

CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

POSITIONED FOR SUSTAINABLE GROWTH



Dear Shareholders,

It gives me immense pleasure to present to you the 2017-18 Annual Report. In the year gone by, we boosted our focus on creating enduring value for our business by building an enterprise that is increasingly agile and future-ready. We also addressed the growing national opportunity by turning our focus on new businesses aligned with India's development story.

The Indian economy showed early signs of growth post various initiatives and reform measures undertaken by the Central Government. We believe that public and private investment spending to drive capex growth will be critical to India's growth outlook. The Government has taken measures to boost spending by increasing capex allocation towards infrastructure projects in the Budget.

The Government is also taking various initiatives to unlock trapped investments in the core and infrastructure projects, revive investments from the private sector by reforming policy, improving the ease of doing business and accelerating project-related activities. Post the regime change in India's federal Government, there have been firm signals of the development agenda and pushing of reforms required to revitalise the economy.

Over the past few years, PEL has made a conscious effort at the products and services development level to become

a preferred turnkey supplier of a range of goods to MNCs. We the market leaders in our segment in India and is the only integrated player in this space in the world.

We changed our name from Pitti Laminations Limited to Pitti Engineering Limited. This change is a reflection of our enhanced capabilities, development of new products encompassing the entire engineering value chain and the added capacities and capabilities to serve existing and new customers

THE YEAR THAT WAS

We successfully started operations in the Aurangabad plant in January 2018. The new facility is expected to contribute meaningfully to the top line. The plant is currently operating at 1,000 MT per month and is slated to reach 1,250 MT by the end of Q1 2019. Further, our commercial production for GE India, a part of the Indian Railways project, is running as per schedule and is contributing

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meaningfully. We have a reliable track record nationally and internationally. Our wide customer spectrum enables us to grow consistently, despite volatilities in certain sectors. Our prominent customers include ABB, Siemens and GE Group, among many others. We are investing in enhancing capacities and capabilities to accomplish our short and long-term growth ambitions. At the same time, we are building a prudent cost structure. Considering our long-term objectives to maintain sustainable growth and create shareholder value, we continue to build on our bequest of engineering skills to scale greater heights. We are hence enhancing our reach, expanding production and increasing market share.

NEW PITTI

PEL's offerings have evolved based on the core business, strongly rooted research and industry-led innovation. The name change was planned to align with the advancement in our skills and capabilities to cater to a varied range of basic engineering products for developing an integrated supply chain for our customers.

We constantly explore opportunities to introduce value-added product lines and provide cutting-edge solutions to clients, thus improving revenue streams. With the objective of making our growth profitable and sustainable, we have diversified into businesses which represent national priorities and demonstrate a robust operating model. Our strategy is to enrich and diversify our product portfolio to tap into these growing opportunities.

PEL is delivering on its next-level strategy to unlock value and post attractive shareholder returns. 2017-18 was a transition year, in which we streamlined and strengthened our portfolio and operations. The Company's offerings have evolved around its core business, strongly rooted research and industry-led innovation.

FINANCIAL PERFORMANCE

During the year, we posted comprehensive income of ₹11.54 crore and net revenue from operation of ₹380.32 crore against ₹5.40 crore and ₹285.90 crore, respectively, for the previous fiscal. EBITDA for the year stood at ₹54.58 crore compared to ₹33.54 crore, showing a growth of 62.73%. We continued to improve on the leverage ratio. The debt equity now stands at 1.66 against 1.73 in the previous fiscal. Our efforts for the past few years in becoming an integrated and key supplier to its global customers have resulted in higher revenues and better margins.

This strong performance is well-supported by our integrated business model and world-class capacities built through proactively absorbing new technology and modernising processes. This has helped us to competitively bid and increase our conversion rate.

WAY FORWARD

We remain positive on India's current outlook as promising Government reforms are expected to facilitate domestic investment and growth in the coming years. Looking ahead, we will continue to serve our customers with quality and commitment. These values will remain the hallmark of all our offerings and will enable us to achieve a long and meaningful relationship with each of our customers.

In closing, I would like to thank our team for their passion, promise and ongoing pursuit of excellence. We are also thankful to our customers, bankers and financial institutions for their continuous support. With this backing, we will continue to serve as a trusted partner to all our stakeholders by responsibly taking the business to a new orbit of growth.

Regards,

Sharad B Pitti
Chairman & Managing Director