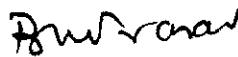


PITTI LAMINATIONS LIMITED

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For PITTI LAMINATIONS LIMITED



B.K. PRASAD

SECRETARY AND D.G.M (FINANCE)

15th Annual Report 1998-99



BOARD OF DIRECTORS

SHARAD B. PITTI

CHAIRMAN & MANAGING DIRECTOR

KANTIKUMAR R. PODAR

DIRECTOR

G. NARAYANA RAO

DIRECTOR

ARUN GARODIA

DIRECTOR

SECRETARY & DGM (FINANCE)

B.K. PRASAD

BANKERS

STATE BANK OF INDIA
Industrial Finance Branch,
Hyderabad - 500 082.

DEVELOPMENT CREDIT BANK LTD.,
Hyderabad - 500 001.

BANK OF BAHRAIN & KUWAIT BSC
Hyderabad - 500 082.

AUDITORS

LAXMINIWAS & JAIN
Chartered Accountants
Hyderabad - 500 001.

SHARE TRANSFER AGENTS

IKON VISIONS (P) LTD.
33, Sanali Heavens, 8-3-948,
Amecrpet, Hyderabad - 500 073.

REGD. OFFICE

6-3-648/2, Somajiguda
Hyderabad - 500 082.

FACTORY

Nandigaon
Mahaboobnagar District,
A.P. - 590 233.



NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of the Company will be held on Tuesday, the 7th September, 1999 at 11.00 am at Surana Udyog Auditorium, The Federation of Andhra Pradesh Chambers of Commerce & Industry, 11-6-841, Red Hills, PB No.14, Hyderabad - 500 004 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited profit and Loss Account for the year ended 31st March 1999 and the Balance Sheet as at the date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Arun Garodia who retires by rotation and who being eligible offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting and to fix their remuneration.

NOTE :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. A proxy is not entitled to speak at the meeting or vote except on a poll.
2. The instrument of proxy duly stamped and executed should be deposited at the Registered office of the Company atleast forty eight hours before the time fixed for commencement of the meeting.
3. Members seeking any information with regard to accounts are requested to write to the Company atleast 10 days in advance of the meeting to enable the management to keep the information ready.
4. The Register of Members and Share transfer books of the Company will remain closed from 6th September, 1999 to 7th September, 1999 both days inclusive.

By order of the Board
for **PITTI LAMINATIONS LIMITED**

B Kameswara Prasad
Secretary & DGM (Finance)

Place : Hyderabad
Date : 7th August, 1999.



DIRECTORS' REPORT

Dear Shareholders,

Your Directors hereby present their fifteenth Annual Report on the business and operations of the company and the Audited Accounts for the Financial year ended 31st March, 1999.

FINANCIAL RESULTS

The Financial results for the year 1998-99 in comparison with 1997-98 are presented herein below:

	(Rs.in lacs)	
	1998-99	1997-98
Gross Sales & Other Income	2053.15	2287.34
Taxes & Duties	336.03	396.90
Net Sales & Other income	1717.11	1890.44
Profit / (Loss) before depreciation and Finance Charges	(317.66)	265.49
Depreciation	78.26	78.05
Finance Charges	381.87	400.97
Profit / (Loss) before tax (777.79)		(213.53)
Provision for taxation	—	—
Net Profit/(Loss)	(777.79)	(213.53)
Profit / (Loss) brought forward from Previous year	(168.22)	49.16
Prior period adjustments	(26.37)	(3.85)
General Reserve written back	274.40	—
Profit / (Loss) available for appropriation	(697.98)	(168.22)

REVIEW OF OPERATIONS : 1998-99

For the third consecutive year, recessionary conditions in the economy in general and more particularly so in the electrical and engineering industry continued to prevail resulting in sub-due market for the company's product. As the company's product caters to the requirements of the core sector industries, the company could not escape from the rigours of a sluggish market.

In spite of this, sales stood at 2339 MT which is marginally higher than that of last year's level at 2315 MT. However the gross sales turnover dipped to Rs.2049.24 lacs from the corresponding figure of Rs.2267.78 lacs due to higher volume of job work done during the year under review.

During the year under review, the company has written-off certain obsolete and non-moving stock of finished goods and tools and some unrecoverable debts and advances amounting in the aggregate to Rs.576.73 lacs. The lower level of operations has resulted in a loss of Rs.201.06 lacs. Thus the total loss incurred by the company during the year will amount to Rs.777.79 lacs.

REFERENCE TO BIFR

As the company's accumulated losses at the end of the financial year under review exceed its net worth, the company would be treated as a "sick industrial company" under the provisions of Sick Industrial Companies (special provisions) Act, 1985 (SICA).

Your Directors will be making a reference to the Board for Industrial and Financial Reconstruction under the proviso to sub section (1) of section 15 of SICA.

DIVIDEND

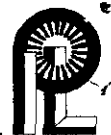
In view of the losses incurred by the company, your Directors express their inability to recommend dividend for 98-99.

CURRENT YEAR'S PERFORMANCE AND FUTURE PROSPECTS

Your Directors are happy to report to you that signals of improvement in the market scenario are slowly emanating and based on extensive interaction with the customers with regard to their plans and perceptions for the current year, the company hopes to achieve a sales level of 2600 MT during the current year.

EXPORTS

Your Directors are happy to inform you that the company has made a very modest beginning on the export front. During the year under review, the export



turn over was Rs. 19.23 lacs and the company expects the exports to increase.

LISTING OF SECURITIES

Your company's securities are listed at the stock exchanges of Mumbai and Hyderabad and the company is regular in paying the annual listing fee to the exchanges.

Y2K COMPLIANCE

The company has taken necessary steps to ensure Y2K compliance for its computer systems.

The cost for Y2K compliance being minimal has not been separately reflected in the financial statements. The expenditure to ensure the compliance is also very insignificant and therefore no difficulty is envisaged in addressing any system disruption due to Y2K issues.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Arun Garodia, Director retires by rotation and being eligible offers himself for reappointment.

AUDITORS

The present Auditors M/s. Laxminiwas & Jain Chartered Accountants, Hyderabad, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

INDUSTRIAL RELATIONS

Industrial relations continued to be harmonious despite the most difficult circumstances during the year under review and your Directors take this opportunity to place on record their appreciation of the dedicated work put in by the employees at various levels.

PARTICULARS OF EMPLOYEES

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies

(Particulars of Employees) (Amendment) Rules 1994 are not applicable as none of the employees was entitled to a remuneration of Rs.6,00,000/- or more per year or Rs.50,000 or more per month.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Additional information to the extent applicable, on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of section 217(1) (e) of the Companies Act, 1956 and the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto and forms part of the Report.

ACKNOWLEDGEMENT

The company received timely support from Industrial Development Bank of India, State Bank of India, Development Credit Bank Limited and Bank of Bahrain & Kuwait BSC more so when the operations were severely hampered during the year under review consequent to an adverse market situation and the Board places on record its appreciation and gratitude to these institutions who have played a significant role in the growth and development of the company over the years.

Your Directors thank the valuable support received from all the suppliers, customers, business associates and government bodies and agencies.

The Directors express their gratitude to all the shareholders who have reposed great confidence and stood by the company at the most critical times.

For and on behalf of the Board

Sharad B Pitti
Chairman & Managing Director

Place : Hyderabad
Date : 7th August, 1999