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PITTI LAMINATIONS LIMITED

24th ANNUAL REPORT
2007 - 2008

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BOARD OF DIRECTORS

SHARAD B PITTI	CHAIRMAN & MANAGING DIRECTOR
AKSHAY S PITTI	DIRECTOR (Exports & Business Development)
Y B SAHGAL	EXECUTIVE DIRECTOR
V K SALHOTRA	DIRECTOR (OPERATIONS)
SANTOSH KUMAR AGRAWAL	DIRECTOR (TECHNICAL)
KANTI KUMAR R PODAR	DIRECTOR
G NARAYANA RAO	DIRECTOR
ARUN GARODIA	DIRECTOR
N R GANTI	DIRECTOR
G VIJAYA KUMAR	DIRECTOR
M GOPALA KRISHNA, IAS (Retd.)	DIRECTOR
T S S N MURTHY	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.

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

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

IndusInd Bank Limited
100, Laxmi Sardar Patel Road
Begumpet, Secunderabad - 500 003

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.

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NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Company will be held on Monday, the 1st September, 2008 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, 2008 and the Balance sheet as at the date together with the Reports of the Directors and Auditors thereon.

2. To declare dividend on Equity shares.

3. 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.

4. To appoint a Director in place of Shri G Narayana Rao 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 upto 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 a Special Resolution.

   "RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310 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 re-appointment of Shri Sharad B Pitti as Chairman & Managing Director for a period of five years with effect from 1st December, 2007 on the terms and conditions detailed herein below.

   i) Salary Rs.3.25 lacs per month

   ii) Contribution to Provident Fund and Gratuity as per rules of the company in force.

   iii) Provision of car for use in companys' business and telephone at residence/and usage of cell phones.

   "FURTHER RESOLVED THAT consent is given to the Board/Remuneration Committee to split up the remuneration into individual components, if required, in such manner as deemed fit subject to the condition that the over all remuneration shall not exceed Rs.3.25 lacs per month."

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

   "RESOLVED THAT pursuant to sections 198,309,310 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 payment of revised remuneration at Rs.2.00 lacs per month to Shri Akshay S Pitti, Director (Exports & Business Development), with effect from 14th October, 2007 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."

   "FURTHER RESOLVED THAT consent is given to the Board/Remuneration Committee to split up the remuneration into individual components, if required, in such manner as deemed fit subject to the condition that the over all remuneration shall not exceed Rs.2.00 lacs per month."

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

"RESOLVED THAT pursuant to sections 198,309,310 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 payment of revised remuneration at Rs.2.25 lacs per month to Shri Y B Sahgal, Executive Director with effect from 1st April, 2008 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 24th August, 2007 remaining unaltered."

"FURTHER RESOLVED THAT consent is given to the Board/Remuneration Committee to split up the remuneration into individual components, if required, in such manner as deemed fit subject to the condition that the over all remuneration shall not exceed Rs.2.25 lacs per month."

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

"RESOLVED THAT pursuant to sections 198,309,310 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 payment of revised remuneration at Rs.2.15 lacs per month to Shri V K Salhotra, Director (Operations) with effect from 1st April, 2008 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 24th August, 2007 remaining unaltered."

"FURTHER RESOLVED THAT consent is given to the Board/Remuneration Committee to split up the remuneration into individual components, if required, in such manner as deemed fit subject to the condition that the over all remuneration shall not exceed Rs.2.15 lacs per month."

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

"RESOLVED THAT pursuant to sections 198,309,310 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 payment of revised remuneration at Rs.2.00 lacs per month to Shri Santosh Kumar Agrawal, Director (Technical) with effect from 1st April, 2008 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 24th August, 2007 remaining unaltered."

"FURTHER RESOLVED THAT consent is given to the Board/Remuneration Committee to split up the remuneration into individual components, if required, in such manner as deemed fit subject to the condition that the over all remuneration shall not exceed Rs.2.00 lacs per month."

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

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

Place : Hyderabad
Date : 4th June, 2008

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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 26th August, 2008 to 1st September, 2008 (both days inclusive) for the purpose of payment of dividend to those members whose names stand on the Register of Members as on 1st September, 2008. 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 1st September, 2008 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 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 National Stock Exchange and Bombay Stock Exchange and the Company has paid listing fees for 2008-2009 to both the Stock Exchanges.

7. 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 : 4th June, 2008

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

Item No.6

The Board at its meeting held on 4th June, 2008 has re-appointed Shri Sharad B Pitti as Chairman & Managing Director for a period of five years with effect from 1st December, 2007 on the terms and conditions detailed in Item No.6 of the notice. His appointment and the remuneration are subject to the approval of members at the Annual General Meeting.

The Board has revised the remuneration at Rs.3.25 lacs per month from the existing remuneration of Rs.2.00 lacs per month considering the significant contribution made by Shri Sharad B Pitti for the overall growth and development of the company. His remuneration was not revised since 2004.

The remuneration proposed by the Board is in terms of schedule XIII of the Companies Act, 1956.

Shri Sharad B Pitti is interested in the subject matter. Shri Akshay S Pitti and Shri Arun Garodia are deemed to be interested in the subject matter being relatives of Shri Sharad B Pitti.

Your Directors commend the Resolution for your approval.

Item No.7

Members are aware that Shri Akshay S Pitti was appointed as Director (Exports & Business Development) at the meeting of the Board of Directors held on 14th October, 2004 for a period five years. His remuneration was revised at Rs.1.10 lacs per month with effect from 14th October, 2005 and the same was approved at the Annual General Meeting held on 16th June, 2006.

The Board at the meeting held on 4th June, 2008 has revised his remuneration at Rs.2.00 lacs per month from the existing remuneration of Rs.1.10 lacs per month with effect from 14th October, 2007.

The remuneration proposed by the Board is in terms of schedule XIII of the Companies Act, 1956.

Shri Akshay S Pitti, Director (Exports & Business Development) is primarily responsible for significant rise in the export turnover.

Shri Akshay S Pitti is interested in the subject matter. Shri Sharad B Pitti is deemed to be interested in the subject matter being relative of Shri Akshay S Pitti.

Your Directors commend the Resolution for your approval.

Item No.8

Members are aware that Shri Y B Sahgal was appointed as Executive Director at the meeting of the Board of Directors held on 28th June, 2007 at a remuneration of Rs.1.63 lacs per month. The appointment and remuneration were approved by the members at the Annual General Meeting held on 24th August, 2007.

The Board at the meeting held on 4th June, 2008 has revised his remuneration at Rs.2.25 lacs per month from the existing remuneration of Rs.1.63 lacs per month with effect from 1st April, 2008.

The remuneration proposed by the Board is in terms of schedule XIII of the Companies Act, 1956.

Shri Y B Sahgal has played an effective role in the over all growth and development of the company.

Except Shri Y B Sahgal, none of the Directors is in any way concerned or interested in the Resolution.

Your Directors commend the Resolution for your approval.

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Item No.9

Members are aware that Shri V K Salhotra was appointed as Director (Operations) at the meeting of the Board of Directors held on 28th June, 2007 at a remuneration of Rs.1.19 lacs per month. The appointment and remuneration were approved by the members at the Annual General Meeting held on 24th August, 2007.

The Board at the meeting held on 4th June, 2008 has revised his remuneration at Rs.2.15 lacs per month from the existing remuneration of Rs.1.19 lacs per month with effect from 1st April, 2008.

The remuneration proposed by the Board is in terms of schedule XIII of the Companies Act, 1956.

Shri V K Salhotra has played an important role in attaining all-time high production and sales in 2007-2008.

Except Shri V K Salhotra, none of the Directors is in any way concerned or interested in the Resolution.

Your Directors commend the Resolution for your approval.

Item No.10

Members are aware that Shri Santosh Kumar Agrawal was appointed as Director (Technical) at the meeting of the Board of Directors held on 28th August, 2006 at a remuneration of Rs.1.05 lacs per month. The appointment and remuneration were approved by the members at the Annual General Meeting held on 24th August, 2007.

The Board at the meeting held on 4th June, 2008 has revised his remuneration at Rs.2.00 lacs per month from the existing remuneration of Rs.1.05 lacs per month with effect from 1st April, 2008.

The remuneration proposed by the Board is in terms of schedule XIII of the Companies Act, 1956.

Shri Santosh Kumar Agrawal has played an active role in the implementation of the machining project.

Except Shri Santosh Kumar Agrawal, none of the Directors is in any way concerned or interested in the Resolution.

Your Directors commend the Resolution for your approval.

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

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

Place : Hyderabad
Date : 4th June, 2008

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Information on Directors seeking re-appointment at this Annual General Meeting

Sl.No.	Particulars	Shri Sharad B Pitti	Shri Kanti Kumar R Podar	Shri G Narayana Rao
1.	Date of Birth	11th July, 1957	12th April, 1935	11th October, 1928
2.	Date of Appointment	17th September, 1983	15th July, 1993	7th March, 1984
3.	Occupation	Business	Business	Business
4.	Directorships held in other companies/ firms	1. Pitti Electrical Equipment Limited 2. Keshav Knitwear Ltd 3. Vaksh Steels P Ltd 4. Hyderabad Laminations and Stampings (Partnership firm)	1. Moscow Region Podar International P Ltd 2. Premier Consultant & Traders Ltd 3. Podar Infotech & Entertainment Ltd 4. Ceat Limited 5. Sutlej Textiles & Industries Ltd	NIL

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CERTIFICATE BY SENIOR GENERAL MANAGER (FINANCE)

I C N Hegde, Senior General Manager (Finance) of Pitti Laminations Limited certify that:

a. I have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of company's code of conduct.

c. I accept responsibility for establishing and maintaining internal controls and I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

d. I have indicated to the auditors and the Audit Committee

   i. significant changes in internal controls during the year if any;

   ii. that there are no significant changes in accounting policies during the year;

   iii. that there have been no instances of significant fraud of which I have become aware, involving the management or an employee having a significant role in the Company's internal control system.

(C N HEGDE)
SR.GENERAL MANAGER (FINANCE)

Place : Hyderabad
Date : 4th June, 2008

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DIRECTORS' REPORT

Your Directors have pleasure in presenting their 24th Annual Report on the business and operations of your Company for the financial year ended 31st March, 2008.

FINANCIAL RESULTS

The financial results for the year 2007-2008 in comparison with 2006-2007 are presented herein below:

(Rs. in lacs)

	2007-2008	2006-2007
Gross Sales & Other Income	**18312.04**	15996.61
Taxes & Duties	**1325.09**	1318.09
Net Sales & Other Income	**16986.95**	14678.52
Total Expenditure	**15037.26**	12654.12
Profit/(Loss) before depreciation and finance charges	**1949.69**	2024.40
Depreciation	**340.46**	228.60
Finance charges	**544.12**	459.20
Profit/(Loss) before tax	**1065.11**	1336.60
Provision for taxation		
– Current	**201.13**	288.67
– Deferred	**170.17**	18.30
– FBT	**13.43**	14.46
Tax of earlier years	**23.69**	57.11
Net Profit/(Loss)	**656.69**	958.06
Profit/(Loss) brought forward from the previous year	**1256.93**	623.80
Prior Period adjustment	–	(3.91)
Dividend (including tax on dividend)	**221.12**	221.00
Transferred to General Reserve	**100.00**	100.00
Profit/(Loss) carried to Balance sheet	**1592.50**	1256.93

REVIEW OF OPERATIONS

Members are aware that the company had indicated in its last years' report a sales target of 18000 MT for the year under review. As against this, the company has recorded sales of 17080 MT which is marginally lower than the target set. This is however higher compared to 15447 MT achieved during 2006-2007. This is mainly because of the fact that there was disruption in raw material supplies. World over, the steel scarcity was witnessed from time to time and more particularly that of electrical grade steel which is our raw material.

The company also imports from various sources but the entire requirement could not be met during the year under review. The supply is not expected to normalize till second quarter of the current year.

Your Directors wish to inform you that these issues have already been addressed and the company does not envisage any difficulty in procuring the raw material from second half of the current year and as a part of the strategy to ensure uninterrupted production schedule, the company is also approaching its customers for their approval for using raw material from alternative sources. Moreover the availability is expected to improve from third quarter onwards.

The revenues have touched an all-time high of Rs.182.97 crores during the year as against Rs.159.85 crores in the preceding year recording a growth of 14.46%.

Despite increased earnings, the profit before tax (PBT) has dipped primarily due to low Rupee/ Dollar rate for the entire year. The PBT stands at Rs.10.65 crores as against Rs.13.36 crores in 2006-2007. The Profit after tax (PAT) stands at Rs.6.56 crores as against Rs.9.58 crores in the preceding year. The decline in PAT is due to lower operating profit as a consequence of lower forex rate and also because of higher deferred tax provision made in the year under review.

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