rotors up to diameter  
**550 mm** and core length of  
**980 mm** and with aluminium  
weight up to **120 kgs**

## Products Under Development

1

Large Fabricated  
Assemblies and Machining  
for Mining applications  
for Dumper Trucks – **150**  
**Tons to 400 Tons**  
(Wheel Hub, Support Seals,  
Flywheel)

2

Large Wind Generator  
products for more than  
**6 MW** and off-shore  
machines.

3

Large die cast rotors upto  
diam. **550 mm** and **1000**  
length and **150 kgs.** AL.

4

EV motors for HT  
applications. EV motors  
with **Over moulding**  
**features.**

# Industries We Serve



Appliances



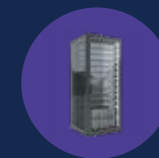
Automotive



Cement



Construction



Data Centres



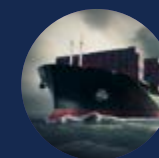
DG Set

Electric Vehicle  
Motor

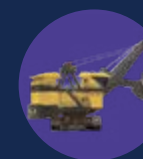
Freight Rail

Hydro  
Generator

Lift Irrigation



Marine

Medical  
Equipment

Mining

Mass urban  
TransportOther  
Industries

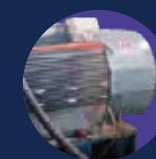
Pumps



Passenger Rail



Steel



Sugar



Thermal Power

Wind Mill  
Generator

Wind Mills

# Progress

Our experience spans 40 years and in all these years we have gradually built a solid foundation for growth. We have emerged as one of the largest manufacturer and exporter of electrical laminations from India.

We are focused on manufacturing value-added and assembled components for several downstream industries nationally and internationally, where the demand for precision and quality are paramount. Therefore, at Pitti, we are committed to engineering excellence every step of the way.

Key factors highlighting Pitti's exceptional process capabilities are as follow:

**High customer satisfaction**  
ratings

**Low defect Rate** less than 500ppm

**Enhanced productivity and output**  
through automated processes

**Efficient production**  
of laminations across a wide range of sizes

**On time delivery**  
more than 99%

Our tools and dies employ cutting edge technologies, we use fully automated core manufacturing machines, incorporate robotic welding in our manufacturing process. Coupled with state of the art meteorology equipment and stringent quality monitoring systems ensures that our process capability are exceptional, consistently delivering outstanding results.

