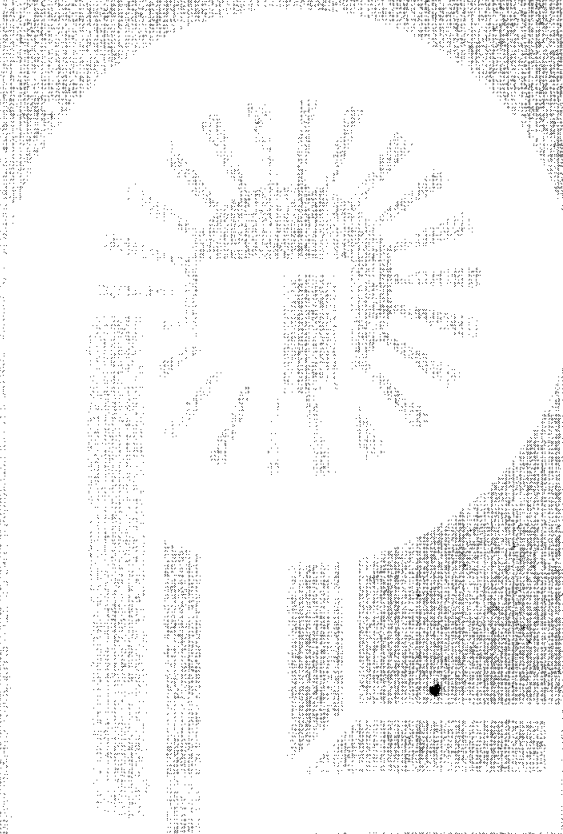


18th Annual Report 2001- 2002



PITTI LAMINATIONS LIMITED



BOARD OF DIRECTORS

SHARAD B. PITTI	CHAIRMAN & MANAGING DIRECTOR
KANTI KUMAR 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

BANK OF BAHRAIN & KUWAIT BSC
Hyderabad - 500 082

DEVELOPMENT CREDIT BANK LIMITED
Hyderabad – 500 001

AUDITORS

LAKSHMINIWAS & JAIN
Chartered Accountants
Hyderabad – 500 001

SHARE TRANSFER AGENTS

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

REGD.OFFICE

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

FACTORY

Nandigaon Village
Mahaboobnagar District
AP – 590 233



NOTICE

Notice is hereby given that the eighteenth Annual General Meeting of the Company will be held on Thursday, the 26th September, 2002 at 4.00 p.m. at West Minister Hall, The Central Court Hotel, 6-1-71, Lakdikapul, 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, 2002 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 re-appointment.
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.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution with or without modification(s), as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:

- i) The following new Article 13A be added after the existing Article 13:

13A Nomination of shares

- a) Every holder of shares or holder of debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares

or debentures of the Company shall vest in the event of his death.

- b) Where the shares or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- c) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company or as the case may be on the death of the joint holder becomes entitled to all the rights in the shares or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner;
- d) Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of the debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares or debentures of the Company, in the event of his death, during the minority."

- ii) The following new Article 17A be added after the existing Article 17:

17A Register and Index of Members

The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board



of Directors, the Register and Index of Members in accordance with Sections 150 and 151 and other applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with the details of shares held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media.

The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also be deemed to be the Register and Index of Members for the purpose of the Companies Act, 1956 and any amendment or Re-enactment thereof. The Company shall have power to keep in any State or Country outside India, a Register of Members for the residents in that State or Country.

- iii) The following new Article 17B be added after the new Article 17A:

17B Dematerialisation of Securities

For the purpose of this Article, unless the context otherwise requires:

A. Definitions

Beneficial Owner: 'Beneficial Owner' means the beneficial owner as defined in clause (a) of sub-section (1) of section 2 of the Depositories Act, 1996;

Bye-laws : 'Bye-laws' means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996;

Depositories Act : 'Depositories Act' means the Depositories Act, 1996, and any statutory modification or Re-enactment thereof for the time being in force;

Depository : 'Depository' means a Company formed and registered under the Companies Act, 1956 (1 of 1956) ('the Act') and which has been granted a

certificate of registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992);

Record: 'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

Regulations : 'Regulations' means the regulations made by SEBI;

SEBI : SEBI means the Securities and Exchange Board of India;

Security : 'Security' means such security as may be specified by SEBI from time to time;

Shareholder or Member: 'Shareholder' or 'Member' means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares and/or Preference Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository;

B. Dematerialisation of Securities :

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any.

C. Option for Investors:

Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner



of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Where a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

D. Securities in Depositories to be in Fungible Form:

All securities held by a Depository shall be dematerialised and shall be in a fungible form. Nothing contained in Section 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

E. Rights of Depositories and Beneficial Owners:

- i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner;
- ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting rights or any other right in respect of the securities held by it;
- iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be entitled to all the rights and benefits

and be subject to all the liabilities in respect of his securities held by a Depository.

F. Depository to furnish information:

Notwithstanding anything to the contrary contained in the Act or these Articles, where the securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies and discs.

G. Option to opt out in respect of any security:

If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the Company accordingly.

The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

H. Section 83 and 108 of the Act not to apply:

Notwithstanding anything to the contrary contained in the Articles:-

- i. Section 83 of the Act shall not apply to the shares with a Depository;
- ii. Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

I. Register and Index of Beneficial Owners:

The Register and Index of Beneficial Owners, maintained by a Depository under section 11 of the Depositories Act shall be deemed to be the Register and Index of



Members and Security holders as the case may be for the purpose of these Articles.

whether or not it shall have express or implied notice thereof.

J. Intimation to Depository:

Notwithstanding anything contained in the Act or these Articles, where securities are dealt with a Depository, the Company shall intimate the details of allotment of securities thereof to the Depository immediately on allotment of such securities.

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

(**B.Kameswara Prasad**)
Secretary & DGM (Finance)

K. Stamp Duty on Securities held in Dematerialised Form:

No stamp duty would be payable on shares and securities held in dematerialised form in any medium as may be permitted by law including any form of electronic medium.

Place : Hyderabad

Date : 14th August, 2002

NOTES:

L. Applicability of the Depositories Act :

In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.

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 25th September, 2002 to 26th September, 2002 both days inclusive.
5. The shares of the Company are presently listed on the Stock Exchanges at Hyderabad, Mumbai and the Company has paid listing fees to both the Stock Exchanges.
6. Members are requested to notify immediately any change in their addresses to the Company.

M. Company to recognise the rights of registered holders as also the beneficial owners in the records of the Depository:

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such shares on the part of any other person



7. Unclaimed dividend will be transferred to the Investor Education and Protection Fund of the Central Government within the stipulated period.

Members who have not encashed their dividend warrants may have their warrants revalidated by sending them to the Registered office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund of the Central Government, no claim shall lie in respect thereof.

8. Explanatory statement pursuant to the provisions of Section 173 (2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.

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

(B.Kameswara Prasad)
Secretary & DGM (Finance)

Place : Hyderabad

Date : 14th August, 2002

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956

ITEM NO. 4

Consequent upon the enactment of the Depositories Act, 1996, the Securities and Exchange Board of India (SEBI) made dematerialised trading of the Company's shares compulsory by all classes of investors and in this regard, the Company has entered into an agreement with the Central Depository Services (India) Limited (CDS) on 16.05.2001. The ISIN No. allotted to the securities of the Company was INE450D01013. The Company's shares are presently available in demat form.

The Depositories Act, 1996 has amended some of the provisions of the Companies Act, 1956 pertaining to the issue, holding, transfer, transmission and dealing in shares and other securities as also issue of relevant certificates thereof, so as to facilitate the introduction and implementation of the Depository System. Therefore, it has become necessary to alter the Articles of Association of the Company as proposed in the Resolution set out at item No.4 of the accompanying notice.

Further the Companies Act, 1956 has been amended by the Companies (Amendment) Act,

1999. The amendment has introduced a few important changes in the law to provide for, inter-alia, facility to the shareholders to nominate a person to whom his shares in the Company shall vest in the event of his death.

In order to be consistent with the provisions of the Companies Act, 1956, it is proposed to insert/amend certain clauses in the Articles of Association of the Company.

The Directors recommend the resolution for approval of the members.

No Director of the Company is concerned or interested in the said resolution except to the extent of his shareholding.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alteration is available for inspection by the members of the Company at its Registered Office between 11.00 A.M and 1.00 P.M on any working day.

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

(B.Kameswara Prasad)
Secretary & DGM (Finance)

Place : Hyderabad

Date : 14th August, 2002



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Eighteenth Annual Report on the business and operations of your Company for the Financial year ended 31st March, 2002.

FINANCIAL RESULTS

The Financial results for the year 2001-2002 in comparison with 2000-2001 are presented herein below:

	(Rs. in lacs)	
	2001-2002	2000-2001
Gross Sales & Other Income	2374.43	2535.14
Taxes & Duties	384.36	384.08
Net Sales & Other Income	1990.07	2151.06
Total Expenditure	1785.98	1865.52
Profit/(Loss) before depreciation and finance charges	204.09	285.55
Depreciation	77.67	77.18
Finance charges	362.52	375.67
Profit/(Loss) before tax	(236.11)	(167.30)
Provision for taxation - Deferred	(7.77)	---
Net Profit/(Loss)	(228.34)	(167.30)
Profit/(Loss) brought forward from the previous year	(1266.28)	(1083.65)
Prior Period adjustments	1.18	(15.33)
Deferred tax adjustment on initial adoption	(25.16)	---
Profit/(Loss) carried to Balance sheet	(1468.28)	(1266.28)

REVIEW OF OPERATIONS: 2001-2002

Your Directors wish to inform you that the improvement in the demand witnessed in 2000-

2001 did not continue in the year under review. Consequently, the operating level fell to 2536 MT in 2001-2002 as compared to 3004 MT during the previous year thus registering a dip of 18.45% in the sales volume. The sales turnover is down to Rs.2356.94 lacs compared to Rs.2520.09 lacs in 2000-2001 recording a 6.47% decline.

Due to the lower operating level, the company had incurred a loss of Rs.228.35 lacs as against Rs.167.30 lacs for 2000-2001. During the year under review the company has written-off tools which are more than 3 years old valued at Rs.104.01 lacs net of salvage value in accordance with the policy in this regard. Approximately 6 MT of finished goods, the models of which did not move in the past two years valued at Rs.4.41 lacs net of salvage value were also written-off.

Further, bad debts amounting to Rs.3.67 lacs have been written-off which represented the sales made in earlier years for which payments were not forthcoming.

The capitalization of tool room expenses in the year under review stands at Rs.6.28 lacs as against Rs.41.38 lacs in the previous year.

Independent of capitalisation of expenses, write-off of tools and other write-offs and depreciation, the company made a cash loss of Rs.39.69 lacs as against cash profit of Rs.40.16 lacs in 2000-2001.

EXPORTS

Your Directors are happy to report that during the year under review, the company notched an export income of Rs.131.91 lacs as against Rs.127.66 lacs in 2000-2001. Augmenting the export income is being given the utmost priority in the current year particularly in view of the continued slow-down in the domestic market.



DIVIDEND

In view of the continuous losses incurred by the company, your Directors express their inability to recommend dividend for 2001-2002.

DECLARATION OF SICKNESS BY BIFR

Members are aware that the company was originally declared a sick company in terms of section 3(1)(0) of SICA vide order dated 05.04.2000 issued by the Honourable Board for Industrial and Financial Re-construction (BIFR).

However on an appeal made by Development Credit Bank Limited (DCBL) one of the consortium bankers, the Honourable Appellate Authority for Industrial and Financial Reconstruction (AAIFR) remanded the matter to Honourable BIFR in September, 2000 for a fresh consideration.

The Honourable BIFR, after hearing the matter, declared the company as sick at its hearing held on 06.02.2002 and also appointed State Bank of India (SBI) as the Operating Agency to formulate a scheme of rehabilitation which may include One-Time Settlement (OTS) with Banks or Institutions.

DCBL again filed an appeal before the AAIFR challenging the sickness of the company and the case is listed for hearing on 25th September, 2002.

OTS WITH IDBI AND DCBL

In order to ensure the speedy revival, the company has entered into One-Time Settlement (OTS) with IDBI and DCBL.

The company's OTS offer to IDBI has been approved by them vide their letter dated 8th August, 2002.

The salient features of the OTS are as under:-

OTS amount Rs.700 lacs

S.No.	Payment Date	Amount (Rs.lacs)
01.	On 09.08.2002 (On receipt of IDBI's letter)	150.00
02.	On 08.11.2002 (within 90 days from IDBI's letter)	100.00
03.	On 31.03.2003	135.00
03.	On 31.03.2004	215.00
Total		600.00

Further, the company has to issue 10,00,000 equity shares of face value of Rs.10/- each aggregating to Rs.100 lacs to IDBI.

All securities, guarantees and legal documents shall continue to be valid and will be in full force till the entire settlement amount is paid and all conditions shall apply mutatis-mutandis.

The total waiver amounts to Rs.892.44 lacs out of which Rs.813.25 lacs is by IDBI and Rs.79.19 lacs by DCBL. Coupled with the induction of fresh equity by the Promoters' to make the down payments, the reduction in debt amounts to Rs.1102.44 lacs. The company stands to save substantially in interest cost due to the reduced debt that had to be serviced.

The company has entered into a Memorandum of Understanding (MOU) with DCBL on 23rd July, 2002 for one-time settlement of dues on the following lines:

OTS amount Rs.240 lacs