



PITTI LAMINATIONS LIMITED

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**21st ANNUAL REPORT
2004- 2005**



BOARD OF DIRECTORS

SHARAD B. PITTI

P. MADHAVA KRISHNA

AKSHAY S. PITTI

KANTI KUMAR R PODAR

G.NARAYANA RAO

ARUN GARODIA

N.R. GANTI

K.L. PINAKAPANI

CHAIRMAN & MANAGING DIRECTOR

EXECUTIVE DIRECTOR

DIRECTOR
(Exports & Business Development)

DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

SECRETARY & GM (COMMERCIAL)

B.K.PRASAD

BANKERS

Andhra Bank
Specialised Corporate Finance Branch
6-3-648,
3rd Floor, Padmaja Landmark
Somajiguda
Hyderabad – 500 082

AUDITORS

LAKSHMINIWAS & JAIN
Chartered Accountants
Hyderabad – 500 001

SHARE TRANSFER AGENTS

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

REGD.OFFICE

6-3-648/401, 4th Floor,
Padmaja Landmark,
Somajiguda
Hyderabad – 500 082

FACTORY (Plant-I and Plant-II)

Nandigaon Village
Mahaboobnagar District
AP – 590 233



NOTICE

Notice is hereby given that the Twenty-first Annual General Meeting of the Company will be held on Friday, the 9th September, 2005 at 4.00 P.M. at West Minister Hall, The Central Court Hotel, 6-1-71, Lakdikapool, 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, 2005 and the Balance sheet as at the date together with the Reports of the Directors and Auditors thereon.
2. To confirm the payment of interim dividend and to declare a final dividend on Equity shares.
3. To appoint a Director in place of Shri N R Ganti who retires by rotation and who being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Arun Garodia who retires by rotation and who being eligible offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following Resolution with or without modification(s), as an ordinary Resolution:

"RESOLVED THAT pursuant to sections 198, 309, 310 and other applicable provisions if any, of the Companies Act, 1956 read with schedule XIII there to, the approval of the Company be and is hereby accorded to the payment of revised remuneration of Rs.84,000/- per month to

Shri P. Madhava Krishna, Executive Director, with effect from 16th October, 2004 for the remaining period of his tenure, the other terms and conditions as approved by the members at the Annual General Meeting held on 23rd July, 2003 remaining unaltered.

- 7 To consider and if thought fit, to pass with or without modifications, the following Resolutions as Ordinary Resolutions.

"RESOLVED THAT pursuant to section 257 and other applicable provisions of the Companies Act, 1956, Shri Akshay S Pitti, who was appointed as an Additional Director at the meeting of the Board of Directors held on 14th October, 2004 and who holds office as such upto this Annual General Meeting and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention, to propose Shri Akshay S. Pitti, as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, who shall not be subject to retirement until such time that he is the whole-time Director of the company."

"RESOLVED THAT pursuant to sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto, the approval of the Company be and is hereby accorded to the appointment and payment of remuneration to Shri Akshay S Pitti, Director (Exports & Business Development) for a period of five years with effect from 14th October, 2004 at a remuneration of Rs.21,000/- per month.

Company's contribution to provident fund, gratuity and leave encashment at the end



of the tenure will not be included in the computation of ceiling amounts prescribed in Schedule XIII.

Car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company."

8. To consider and, if thought fit, to pass with or without any modifications the following Resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modifications or re-enactment thereof) the Authorised Share Capital of the Company be and is hereby increased from Rs.10 crores (Rupees ten crores only) divided into 1,00,00,000 Equity shares of Rs.10/- each to Rs.15 crores (Rupees fifteen crores only) divided into 1,50,00,000 Equity shares of Rs.10/- each and consequently the existing clause V of the Memorandum of Association do stand altered accordingly.

9. To consider and, if thought fit, to pass with or without any modifications the following Resolution as an Ordinary Resolution.

"RESOLVED THAT on the Resolution for alteration of the capital clause being duly passed and becoming effective, the present clause V of the Memorandum of Association of the Company be substituted by the following new clause.

The Authorised share Capital of the Company is Rs.15 crores (Rupees fifteen crores only) divided in 1,50,00,000 (one core fifty lacs only) Equity shares of Rs.10/- (Rupees Ten only) with the rights,

privileges and conditions attaching thereto as are provided by the regulations of the company for the time being, with the power to increase and reduce the capital of the company and to divide the shares in the capital of the time being into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may, for the time being be provided by the regulations of the Company.

- 10 To consider and, if thought fit, to pass with or without any modifications, the following Resolution as a Special Resolution.

"RESOLVED THAT on the Resolution for alteration of the capital clause being duly passed and becoming effective and pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof) existing Article 3(a) of the Articles of Association of the Company be and is hereby substituted by the following:

The Authorised Share Capital of the Company is Rs.15 crores (Rupees fifteen crores only) divided into 1,50,00,000 Equity shares of Rs.10/- each as mentioned in the Memorandum of Association of the Company."

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

(B.K. PRASAD)
SECRETARY & GM (COMMERCIAL)

Place : Hyderabad

Date : 11th June, 2005



NOTES:

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 transfer books of the Company will be closed from 8th September, 2005 to 9th September, 2005 (both days inclusive) for the purpose of payment of dividend to those members whose names stand on the Register of Members as on 7th September, 2005. The dividend in respect of shares held in electronic form will be payable to the beneficial owners of the shares as at the end of business hours on 7th September, 2005 as per the details furnished by the depositories for this purpose.
5. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for payment of the dividend. The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the shareholders.
6. The shares of the Company are listed on the Stock Exchanges at Hyderabad and Mumbai and the Company has paid listing fees to both the Stock Exchanges.
7. Members holding shares in physical form are requested to notify change, if any, in their address to the company's share transfer agents Ikon Visions (P) Ltd., 33, Sanali Heavens, 8-3-948, Ameerpet, Hyderabad - 500 073. Members holding shares in electronic form are requested to notify change, if any, in their address to their Depository Participants.
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.

All documents referred to in the notice and the explanatory statement are open for inspection at the registered office of the company during office hours on all working days up to the date of Annual General Meeting.

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

(B.K. PRASAD)
SECRETARY & GM (COMMERCIAL)

Place : Hyderabad

Date : 11th June, 2005



Explanatory Statement under section 173 (2) of the Companies Act, 1956.

Item No.6

Shri P.Madhava Krishna was appointed as Executive Director for a period of five years with effect from 16th October, 2002. The Department of Company Affairs, New Delhi had also accorded its approval for the appointment and of remuneration originally proposed by the Remuneration Committee.

Shri P.Madhava Krishna has been with the Company right from inception and played an important role in its growth and development. His contribution in the revival of the company is significant. Considering the valuable contribution made by Shri P.Madhava Krishna, Executive Director, the Remuneration Committee at its meeting held on 14th October, 2004 revised the remuneration to Rs.84,000 per month from Rs.70,000 per month effective from 16th October, 2004. The revised remuneration is well with in the limits set out in schedule XIII of the Companies Act, 1956.

Barring Shri P.Madhava Krishna, none of the Directors is in any way concerned or interested in the Resolution.

Your Directors commend the Resolution for your approval.

Item No.7

Considering the potential of Shri Akshay S. Pitti and the thrust being given to Exports, he was inducted as Director under section 260 of the Companies Act, 1956 at the meeting of the Board of Directors held on 14th October, 2004 and was made the Director (Exports & Business Development). The appointment is for a period of five years.

Prior to his elevation as Director (Exports & Business Development) Shri Akshay S. Pitti has undergone training in various departments and participated in orientation programmes.

The Remuneration Committee met on 14th October, 2004 and fixed the remuneration of

the Director (Exports & Business Development) at Rs.21,000/- per month as detailed in the Resolution.

Your Directors commend the Resolution for your approval.

Except Shri Akshay S Pitti and Shri Sharad B Pitti, being the father of Shri Akshay S Pitti, none of the other Directors of your Company is in any way concerned or interested in the Resolution.

Item No.8 to 10

The present authorised share capital of the company is Rs.10 Crores divided in to one Crore Equity shares of Rs.10/- each. The subscribed capital will be 78,40,000 Equity shares of Rs.10/- each aggregating to Rs.7.84 Crores including the proposed preferential allotment of 15,90,000 Equity shares.

Upon conversion of 4,10,000 share warrants (being allotted to one of the promoters) into equal number of equity shares, the subscribed capital will increase to 82,50,000 equity shares of Rs.10/- each aggregating to Rs. 8.25 Crores.

Your Directors opine that the authorised share capital shall be increased to Rs.15 crores comprising of 1,50,00,000 equity shares of Rs.10/- each to enable the Company to raise equity funds at an appropriate time to fund various corporate requirements that arise in a dynamic business environment.

Your Directors commend the Resolution for your approval. None of the Directors is interested in the Resolution.

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

(B.K. PRASAD)
SECRETARY & GM (COMMERCIAL)

Place : Hyderabad

Date : 11th June, 2005



Information on Directors seeking re-appointment and on appointment of Director (Exports - Business Development) at this Annual General Meeting

Sl.No	PARTICULARS	Shri.N.R. GANTI	Shri. ARUN GARODIA	Shri.AKSHAY S PITTI
1.	Date of birth & age	14.05.1949 56 Yrs	01.11.1953 51 Yrs	28.10.1985 19 Yrs
2.	Date of Appointment	16.10.2002	29.06.1984	14.10.2004
3.	Occupation	Professional Advisor and Management Consultant	Business	Business
4.	Directorships held in other companies	Granules India Ltd.	Anshuman Industries Ltd Swastic Cables Pvt. Ltd Garodia Exportex Ltd Narayan Textiles Pvt. Ltd.	Pitti Electrical Equipment Ltd.



DIRECTORS' REPORT

Your Directors have pleasure in presenting their 21st Annual Report on the business and operations of your Company for the Financial year ended 31st March, 2005.

FINANCIAL RESULTS

The financial results for the year 2004-2005 in comparison with 2003-2004 are presented herein below:

	(Rs. in lacs)	
	2004-2005	2003-2004
Gross Sales & Other Income	5516.25	4549.17
Taxes & Duties	951.40	752.99
Net Sales & Other Income	4564.85	3796.18
Total Expenditure	3661.71	3247.52
Profit/(Loss) before depreciation and finance charges	903.14	548.66
Depreciation	78.01	79.89
Finance charges	67.85	89.41
Profit/(Loss) before tax	757.28	379.36
Provision for taxation		
- Current	198.52	—
- Deferred	56.21	(23.83)
Net Profit/(Loss)	502.55	403.19
Profit/(Loss) brought forward from the previous year	(138.46)	(541.75)
Prior Period adjustment	—	0.10
Interim Dividend paid	62.43	—
Provision for Dividend	31.22	—
Tax on Dividend	12.55	—
Transferred to General Reserve	50.00	—
Profit/(Loss) carried to Balance sheet	207.89	(138.46)

REVIEW OF OPERATIONS

Members may recall that the Directors in their Report of last year had indicated a sales target of 6500 MT. Your Directors have pleasure in informing you that the company has attained yet another all-time high sales of 6521 MT representing capacity utilisation of 109% and thus surpassing the target. This is as compared to 5388 MT in the previous year recording a growth of 21%.

The company's income has gone up to Rs.5516.25 lacs in the year under review as against Rs.4549.17 lacs in the preceding year recording a growth of 21%.

It is a matter of gratification that the company has started supplies to the world renowned GE(USA) known for its highest standards of excellence and volumes will significantly increase in the current year. The company is not merely supplying laminations to GE but also providing value added sub-assemblies involving several operations using castings, aluminum and copper etc.,

The company has notched a profit before tax of Rs.757.28 lacs as against profit before tax of Rs.379.36 lacs in the previous year thereby recording nearly 100% growth. The improvement in company's financials can be attributed to substantial increase in the operational level, lower interest cost and efficient working capital management.

The company's net worth stands at Rs.1101.58 lacs as on 31st March, 2005.

In accordance with company's policy, tools which are more than three years old valued at Rs.1.39 lacs have been written off after providing for a salvage value of Rs.0.01 lacs.

Approximately 2 MT of obsolete stock of finished goods valued at Rs.1.90 lacs have been written off after providing for salvage value of Rs.0.30 lacs.



The company has also written off bad debts amounting to Rs.2.06 lacs which have become unrealisable despite the best efforts of the company.

The capitalisation of tool room expenses in the year under review stands at Rs.81.29 lacs compared with Rs.35.30 lacs in the previous year.

The company has earned a cash profit of Rs.582.62 lacs after tax in the year under review as against a cash profit of Rs.490.38 lacs after tax in the previous year.

EXPORTS

As indicated in the previous Directors' Report, the company achieved a major break through on the export front with the world renowned GE (USA) being brought into the company's fold. During the year under review, the company has sold 274 MT to GE while 35 MT were supplied to other overseas customers. The company clocked an export turnover of Rs.621.12 lacs during 2004-2005 as against Rs.102.16lacs in the previous year.

DIVIDEND

Members are aware that the company has paid an interim dividend of 10% on the equity share capital of the company for the financial year 2004-2005. Your Directors have pleasure in recommending final dividend of 5% for 2004-2005 and on approval by the members the total dividend declared for 2004-2005 will be 15% on the existing equity share capital of the company. This would entail an out lay of Rs.106.20 lacs inclusive of dividend tax payable by the company.

Based on the expert opinion obtained from Shri.V.S. Raju, Advocate and Corporate Law Advisor, the Board has recommended a final dividend of 5% on the existing shares alone and not on the 15,90,000 shares which will be issued in the current year after the approval of

members is obtained at the Extra-Ordinary General Meeting being held on 11th June, 2005. The details of new shares being issued appear elsewhere in the Report.

SOCIAL RESPONSIBILITY

Conscious of its social responsibility, your company has contributed Rs.6.45 lacs to charitable activities during the year under review.

Mention may be made of the donations given to CARE hospital and SACH Foundation (Apollo hospital) for meeting the cost of surgery of child heart patients. Your company has also provided relief to the fishermen when tsunami ravaged life and livelihood in Southern India.

EXPANSION PLAN

It may be recalled that the company was contemplating expansion of its facilities in 2004-2005 in order to meet the up surge in the domestic demand and from overseas market.

Your Directors are happy to inform you that the company has set up a new plant near the existing plant with an installed capacity of 4000 MT per annum during the year under review. The first phase of the new plant has commenced commercial operations on 13th April, 2005.

The company has set a sales target of 10,000 MT for the current year and out of this exports are expected to be 2500 MT.

The company has been making continuous efforts to add more and more overseas customers. In view of the substantial increase in supplies to existing domestic and overseas customers and the new domestic and overseas customers who are expected to start sourcing from the company, it is felt that further expansion will be necessary to meet this demand.

Your Directors are of the view that the company should expand the installed capacity by 15000 MT in addition to expanding tool room facilities and modernise some facilities in plant I.



The outlay in plant I and cost of second phase of plant II is estimated to entail an investment Rs.24 crores. To part-finance the expansion-cum-modernisation programme for creation of additional facilities in plant II and to carry out modernisation plan in plant I, a preferential issue is contemplated the details of which are given below. The company will also raise a term loan and deploy internal accruals for meeting the cost of the project.

The expansion-cum-modernisation programme is expected to be completed by April, 2006.

PREFERENTIAL ISSUE

The company proposes to issue shares and share warrants to promoters and non-promoters on preferential basis, the details of which are as under:-

S.No.	Name of the proposed allottee	No. of shares/ share warrants	Proceeds of the issue @Rs.72/- per share and share warrant (crores)
01.	Sonata Investments Limited (Non-Promoter)	11,50,000 shares	8.28
02.	Trimurty Equity & Finance (Bombay) Pvt. Ltd. (Non-Promoter)	50,000 shares	0.36
03.	Shri Akshay S Pitti (Promoter)	3,90,000 shares	5.76
04.	Shri Akshay S Pitti (Promoter)	4,10,000 share warrants	
	Total	20,00,000	14.40

The Board has approved the preferential issue at its meeting held on 14th May, 2005 and an Extra Ordinary General Meeting is being convened on 11th June, 2005 for approval of members for the preferential issue.

The pricing of equity shares and warrants is done in accordance with the guidelines stipulated under SEBI (Disclosure and Investor protection) Guidelines, 2000 in respect of pricing of the issues.

REPORT ON CORPORATE GOVERNANCE

A detailed Report on Corporate Governance prepared in compliance with the provisions of listing Agreement with the Stock Exchanges forms part of this report. The Management Discussion and Analysis forms of part of the Annual Report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri. N.R .Ganti, Director and Shri Arun Garodia, Director retire by rotation and being eligible offer themselves for re-appointment.

AUDITORS

The present Auditors Lakshminiwas & Jain, Chartered Accountants, Hyderabad retire at the conclusion of the ensuing Annual General Meeting. They have indicated their willingness to accept re-appointment and have further confirmed their eligibility under section 224 (IB) of the Companies Act, 1956