

22nd ANNUAL REPORT 2005-2006



PITTI LAMINATIONS LIMITED



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

Allahabad Bank
Industrial Finance Branch
6-3-850/3, 1st Floor, Ameerpet Main Road
Hyderabad - 500 016

State Bank of India
Industrial Finance Branch
Rajbhavan Road, Somajiguda
Hyderabad - 500 082

AUDITORS

LAKSHMINIWAS & JAIN
Chartered Accountants
Hyderabad - 500 001

REGD.OFFICE

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

FACTORY (Plant-I and Plant-II)

Nandigaon Village
Mahaboobnagar District
Andhra Pradesh - 590 233

SHARE TRANSFER AGENTS

XL Softech Systems Limited
Plot No.3, Sagar Society
Road No.2, Banjara Hills
Hyderabad - 500 034



NOTICE

Notice is hereby given that the Twenty-second Annual General Meeting of the Company will be held on Friday, the 16th June, 2006 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, 2006 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 confirm and ratify the payment of final dividend for 2004-2005 on new shares.
4. To appoint a Director in place of Shri Kanti Kumar R Podar who retires by rotation and who being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri G. Narayana Rao who retires by rotation and who being eligible offers himself for re-appointment.
6. 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

7. 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 payment of revised remuneration of Rs.1,20,000/- per month to Shri P Madhava Krishna, Executive Director, with effect from 16th October, 2005 for the remaining period of his tenure, the other terms and conditions as originally approved by the members at the Annual General Meeting held on 23rd July, 2003 remaining unaltered.

8. 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 payment of revised remuneration of Rs.1,10,000/- per month to Shri Akshay S Pitti, Director (Exports and Business Development), with effect from 14th October, 2005 for the remaining period of his tenure, the other terms and conditions as originally approved by the members at the Annual General Meeting held on 9th September, 2005 remaining unaltered.

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

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the company, the Listing Agreement entered into between the company and the various stock exchanges, the guidelines and clarifications issued by the Securities and Exchange Board of India



(SEBI) and any other statutory/regulatory authorities and subject to approval of Reserve Bank of India, if applicable, and such other approvals, permissions, consents and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as the "Board") which term shall also include any committee constituted/to be constituted by the Board for exercising the powers conferred on the Board by this Resolution, the consent of the company be and is hereby accorded to the Board to create, issue, offer and allot 15,00,000 (fifteen lacs only) fully paid-up equity shares of Rs.10/- each, for cash at a price of Rs.120/- (Rupees one hundred twenty only) (inclusive of premium of Rs.110/- per share) aggregating to Rs.18crores (Rupees eighteen crores only) on preferential basis to the Non-promoters as detailed herein below.

Sl.No.	Allottees	No. of Equity Shares to be allotted
01.	Minivet Limited (Non-Promoter)	5,00,000
02.	Horse Shoe Capital (Non-Promoter)	10,00,000
TOTAL		15,00,000

"RESOLVED FURTHER THAT :

- a) the equity shares to be issued and allotted shall rank pari passu with the existing equity shares of the company in all respects including payment of Dividend.
- b) the 'Relevant Date' as per the SEBI (Disclosure & Investor Protection

Guidelines, 2000) for the determination of applicable price for the issue of the shares is 17th May, 2006."

"FURTHER RESOLVED THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to take all such actions and to give all such directions as may be necessary or desired and to accept any modifications in the above proposal as may be required by the authorities involved and also settle any questions or difficulties that may arise in respect of offer, issue and allotment of equity shares and further to do all such acts and execute all such writings and instruments in connection with the issue of equity shares as the Board may in its absolute discretion deem necessary or desirable."

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

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the company, the Listing Agreement entered into between the company and the various stock exchanges, the guidelines and clarifications issued by the Securities and Exchange Board of India (SEBI) and any other statutory/regulatory authorities and subject to such other approvals, permissions, consents and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which



may be agreed to by the Board of Directors of the company (hereinafter referred to as the "Board") which term shall also include any committee constituted/to be constituted by the Board for exercising the powers conferred on the Board by this Resolution, the consent of the company be and is hereby accorded to the Board to create, offer, issue and allot 1,00,000 (one lac only) equity shares (hereinafter referred to as "Shares") at Rs.120/-per share (including premium of Rs.110/- per share) aggregating to Rs.1.20 crores (Rupees one crore twenty lacs only) to the promoters of the company on preferential basis as detailed herein below on such terms and conditions and in such manner as the Board may think fit.

Sl.No.	Allottees	No. of Equity Shares to be allotted
01.	Shri Sharad B Pitti (Promoter)	50,000
02.	Shri Akshay S Pitti (Promoter)	50,000
TOTAL		1,00,000

"RESOLVED FURTHER THAT :

- the equity shares issued shall rank pari passu with the existing equity shares of the company in all respects including payment of dividend.
- the 'Relevant Date' as per the SEBI (Disclosure & Investor Protection) Guidelines, 2000 for the determination of applicable price for the issue of the shares is 17th May, 2006.

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board is hereby authorised to do all such acts, deeds, matters and things and resolve any doubts or questions that may

arise in the issue and allotment of shares, to effect any modification(s) to the foregoing (including any modification to the terms of the issue) in the best interest of the company and its shareholders and to execute all such writings and instrument(s) as the Board may in its absolute discretion deem necessary or desirable."

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

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the company, the Listing Agreement entered into between the company and the various stock exchanges, the guidelines and clarifications issued by the Securities and Exchange Board of India (SEBI) and any other statutory/regulatory authorities and subject to such other approvals, permissions, consents and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the company (hereinafter referred to as the "Board") which term shall also include any committee constituted/to be constituted by the Board for exercising the powers conferred on the Board by this Resolution, the consent of the company be and is hereby accorded to the Board to create, offer, issue and allot 4,00,000 (four lacs only) Share Warrants (hereinafter referred to as "Warrants") to the promoters of the company as detailed herein below on



preferential allotment basis, on such terms and conditions and in such manner as the Board may think fit, each Warrant entitling the holder thereof to apply for and be allotted one equity share per Warrant of Rs.10/- each at Rs.120/- per share warrant (including a premium of Rs.110/-per warrant) aggregating to Rs.4.80 crores(Rupees four crores eighty lacs only) and which conversion shall be made within a period not exceeding eighteen (18) months from the date of allotment of the Warrants in accordance with the SEBI (Disclosure & Investor Protection) Guidelines, 2000 as may be applicable from time to time.

Sl.No.	Allottees	No. of Share Warrants to be allotted
01.	Shri Sharad B Pitti (Promoter)	2,00,000
02.	Shri Akshay S Pitti (Promoter)	2,00,000
TOTAL		4,00,000

"RESOLVED FURTHER THAT :

- a) the equity shares issued on conversion of the warrants shall rank pari passu with the existing equity shares of the company in all respects including payment of dividend.
- b) the 'Relevant Date' as per the SEBI (Disclosure & Investor Protection) Guidelines, 2000 for the determination of applicable price for the issue of the warrants is 17th May, 2006.
- c) for the purpose of giving effect to this Resolution, the Board is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon

conversion of Warrants in accordance with the terms of the offer and subject to the provisions of the company's Memorandum and Articles of Association".

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board is hereby authorised to do all such acts, deeds, matters and things and resolve any doubts or questions that may arise in the issue and allotment of Warrants, to effect any modification(s) to the foregoing (including any modification to the terms of the issue) in the best interest of the company and its shareholders and to execute all such writings and instrument(s) as the Board may in its absolute discretion deem necessary or desirable."

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

"RESOLVED THAT pursuant to section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 the mortgage and/or charge created/ to be created by the Company on the immovable and movable properties of the Company wheresoever situated, both present and future of the whole of the undertaking of the company together with power to take over the management of the business and concern of the company in certain events, to or in favour of

- Andhra Bank, Specialised Corporate Finance Branch, Hyderabad for securing term loan of Rs.420 lacs and working capital facilities of Rs.550 lacs including non-fund based limits.
- Allahabad Bank, Industrial Finance Branch, Hyderabad for securing term loan of Rs.300 lacs and working capital



facilities of Rs.600 lacs including non-fund based limits.

- State Bank of India, Industrial Finance Branch, Hyderabad for securing term loan of Rs.780 lacs

together with interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses be and the same are hereby confirmed, approved and ratified."

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

"RESOLVED THAT pursuant to section 163 and other applicable provisions, if any, of the Companies Act, 1956 the company hereby approves that the Register of Members, the index of members and copies of Annual Returns along with the copies of

certificates and documents or any or more of them required to be annexed thereto under Section 160 and 161 of the said Act be kept at the office of the Registrars and Transfer Agents XL Softech Systems Limited, Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 instead of being kept at Ikon Visions (P) Limited, 33, Sanali Heavens, 8-3-948, Ameerpet, Hyderabad - 500 073 who were the Registrars and transfer agents of the company prior to the appointment of XL Softech Systems Limited.

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

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

Place : Hyderabad
Date : 17th May, 2006

**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 15th June, 2006 to 16th June, 2006 (both days inclusive) for the purpose of payment of dividend to those members whose names stand on the Register of Members as on 14th June, 2006. 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 14th June, 2006 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 for 2006-2007 to both the Stock Exchanges.
 7. The Company has appointed XL Softech Systems Limited, Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 as Registrar and Share Transfer agents of the Company in place of Ikon Visions (P) Limited. Members holding shares in physical form are, therefore, requested to notify change, if any, in their address to XL Softech Systems Limited. Members holding shares in electronic form are requested to notify change, if any, in 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 : 17th May, 2006



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

Item No.7

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 accorded its approval for the appointment and of remuneration originally proposed by the Remuneration Committee. His remuneration is being revised on an annual basis with the approval of members.

Shri P Madhava Krishna, Executive Director has played a pivotal role in attaining the targetted sales for the year under review. Under the able guidance of Shri P Madhava Krishna, Executive Director, the company has set up a new plant near the existing plant predominantly to cater to the export business. The new plant started commercial operations on 13th April, 2005. His contribution in the expansion-cum-modernisation programme presently under implementation is also significant.

Considering the valuable contribution made by Shri P Madhava Krishna, Executive Director, on various fronts, the Remuneration Committee at its meeting held on 14th April, 2006 revised the remuneration to Rs.1,20,000 per month from Rs.84,000/- per month effective from 16th October, 2005. The revised remuneration is well within the limits set out in schedule XIII of the Companies Act, 1956 and all other terms and conditions incidental to the appointment and remuneration as originally approved by the Central Government and shareholders will remain unchanged.

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.8

Shri Akshay S Pitti was appointed as Director (Exports & Business Development) for a period of five years with effect from 14th October, 2004. His appointment was approved at the Annual General Meeting held on 9th September, 2005.

Shri Akshay S Pitti, Director (Exports & Business Development) has made a significant contribution to the growth and development of the company and more particularly on the export front. Due to the initiative and drive of Shri Akshay S Pitti, Director (Exports & Business Development), new clientele like Suzlon Generators Pvt Ltd have been brought into the company's fold. With the untiring efforts put in by Shri Akshay S Pitti, Director (Exports & Business Development), the company has attained all-time high sales of 10035 MT in 2005-2006. Shri Akshay S Pitti, Director (Exports & Business Development) has also been taking an active role in the current expansion cum modernisation programme.

Considering the valuable contribution made by Shri Akshay S Pitti, Director (Exports & Business Development), the Remuneration Committee at its meeting held on 14th April, 2006 revised the remuneration to Rs.1,10,000 per month from Rs.21,000/- per month effective from 14th October, 2005.

The revised remuneration is well within the limits set out in schedule XIII of the Companies Act, 1956 and all other terms and conditions incidental to the appointment and remuneration as originally approved by the shareholders will remain unchanged.

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. 9 to 11:**

The company proposes to issue 15,00,000 equity shares of Rs.120/- per share (including premium of Rs.110/- per share) to non-promoters on preferential basis.

It is also proposed to issue 1,00,000 equity shares of Rs.120/- per share (including premium of Rs.110/- per share) to promoters on preferential basis.

Further 4,00,000 share warrants of Rs.120/- per warrant (including premium of Rs.110/- per warrant) are proposed to be issued to promoters on preferential basis.

The aggregate amount of the preferential issue will be Rs.24crores.

As per regulation 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000, the required details are furnished as under:

1. Object of the Issue:

As a forward integration measure, the company intends to set up a project for fabrication of steel stator bodies, machining of motor bodies and core-dropping operations. The estimated cost of the project is Rs.30 crores and the preferential is contemplated to part-finance the project. The company will raise term loans and / or deploy internal accruals to meet the remaining cost of the project.

2. Pricing:

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.

3. Payment & conversion terms:

10% of the value of the warrants is to be paid together with application. The balance is payable at the time of conversion. In

case the option is not exercised within a period of 18 months from the date of allotment, the application money will be forfeited by the company. The warrants are converted at the option of the allottees on payment of the balance amount of the issue price at any time during the period of 18 months.

Entire amount on the equity shares issued on preferential basis shall be paid in cash by the non-promoter allottees on such terms and conditions and in such manner as the Board may think fit.

In respect of promoter allottees, the entire amount on the equity shares issued on preferential basis shall be paid by way of cash and/or conversion of outstanding dues, if any, payable by the company to the promoter allottees on such terms and conditions and in such manner as the Board may think fit.

4. Intention of Promoters/Directors/Key Management personnel

The promoters do intend to finance the project to the extent of shares and share warrants proposed to be issued to them. The key managerial personnel are not subscribing to the preferential issue.

5. Relevant Date:

"Relevant Date" for this purpose is 17th May, 2006 which is the date 30 days prior to the date of this Annual General Meeting.

6. Shareholding Pattern of the Company before and after the issue:

The pattern of shareholding before and the one likely to emerge after the proposed allotment of Equity Shares and upon conversion of warrants would be as under: