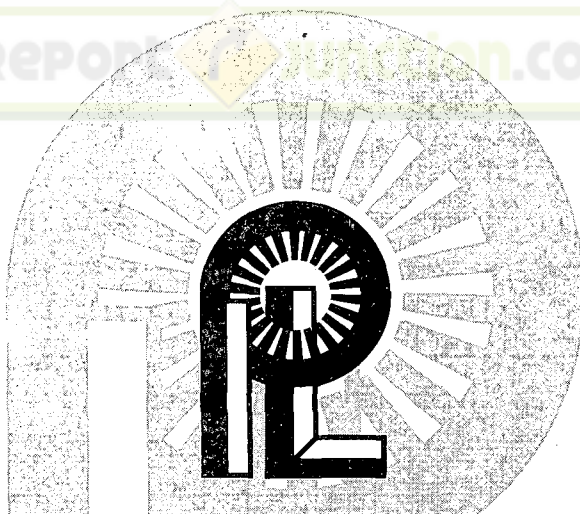


# **25<sup>th</sup>**

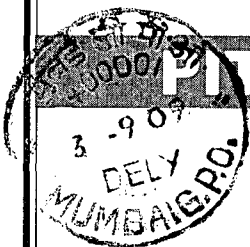
## **ANNUAL REPORT**

### **2008 - 2009**

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**PITTI LAMINATIONS LIMITED**





## BOARD OF DIRECTORS

SHARAD B PITTI

AKSHAY S PITTI

Y B SAHGAL

SANTOSH KUMAR AGRAWAL

KANTI KUMAR R PODAR

G NARAYANA RAO

ARUN GARODIA

N R GANTI

G VIJAYA KUMAR

M GOPALAKRISHNA, IAS (Retd.)

T S S N MURTHY

CHAIRMAN & MANAGING DIRECTOR

DIRECTOR

(Exports & Business Development)

EXECUTIVE DIRECTOR

DIRECTOR (TECHNICAL)

DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

DIRECTOR

## SECRETARY & GM (COMMERCIAL)

B.K. PRASAD

## BANKERS

State Bank of India

Industrial Finance Branch

Rajbhavan Road, Somajiguda,

Hyderabad – 500 082.

Kotak Mahindra Bank

Jewel Pawani Towers,

Raj Bhavan Road, Somajiguda,

Hyderabad – 500 082.

Indusind Bank Limited

100, Laxmi Saradar Patel Road,

Begumpet, Secunderabad – 500 003.

Allahabad Bank

Industrial Finance Branch

6-3-850/3, 1st Floor, Ameerpet Main Road,

Hyderabad – 500 016.

Andhra Bank

Specialized Corporate Finance Branch

6-3-648, 3rd Floor, Padmaja Landmark,

Hyderabad – 500 082.

## AUDITORS

LAXMINIWAS & 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 Fifth Annual General Meeting of the Company will be held on Wednesday, the 23rd September, 2009 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, 2009 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 M Gopalakrishna, IAS (Retd.) who retires by rotation and who being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri G Vijaya Kumar 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 Santosh Kumar Agrawal as Director (Technical) for one year with effect from 28th August, 2009 on the terms and conditions detailed herein below.

- i) Salary Rs.1.50 lacs per month.
- ii) Contribution to Provident Fund and Gratuity are as per rules of the company in force.
- iii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- iv) Provision of car for use in company's business and telephone at residence/and provision of cell phone will not be considered as perquisites."

"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.1.50 lacs per month."

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

"RESOLVED THAT in accordance with the provisions of section 314(1) 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) consent of the company be and is hereby accorded to the appointment of Shri G Anshuman as "Executive effective from 1st October, 2008 at a remuneration of Rs.15,300/- on terms and conditions as set out in the explanatory statement attached to this notice."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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

"RESOLVED THAT the Board of Directors be and are hereby authorised to re-issue 8300 equity shares which were forfeited by the Board for non-payment of final call money to any person(s) whether or not those persons include the existing shareholders at such price as determined by the Board

subject to the approval of the stock exchanges where the shares of the company are listed."

"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 as it may in its absolute discretion deem necessary or desirable in the best interest of the company and its shareholders."

"RESOLVED FURTHER THAT the equity shares that are re-issued shall rank pari-passu with the existing equity shares of the company in all respects including payment of dividend."

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

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

Place : Hyderabad  
Date : 29th June, 2009.



## 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 and any other information relating to this Annual report 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 17th September, 2009 to 23rd September, 2009 (both days inclusive) for the purpose of payment of dividend to those members whose names stand on the Register of Members as on 16th September, 2009. 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 16th September, 2009 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 2009-2010 to all 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 : 29th June, 2009



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

### Item No.6

Statement containing information as required under clause (iv) of Part II section II (B) of Schedule XIII

#### I. General Information

- 1) Nature of industry:  
Manufacture of electrical stampings & laminations

- 2) Financial indicators

	Rs. in crores		
	2008-09	2009-10	2010-11
Turnover	267.02	187.81	244.31
PBT	9.06	6.59	16.23
PAT	6.12	5.00	10.86

- 3) Export performance :

	2008-09	2009-10	2010-11
Turnover	200.61	68.50	119.26

#### II. Information about the appointee:

1. Background details:  
Shri Santosh Kumar Agrawal is an engineer with over 40 years of experience in the laminations industry.

2. Past remuneration:

Rs.2.00 lacs per month (effective from 01-04-2008 to 30-09-2008).

Rs.1.50 lacs per month (effective from 01-10-2008). The remuneration is reduced to Rs.1.50 lacs per month to all the Whole-Time Directors and to certain categories of employees as part of the cost-reduction drive.

3. Job profile and suitability of the appointee:

Shri Santosh Kumar Agrawal has been Director (Technical) since 28th August,

2006 and was incharge of the machining project and played a pivotal role in its implementation. He has vast experience in administration.

The Board at its meeting held on 27th July, 2009 has re-appointed Shri Santosh Kumar Agrawal as Director (Technical) for a period of one year effective from 26th August, 2009.

4. Remuneration proposed:

Existing remuneration of Rs.1.50 lacs per month is proposed to be retained.

5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:

The remuneration proposed is generally comparable with the industries of similar size.

6. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

Shri Santosh Kumar Agrawal is not related to any other Director of the company. He has no other pecuniary relationship directly or indirectly with the company.

#### III. Other information

- 1) Reasons for loss or inadequate profits:

Global Recession and slowdown in economy on domestic front.

- 2) Steps taken or proposed to be taken for improvement:

Steps are being taken to minimize the impact of exchange fluctuations.

All efforts are being made to broad base the customer-base on the domestic front to partially-off set the steep reduction in export sales in the current year.



- 3) Expected increase in productivity and profits in measurable terms:

The slow down in the domestic market and the recessionary conditions on the export front are basically the determining factors and the improvement of profitability will mainly depend on the recovery of the economy on the domestic front as well as on the global front.

#### IV. Disclosures

Remuneration package:

- i) Salary Rs.1.50 lacs per month.
- ii) Contribution to Provident Fund and Gratuity are as per rules of the company in force.
- iii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- iv) Provision of car for use in company's business and telephone at residence/and provision of cell phone will not be considered as perquisites.

No other Director is interested in the Resolution except Shri Santosh Kumar Agrawal. The Board commends the Resolution for approval of members.

#### Item No.7

Shri G Anshuman "Executive" has been getting a monthly remuneration of Rs.15,300/- effective from 1st October, 2008. He is related to Shri G Vijaya Kumar, Director .

Shri G Anshuman has joined the company as a trainee in May, 2007. He is a commerce graduate and looks after marketing functions in the company.

As Shri G Anshuman is related to Shri G Vijaya Kumar, Director, approval of the members is being sought by way of special Resolution for

the said appointment pursuant to the provisions of section 314(1) of the Companies Act, 1956.

None of the Directors of the company except Shri G Vijaya Kumar is interested in the passing of the said Resolution. The Board commends the Resolution for approval of members.

#### Item No.8

The company had offered 19,00,000 equity shares of Rs.10/- each at a premium of Rs.10/- per share in January, 1994. The call-money of Rs.10/- each was due from certain shareholders and the company had sent notices at different points of time to those shareholders who had not paid the call-money. Some shareholders have responded to our notice and paid the call-money .

Upon expiry of the due date specified in the final notice, the shares are forfeited by the Board at its meeting held on 29th June, 2009.

The Board proposes to re-issue 8300 forfeited shares to any person(s) which might include the existing shareholders at such price as determined by the Board subject to the approval of the stock exchanges where the shares are listed.

The approval of members is sought for re-issue of 8300 forfeited shares by the Board of Directors as detailed above subject to the approval of shareholders.

The Board commends the Resolution for your approval.

None of the Directors is interested in the Resolution except to the extent of shares that might be offered to them.

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

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

Place : Hyderabad  
Date : 29th June, 2009



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

Sl.No.	Particulars	Shri Santosh Kumar Agrawal	Shri M Gopalakrishna IAS (Retd.)	Shri G Vijaya Kumar
01.	Date of Birth	18th November, 1943	12th January, 1939	23rd October, 1955
02.	Date of Appointment	28th August, 2006	28th June, 2007	28th August, 2006
03.	Occupation	Service	Retired from Government service	Legal Profession
04.	Directorships held in other companies/ firms	NIL	PEC Potentiometers (P) Ltd Sentini Bio-Products (P) Ltd Avra Laboratories (P) Ltd Arani Power Systems (P) Ltd Andhra Pradesh Gas Power Corporation BGR Energy Systems Ltd JOCIL B2B Technologies Ltd Goldstone Infratech Ltd Kernex Microsystems (India) Ltd	NIL
05.	Shareholding in Pitti Laminations Limited	NIL	NIL	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 my 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.

for **PITTI LAMINATIONS LIMITED**

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

Place : Hyderabad

Date : 29th June, 2009



## DIRECTORS' REPORT

Your Directors have pleasure in presenting their 25th Annual Report on the business and operations of your company for the financial year ended 31st March, 2009.

### FINANCIAL RESULTS

The financial results for 2008-2009 in comparison with the previous year are presented herein below:

	(Rs. in lacs)	
	2008-2009	2007-2008
Gross Sales	<b>26702.45</b>	18203.14
Other Income	<b>(914.87)</b>	108.90
Taxes & Duties	<b>852.27</b>	1325.09
Net Sales & Other Income	<b>24935.32</b>	16986.95
Total Expenditure	<b>22186.67</b>	15037.26
Profit/(Loss) before depreciation and finance charges	<b>2748.65</b>	1949.69
Depreciation	<b>552.28</b>	340.46
Finance charges	<b>1290.26</b>	544.12
Profit/(Loss) before tax	<b>906.11</b>	1065.11
Provision for taxation		
– Current	<b>154.27</b>	201.13
– Deferred	<b>95.74</b>	170.17
– FBT	<b>15.33</b>	13.43
Tax of earlier years	<b>28.70</b>	23.69
Net Profit/(Loss)	<b>612.07</b>	656.69
Profit/(Loss) brought forward from the previous year	<b>1575.73</b>	1256.93
Dividend (including tax on dividend)	<b>110.51</b>	221.12
Transferred to General Reserve	<b>50.00</b>	100.00
Profit/(Loss) carried to Balance sheet	<b>2027.28</b>	1592.50

## REVIEW OF OPERATIONS

During the year under review the company has recorded sales of 17,546 MT which is marginally higher compared 17,080 MT achieved in the corresponding period of the previous year.

The company had set a sales target of 21,000 MT for 2008-2009 as against which the actual sales were 17,546 MT due to general slow down in the economy in the second half of the year affecting the domestic sales.

The export sales of laminations touched 10084 MT as against the target of 10000 MT. The export sale of 1766 Nos. of motor housings in the year under review has also surpassed the target of 1500 Nos. set for the year.

Despite the adverse circumstances witnessed during the year, the company has clocked an all-time high turnover of Rs.267.02 crores as against Rs.182.03 crores registering an increase of 46.69%.

The company has incurred a loss of Rs.9.75 crores (gain of Rs.0.94 crores in last year) during the year on account of hedging operations on its foreign exchange transactions. Every effort is being made to minimize the impact of foreign exchange fluctuations.

Though the revenues have gone up, the profit before tax (PBT) has declined mainly due to loss on hedging operations. The PBT for the year stands at Rs.9.06 crores as compared to Rs.10.65 crores in the previous year.

The profit after tax (PAT) stands at Rs.6.12 crores as against Rs.6.57 crores in 2007-2008. The company has earned a cash profit of Rs.11.64 crores after tax compared to Rs.9.97 crores in the previous year.

The networth of the company as on 31.03.2009 stands at Rs.59.41 crores as against Rs.54.40 crores as on 31st March, 2008.