

# 3x3

ANNUAL REPORT 2014-15



PITTI LAMINATIONS LIMITED

# WE AIM TO ACHIEVE A TURNOVER OF ₹ 10 BILLION BY 2018.

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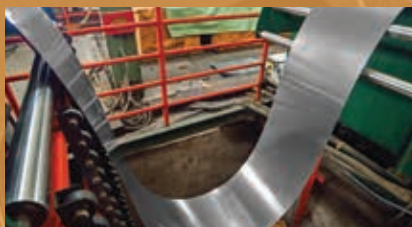
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#### Forward-looking Statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

**At Pitti Laminations (Pitti), we have created a culture of dynamism that questions the status quo and thinks beyond conventions.**

We are growing in terms of scale, presence and technology leadership, while at the same time sharpening our business insight.

The result is leadership in the electrical laminations industry, trusted partnership with discerning clients and higher benchmarks in operational excellence. Over the years, we have moved up the value chain from being a manufacturer of relatively simple products to being a manufacturer of higher level assemblies. This has helped us to build long-term associations with our clients.

We are refining, refreshing and recalibrating our strategies to remain a preferred partner to our customers. We are strengthening our core businesses and identifying new vistas of growth. This will be achieved through strong partnerships, a greater focus on the domestic market, an aggressive scouting for inorganic opportunities, along with vertical and horizontal expansion.

We are driving innovations, adopting best-in-class technologies, achieving higher benchmarks of operational excellence and building a consistently value-generating enterprise.

**Our aim is to achieve a turnover of ₹ 10 billion by 2018 (thrice our current turnover in the next three years).**

**We call this strategic roadmap Pitti 3x3.**

2014-15 KEY HIGHLIGHTS

**21,414 MT**

TOTAL VOLUME  
Up by 42.2%

**₹ 3,410 Mn**

NET REVENUE  
Up by 37.6%

**₹ 422 Mn**

EBITDA  
Up by 64.6%

# ENGINEERING SOLUTIONS GLOBALLY

We are India's leading manufacturer of electrical steel laminations, motor cores, sub-assemblies, die-cast rotors and press tools. These products find application in basic capital goods products, viz. motors and alternators, which are quintessentially used in any process engineering. We service the needs of the power generation, transportation, industrial motors, locomotives, aerospace, automobile, earth moving and mining, oil and gas and infrastructure industries.

INDIA'S ONLY END-TO-END PRODUCT AND SERVICE PROVIDER IN THE ELECTRICAL LAMINATION SEGMENT

PROMINENT AND ONE OF THE MOST COMPETITIVE LAMINATION MANUFACTURERS GLOBALLY

MARKET LEADER IN THE SPECIAL PURPOSE MOTORS SEGMENT IN INDIA

## 3

MANUFACTURING PLANTS

## 32

YEARS OF INDUSTRY EXPERIENCE

Capacity  
**32,000 MT**  
LAMINATION

**1,13,400**  
NO. OF AVAILABLE HOURS  
On Machined Casting

PIONEER IN THE MANUFACTURE OF TRACTION MOTOR SUB ASSEMBLIES IN INDIA

ONE OF THE FEW SUPPLIERS IN THE WORLD WITH TOOLING, LAMINATIONS, CASTING AND MACHINING UNDER ONE ROOF

INDIA'S ONLY INDIGENOUSLY DEVELOPED TOOL ROOM WITH A PORTFOLIO OF OVER 3,400 TOOLS

\* All figures are for 2014-15

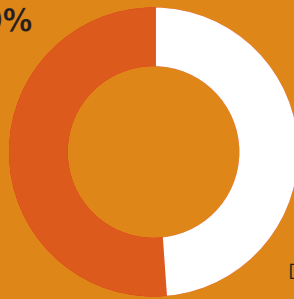
## AWARDS

Pitti Laminations was awarded the 'Certificate of Excellence' by GE. This certificate was awarded to the Company for being the 'Best Supplier – Quality 2015'.



### Revenue Mix (2014-15)

Export Sales  
49%



Domestic Sales  
51%

## Clientele

GE GROUP | ABB | ALSTOM  
ANDRITZ | BHEL  
CROMPTON GREAVES  
CUMMINS | EMERSON  
L&T MHI | SE ELECTRICALS  
REGEN | SIEMENS  
TDPS | VOITH

**13,528 MT**

DOMESTIC VOLUME

**7,886 MT**

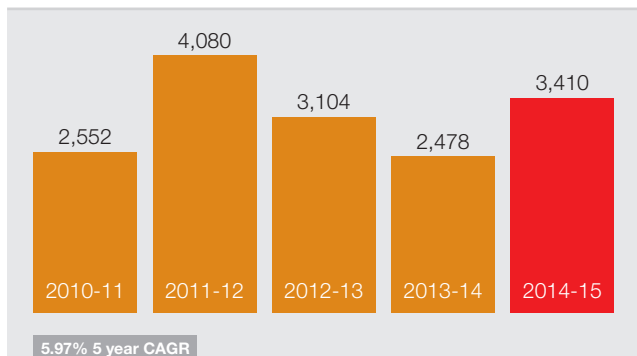
EXPORT VOLUME

ONE OF THE FEW VERTICALLY INTEGRATED COMPANIES WITH TOOLING, LAMINATION, CASTING AND MACHINING FACILITIES THE WORLD OVER

FIRST COMMERCIAL MANUFACTURER OF LAMINATIONS IN INDIA CERTIFIED BY BVQI OF UK FOR ISO 9002

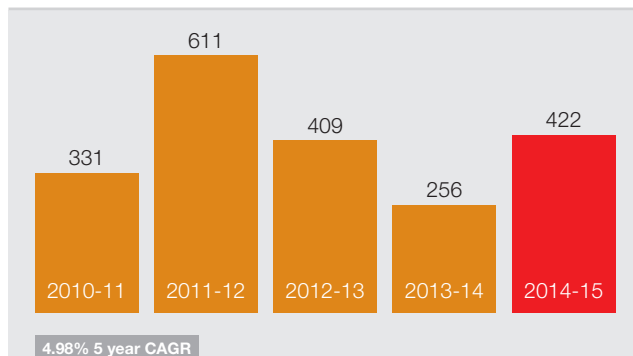
# ENCOURAGING PERFORMANCE

Revenue \* ₹ in million

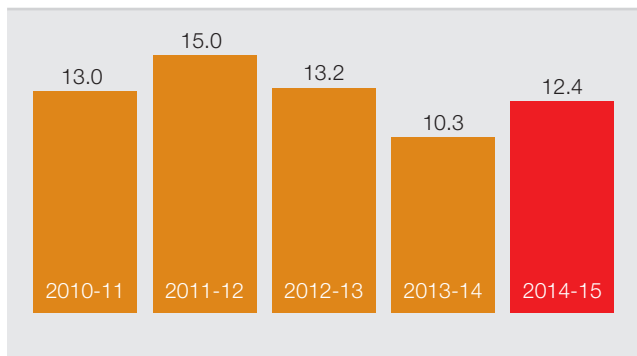


\*Including other operating income

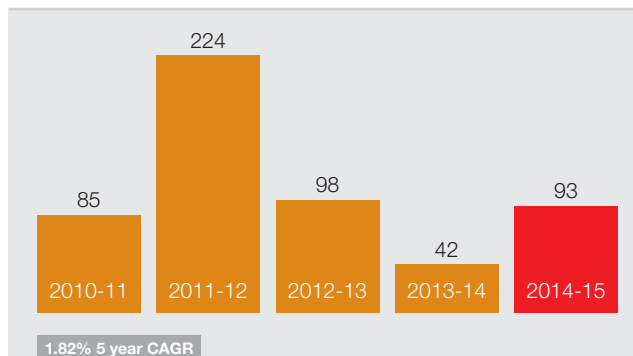
EBITDA ₹ in million



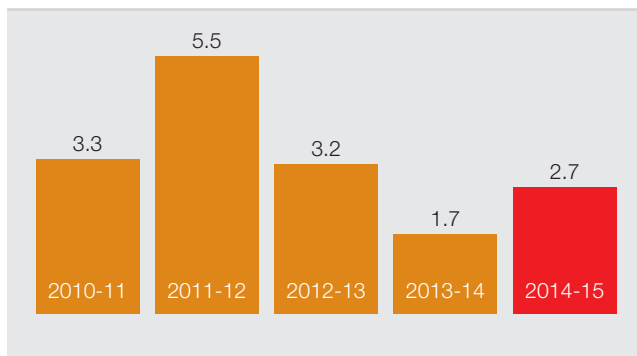
EBITDA Margin %



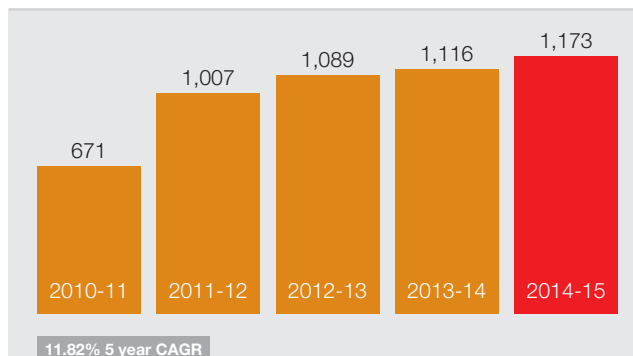
Profit After Tax ₹ in million

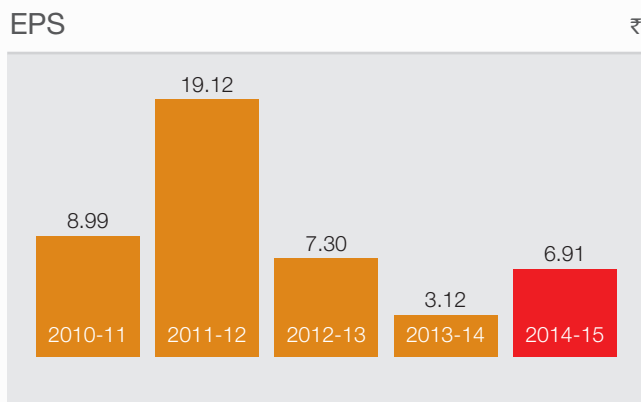
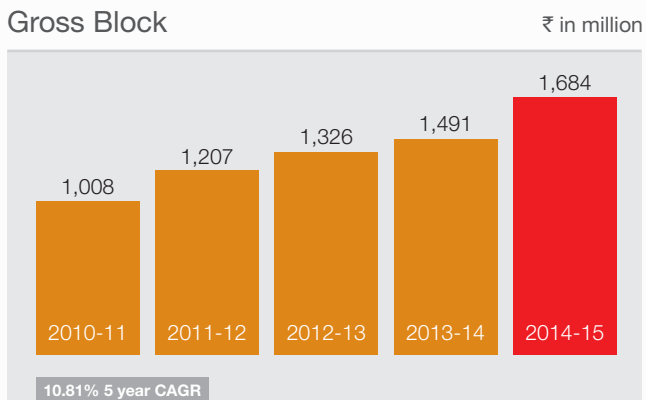


PAT Margin %



Networth ₹ in million





**₹1,711 Mn**

DOMESTIC SALES

Up by 21.8%

**₹1,657 Mn**

EXPORT SALES

Up by 60.9%

**₹422 Mn**

EBITDA

Up by 64.6% with a margin of 12.4%

**93 Mn**

PAT

Up by 121.8%

ROBUST REVENUE GROWTH WAS DRIVEN BY IMPROVED **DOMESTIC** AS WELL AS **EXPORT DEMAND**

SHIFTED SOME OF THE MANUFACTURING CAPACITY TO PUNE WITH THE OBJECTIVE TO **RATIONALISE LOGISTICS COSTS AND TAX INCIDENCE**



## KEY PRODUCTS & SERVICES



### ELECTRICAL STEEL LAMINATIONS

PRODUCES LAMINATIONS  
FROM 50 MM TO 1,250 MM  
OUTER DIAMETER

SPACER / VENT AND GLUED  
LAMINATIONS FOR HYDRO /  
THERMAL GENERATORS



### DIE CAST ROTORS & ASSEMBLIES

SKEW ANGLE ROTORS UP  
TO 540 MM OD & 1,000 MM  
HEIGHT INCLUDING END  
RINGS & FINS

RIVETING OR BOLTING THE  
ROTOR STACKS UNDER  
HYDRAULIC PRESSURE



### STATOR CORE ASSEMBLIES

ASSEMBLIES UP TO A  
DIAMETER OF 2,000 MM WITH  
CIRCULAR AND SEGMENTAL  
LAMINATIONS AND CLEATING  
/ WELDING / RIVETING OF  
ASSEMBLIES

## APPLICATION / END-MARKET

**POWER GENERATION | TRANSPORTATION  
MINING | INDUSTRIAL MOTORS |  
LOCOMOTIVES | AEROSPACE |  
AUTOMOBILE | OIL & GAS**





**ROTOR CORE ASSEMBLIES**

SUPPLIES READY TO USE ASSEMBLED ROTOR CORES WITH STACKING UNDER HYDRAULIC PRESSURE



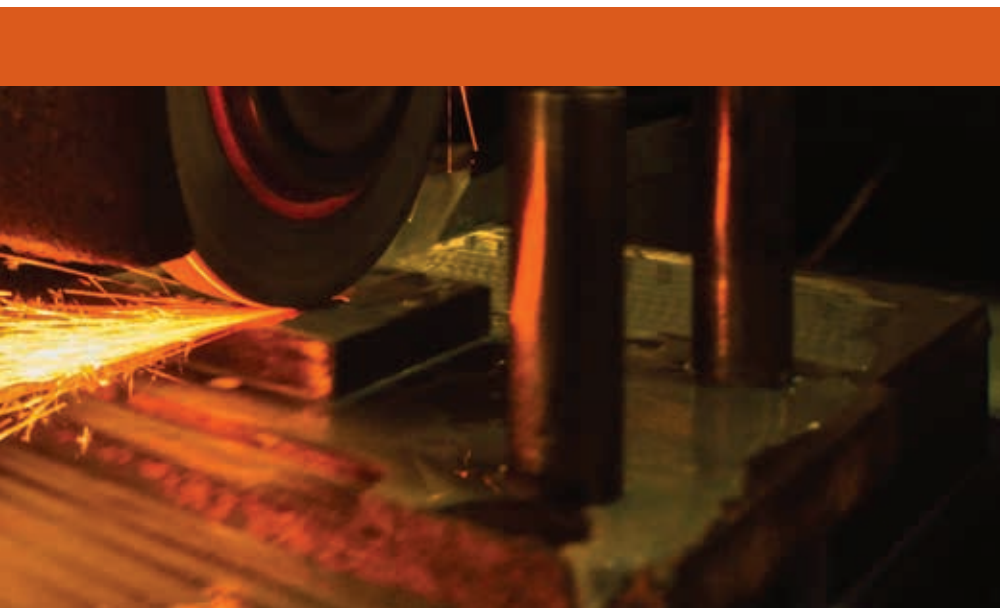
**POLE ASSEMBLIES**

ASSEMBLED POLE BRICKS WITH STACKING UNDER HYDRAULIC PRESSURE AND WELDING / CORE BOLTING WITH END CASTINGS



**CASTING & MACHINE COMPONENTS**

MACHINE SHOP THAT CAN HANDLE A RANGE OF PRECISION MACHINED COMPONENTS FOR DIFFERENT APPLICATIONS



POWER GENERATION  
TRANSPORTATION  
INDUSTRIAL MOTORS  
LOCOMOTIVES  
AEROSPACE  
AUTOMOBILE  
OIL & GAS

**+**  
EARTH MOVING AND  
MINING

# CHAIRMAN'S STATEMENT

## Dear Shareholders,

As I share my thoughts with you, there is a sense of optimism around us. The economy is back on track after years of sub-optimal performance, the new Government at the Centre is focused on implementing reforms to boost manufacturing and there is enhanced emphasis on indigenous skill building to cater to global demands. Such a scenario augurs well for Pitti Laminations, going forward.

The Government has recently launched the 'Make in India' initiative to transform the country into a global manufacturing hub. The mega programme's objective is to enhance the contribution of the manufacturing sector from around 15% to 25% in the next few years. Enhancing the ease of doing business is also high on the Government's radar; and we feel we are adequately equipped to make the most of the opportunities around us.

### EXPLORING OPPORTUNITIES

We have always been a futuristic enterprise; and this philosophy of doing business has encouraged us to leverage our engineering expertise to diversify into more value-added product lines. We have diversified from one business to four businesses; comprising Laminations, Toolings, Machining and Castings. We are global leaders in the business by virtue of our scale, technological

excellence and degree of innovation. We will continue to invest in our core strengths and shape a more diversified business model.

We have a reliable track record nationally and internationally. Our wide customer spectrum enables us to grow consistently, despite volatilities in certain sectors. Our prominent customers include ABB, Siemens and GE Group, among many others. We are investing in enhancing capacities and capabilities to accomplish our short-term and long-term growth ambitions. At the same time, we are building a prudent cost structure.

During the year, we shifted part of the manufacturing capacity to Pune to rationalise logistical costs and tax incidence, as majority of our domestic customers are from Maharashtra. We also strengthened the volume-driven small laminations business through raw material procurement, production economies and transportation efficiencies.

### FINANCIAL PERFORMANCE

The total volume for the year was 21,414 metric tons, an increase of 42.2%, compared to last year. In 2014-15 we recorded our highest ever annual domestic volume at 13,528 metric tons, an increase of 25.9%; and our exports increased by 83% to 7,886 metric tons. Our revenue for the year increased by 37.6% to ₹ 3,410

**We are investing in enhancing capacities and capabilities to accomplish our short-term and long-term growth ambitions.**

million compared to the last year. Our EBITDA touched ₹ 422 million (64.6% growth) and PAT grew to ₹ 93 million (121.8% growth). PAT margins recorded a growth of 104 basis points to 2.7%.

We are pleased to inform that we have been conferred the 'Certificate of Excellence' by GE. This certificate was awarded to the Company for being the 'Best Supplier – Quality 2015'. This recognition is a testament to our commitment to conform to high international quality standards, consistently.

### PITTI 3.0

We have charted out an ambitious roadmap to achieve a turnover of ₹ 10 billion by 2018. We plan to achieve this through the following initiatives:

- ▼ Leverage forward and backward integration through castings and machining to emerge as a leading integrated player globally
- ▼ Capitalise on long-standing customer relations by diversifying and expanding casting and machining business
- ▼ Sharpen the existing strong engineering skill-set to diversify into more value-added product lines
- ▼ Aim to enter into forging through forward integration, going forward
- ▼ Plan to develop in-house machining capabilities to reduce cycle time and logistical expenses

- ▼ Invest in new technologies and create a talent pool for the future

### ROAD AHEAD

While private sector investments in industrial capex are yet to take off, spends by the public sector in core sectors have been improving. Given the overall optimism and the fact that the Indian economy is set to receive a major impetus owing to prudent policy reforms, Pitti Laminations is geared to capitalise on this momentum.

Our journey so far has been exciting, and we look forward to enhance our performance as we move forward. Our people have shown the capability and the commitment to rise up to any challenge and perform. I thank each member of our team for their effort.

We aim to create long-term and sustainable shareholder value in the form of steadily growing earnings and dividends through growth in sales, rising profitability and increasing return on invested capital.

I am grateful to our customers, business partners and stakeholders for their continued confidence in Pitti Laminations.

Regards,  
**Sharad B Pitti**  
Chairman and Managing Director

**Enhancing the ease of doing business is also high on the Government's radar; and we feel we are adequately equipped to make the most of the opportunities around us.**



## WHERE IS THE OPPORTUNITY?

**India is one of the few major economies globally, where the growth prospects are high.**

Our wide customer spectrum encompasses power generation, transportation, industrial motors, locomotives, aerospace, automobile, earth moving and mining, oil and gas and infrastructure industries. The growth of the country's manufacturing sector directly influences these industries.

The new Government has taken proactive steps to revive India's capex cycle. The allocation of coal blocks, resumption of iron ore mining, focus on public sector investment in roads and railways will drive the demand for capital goods. Besides, the Government's 'Make in India' programme will open huge opportunities for technology-focused manufacturing sectors.



THE GOVERNMENT'S VISION IS TO INCREASE DOMESTIC PRODUCTION TO REDUCE THE DEPENDENCE ON EXPORTS, WHICH WILL HELP ACCELERATE THE DEMAND IN THE INDIAN MANUFACTURING MARKET.

₹ 70,000 CR

INVESTMENTS IN INFRASTRUCTURE

As a part of the 'Make in India' programme, various initiatives have already been undertaken in railways, power, defence and aerospace sectors. In addition, the monetary easing stance by the RBI is expected to bring the investment momentum back in the Indian economy. The favourable domestic scenario will usher in improvement in power generation and auto OEM/ ancillary sectors in terms of capacity expansion.

The Government's vision is to increase domestic production to reduce the dependence on exports, which will help accelerate the demand in the Indian manufacturing market. This will create a favourable environment

for us in the domestic market in the near term, and globally in the medium term. Our focus on technology and innovation would help us remain at the forefront of opportunities.

#### SOME OF THE KEY INITIATIVES

- Maximisation of capacity utilisation of power generating assets, controlling input costs, optimisation of fuel mix, technology up-gradation and utilisation of non-conventional energy sources to achieve power generation target for 2015-16

- The 12th and 13th Plan envisages around 88,537 MW and 93,400 MW of generation capacity addition
- Acceleration of the pace of railway electrification; 6,608 route km sanctioned for 2016, an increase of 1,330% over the previous year
- Allocation of funds increased by ₹ 70,000 crores in the Union Budget 2015-16 for investments in infrastructure



## HOW ARE WE CAPITALISING ON DOMESTIC DEMAND?

### **Exposure to multiple sectors is our biggest competitive advantage.**

Our products primarily cater to the needs of power sector, capital goods, infrastructure and railways. Our unique positioning and long-standing customer relationships have enabled us to capitalise on the demands upswing, owing to better industrial activity.

This is the result: During 2014-15, our domestic sales increased by 21.8% to ₹ 1,711 million and accounted for 51% of the total sales.



**6 %**

**DOMESTIC REVENUES**

Contribution of consumer motors segment

**278 GW**

**CAPACITY GENERATION**

Addition by 2022

DURING THE YEAR, WE SHIFTED 12,000 TONS OF INSTALLED CAPACITY TO A NEW FACILITY IN PUNE, MAHARASHTRA. THE SHIFT WAS UNDERTAKEN AS MAJORITY OF OUR DOMESTIC CUSTOMERS ARE BASED OUT OF THE INDUSTRIAL BELT NEAR PUNE.

### ENHANCING MARGIN AND COMPETITIVENESS

During the year, we shifted 12,000 tons of installed capacity to a new facility in Pune, Maharashtra. The shift was undertaken as the majority of our domestic customers are based out of the industrial belt near Pune. This plant's proximity to customers and suppliers will improve operating margins and competitiveness.

### FOCUSING ON CONSUMER MOTORS

We diversified to customer motor segment to reduce the dependence on large motors. We grew our consumer motors segment (small motors) from scratch to 6% of domestic revenues in 2014-15. This

extension enabled us to make better use of raw materials and unutilised capacity.

### IMPORTANT MARKET DRIVERS

- ▶ The Government's renewed focus on improving critical sectors like infrastructure, capital goods, railways and power
- ▶ Rapid growth in metros, airports and other infrastructure projects is expected to generate huge demand for electrical equipment
- ▶ India is expected to add 278 GW of generation capacity in the next seven years, till 2022, including conventional and non-conventional energy sources

- ▶ The increased budgetary allocation towards capex in the infrastructure sector and higher capex by public sector entities will improve the demand for capital goods in the near term

### OUTLOOK

These measures by the Government are likely to lead to a demand upswing in the domestic electrical laminations that form the core component of any motor and alternator. These products are critical for manufacturing or process engineering.



## WHAT ARE WE DOING FOR OUR CUSTOMERS?

### **The philosophy of ‘customer first’ flows right from the top management to shop floors at Pitti.**

At Pitti Laminations, we are catering to evolving requirements of customers through developing better products and processes, focusing on quality parameters consistently, implementing best-in-class technology and sustaining price competitiveness.

We are a fully integrated player addressing the needs of a huge customer base. We work with customers as developmental partners, rather than just business affiliates.

In the laminations segment our domestic clients include ABB, Andritz, Alstom, BHEL, Crompton Greaves, Cummins, L&T MHI, ReGen Powertech,





**36 %**

**DOMESTIC REVENUE**

From long-lasting existing clientele

THE GE GROUP IS THE SINGLE LARGEST GLOBAL CUSTOMER, ACCOUNTING FOR A MAJORITY OF OUR EXPORT IN 2014-15.

SE Electricals, Siemens, TDPS and Voith, among others. Around 36% of our domestic revenues are derived from existing relationships with long-lasting clients (Crompton and Siemens are with us for over 22 years, whereas Cummins and ABB are our clients for 17 years).

The GE Group is the single largest global customer, accounting for a majority of our export in 2014-15. We were awarded with the 'Certificate of Excellence' by GE for being the 'Best Supplier – Quality 2015'. We also export to several countries, including the US, Germany, Australia, Brazil, Canada and Mexico, among others. We have always intended to work

closely with our customers, and be an integral part of their growth strategy through customised product developments and sharpening our innovative edge.

**Our ability to provide end-to-end solutions ensures:**

- ▶ Quality assurance
- ▶ Low dependence on suppliers
- ▶ Reduced logistical cost

The trust of our customers and their confidence in us will help us grow sustainably, going forward. We plan to leverage our long-standing customer relationships to enhance our value proposition.

## Clientele



LAMINATIONS

CASTING

MACHINING

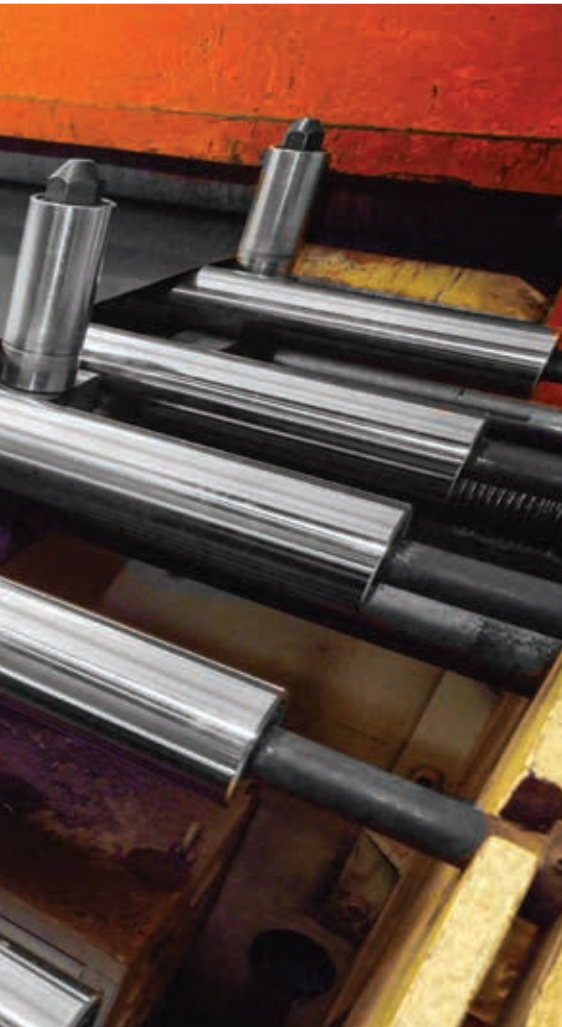


## HOW ARE WE CREATING A HIGH-PERFORMING CULTURE?

### **Our foresight has enabled us to create a constantly value-generating enterprise.**

Over the years, we have steadily invested in our facilities and enhanced our capabilities to emerge as a preferred partner for various customers. From tooling, lamination to casting we provide one-stop solutions to customers.

Our technology-driven facilities have fully-automated machining lines, which are the largest and among the best in the industry. We have the capability to meet the demands of global customers with seamless engineering and design support.



## 50-1250 mm

SINGLE PIECE ELECTRICAL  
STEEL LAMINATIONS

OUR WORKFORCE CONSISTS  
OF MOTIVATED AND COMMITTED  
INDIVIDUALS, WITH A KEEN EYE FOR  
QUALITY AND DESIRE FOR INNOVATION.

### DIVERSIFIED PRODUCT MIX

A wide range of products from 50 millimetres to 1,250 millimetre single piece electrical steel laminations allow us to cater to niche customer requirements. Such a strategy diversifies revenue streams and reduces the risk of single-product dependence.

### MANUFACTURING FACILITIES

We have a totally integrated manufacturing facility, with a state-of-the-art tool room (to manufacture dies, jigs, fixtures and press tools), a modern press shop with high-speed presses, coil feeds and CNC notching and machine shop (for assembly and finished machining of lamination housings as a ready to use product.)

### VALUE THROUGH QUALITY

At Pitti Laminations, we lay a strong emphasis on quality parameters. We are exceeding customer expectations with our world-class performance, and focus on advanced technologies. We were the first in the country's lamination industry to have achieved ISO 9002 certification by BVQI, UK in October 1993. Our quality management system, conforming to ISO 9002:1994 is certified by Bureau Veritas Quality International (BVQI). We were recertified in 1996, 1999, 2003 and 2006 by Bureau Veritas Certification (BVC). We currently conform to ISO 9001:2008.

### EXPERTISE

Our professional and technical skills represent the cornerstone of our customer orientation. Our sophisticated inspection and testing facilities are geared to assure product quality and reliability. We intend to provide right solutions to our customers from time-to-time. Over the years, we have built a strong base of intellectual capital. Our workforce consists of motivated and committed individuals, with a keen eye for quality and desire for innovation.



## WHAT IS OUR FUTURE ROADMAP?

**We focus on building a sound and robust product portfolio and explore growth opportunities across multiple sectors nationally and internationally.**



WE WORK IN PARTNERSHIP WITH OUR CUSTOMERS TO DELIVER THE MOST INNOVATIVE AND HIGH QUALITY PRODUCTS.

**₹10 Bn**

TOPLINE BY 2018

- ▶ We plan to achieve a topline of ₹ 10 billion by 2018. The target will be achieved by further strengthening our domestic presence, strengthening customer engagements and leveraging synergies across various product verticals
- ▶ We aim to achieve long-term success, being the leader in our chosen markets. We work in partnership with our customers to deliver the most innovative and high quality products
- ▶ We think machining and casting are two huge opportunities for us. Forging is also important in the expansion of our business. We are also looking for collaborations to strengthen our competitive edge
- ▶ We will capitalise on our expertise of developing value-added products in electrical laminations
- ▶ We plan to expand capacities, develop products, collaborate with clients, consolidate capabilities and gain execution experience in various business verticals
- ▶ We intend to optimise the utilisation of existing assets and capabilities to grow sustainably
- ▶ We aim to create long-term shareholder value in the form of earnings and dividends through growing sales, rising profitability and increasing return on invested capital

## BOARD OF DIRECTORS

### Shri Sharad B Pitti

Shri Sharad B Pitti (58) is the promoter of Pitti Laminations Ltd (PLL). He has over 32 years of experience in the laminations industry. At present, he is the Chairman and Managing Director of PLL. Shri Sharad B Pitti had played a pivotal role in the formative years of PLL. He nurtured the organisation and contributed to its growth and development. He is also the Chairman of Pitti Castings Pvt Ltd, Pitti Electrical Equipment Pvt Ltd, Pitti Holdings Pvt Ltd and Pitti Components Ltd.

### Shri Akshay S Pitti

Shri Akshay S Pitti (30) is the son of Shri Sharad B Pitti. He was inducted as the Director (Exports and Business Development) of PLL on 14th October, 2004. Under his direction and supervision, various reputed companies were added to the Company's prestigious list of clients. He was primarily responsible for the surge in domestic and export sales. He became the Vice-Chairman and Joint Managing Director, effective from 22nd March, 2010, and subsequently, became the Vice-Chairman and Managing Director. He is on the Board of Pitti Castings Pvt Ltd, Pitti Electrical Equipment Pvt Ltd, Pitti Holdings Pvt Ltd and Pitti Components Ltd.

### Shri Y B Sahgal

Shri Y B Sahgal (61) is an engineer by profession. He joined the Company in 1997 and held various positions before becoming Executive Director on 28th June, 2007. He is looking after the operations of Laminations, Tool Room and Machine Shop Business unit. He is also Director of Pitti Electrical Equipment Pvt. Ltd.

### Shri GVSN Kumar

Shri GVSN Kumar (44) is a Chartered Accountant and Cost Accountant. He joined the Board of PLL on 04th November, 2013 as Executive Director and CFO. He has expertise in finance, accounts, taxation, management & accounting, MIS, commercial, mergers & acquisitions and ERP matters. He is looking after the financial operations of the Company.

### Shri N R Ganti

Shri N R Ganti (66) has been an Independent Director since 16th October, 2002. He is also the Chairman of the Company's Nomination & Remuneration Committee. A post graduate in business administration, Shri N R Ganti started his career in the field of banking with State Bank of India. Having quit State Bank of India, he had taken up management consultancy services since then. As a corporate investment advisor to a number of companies, he gave productive advice to the companies in organising funds through private placements and preferential issues.

He established a software company, which was later divested to a large industrial group. He is also on the Board of Pitti Castings Pvt Ltd.

### Shri Gummalla Vijaya Kumar

Shri Gummalla Vijaya Kumar (60), a Bachelor of Law (LLB), was inducted as an Independent Director on 28th August, 2006. He is one of the senior advocates of the High Court of Andhra Pradesh. He was formerly a Government Pleader for revenue (Assignment, ULC and Land Grabbing.)

### **Shri M Gopalakrishna, IAS (Retd)**

Shri M Gopalakrishna, IAS (Retd) (76) joined the Board as an Independent Director, effective from 28th June, 2007. He has held prestigious positions in the states of Assam and Andhra Pradesh and the Government of India.

A graduate in science and law, he presented several papers at International conferences on energy, minerals, corporate governance and rural development. He has in-depth experience in the corporate world and served as the founder Managing Director of Godavari Fertilisers and Chemicals Ltd. He has wide and varied administrative and managerial experience of over four decades in Government and public sector in the promotion, development and regulation of industry and power utilities. He was Director on several industrial promotion and development corporations and manufacturing companies in the Government of India, Government of Andhra Pradesh and Assam.

He is also a Director on the Board of NSL Textiles Ltd, JOCIL Ltd, Goldstone Infratech Ltd, Kernex Micro Systems (I) Ltd, BGR Energy Systems Ltd, Suven Life Sciences Ltd, Avra Laboratories Pvt Ltd, NSL Renewable Power Ltd and Nuziveedu Seeds Ltd.

### **Ms. Gayathri Ramachandran, IAS (Retd.)**

Ms. Gayathri Ramachandran, IAS (Retd) (67) joined the Board as an Independent Director, effective from 22nd September, 2014. With a career spanning over 36 years, she has held various national and international positions with the Government of India in the Ministries of Power, Petroleum, Chemical & Fertilizers and Civil Aviation. She served as a Special Secretary to the Government of Andhra Pradesh.

She is also a Director on the Board of Pipavav Defence and Offshore Engg Company Ltd, SKIL infrastructure Ltd, KLG Capital Services Ltd and Gujarat Dwarka Port West Ltd.

### **Shri S Thiagarajan**

Shri S Thiagarajan (61) joined the Board as an Additional Director effective from 24th April, 2015. He is a Chartered Accountant with rich expertise in financial accounting, management accounting, and hands-on experience in corporate financial roles in local and global context. Shri S Thiagarajan has held various prestigious positions in NMDC during the preceding 15 years and served as Board member on various associates of NMDC.

# RISK MANAGEMENT



## ECONOMIC RISK

Pitti Laminations Limited (PLL) caters to a wide spectrum of industries, including engineering and capital goods. Most of such industries have a cyclical business model. Prevailing economic conditions generally have a considerable bearing on the growth and profitability of these industries. This in turn can affect PLL's progress.

### MITIGATION PLAN

PLL serves clients across different industries and different geographies. Hence, such risks have been diluted through diversification.

## COST INFLATION RISK

PLL purchases its raw materials from the market. An increase in the cost of basic raw materials can affect the Company's profitability.

### MITIGATION PLAN

The Company for most of its contracts is allowed to pass through the cost escalation to its client.

## COMPETITION RISK

The Company faces competition from the existing organised, as well as unorganised players. Possible new entrants can also prove to be a threat.

### MITIGATION PLAN

The Company offers a wide portfolio of high quality products. It is the largest player in its focus segment and more than twice the size of the nearest competitor. The Company focuses on higher margin industrial business that has huge entry barriers. Over the period, the Company has developed a strong relation with its clients. PLL is also one of the few companies globally to have Laminations, Toolings, Machining and Castings under one roof. Most of its clients recognise the Company as their preferred supplier for its unmatched reliability and product quality.





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### **CURRENCY RISK**

PLL sources a part of its raw material from global markets, while exports constitute a little less than half of the Company's net revenues. Volatility in the exchange rate can materially affect the Company's profitability.

### **MITIGATION PLAN**

In addition to the pass through clause discussed earlier, the Company undertakes appropriate hedging measures to minimise the effect of its foreign currency exposure.

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### **ATTRITION RISK**

The Company's operations are labour intensive. Loss of skilled manpower can result in loss of productivity and slippages.

### **MITIGATION PLAN**

PLL has actively taken steps to train, nurture and retain its staff. The Company has put in place various incentives, such as a well-defined career progression path, periodic reward and recognition policies, along with various employee welfare schemes to help reduce attrition.

# NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting of Pitti Laminations Limited will be held on Monday, the 28th September, 2015 at 4.00 P.M at the West Minister Hall, The Central Court Hotel, 6-1-71, Lakdikapool, Hyderabad – 500 082, Telangana, India to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2015 including the Audited Balance Sheet as at 31st March, 2015 and the Statement of profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year ended 31st March, 2015.
3. **To Consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  
**“RESOLVED THAT** Shri Y B Sahgal, Director of the Company who retires by rotation in accordance with Companies Act, 2013 and who being eligible offers himself for re-appointment be and is hereby reappointed as a Director of the Company.”
4. **Ratification of Appointment of Statutory Auditors.**  
**To Consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  
**“RESOLVED THAT** pursuant to section 139 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014 and other applicable rules, if any (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Audit Committee, the appointment of M/s.Laxminiwas & Co, Chartered Accountants, Hyderabad, having firm registration number FRN 011168S as Statutory Auditors of the Company for a term of three years i.e till the conclusion of the 33rd AGM of the Company which was subject to ratification at every AGM be and is hereby ratified to hold the office from the conclusion of this AGM

till the conclusion of 32nd AGM of the Company to be held in the year 2016 at a remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit”.

## SPECIAL BUSINESS

5. **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 149, 150 & 152 and other applicable provisions, if any of the Companies Act, 2013 and the rules made thereunder, read with schedule IV of the said Act, Shri S Thiagarajan (DIN 02721001) who was appointed by the Board of Directors as an Additional Director of the Company with effect from 24th April, 2015 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 (“Act”) and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto 5 consecutive years commencing from 24th April, 2015.

**FURTHER RESOLVED THAT** for the purpose of giving effect to this Resolution, the Board be authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be, proper, desirable or expedient.”

6. **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 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, the remuneration payable to M/s.Sagar & Associates, Cost Accountants (Firm Registration No.000118), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records

of the Company for the financial year ending 31st March, 2016, amounting to ₹ 2 lacs (Rupees Two lacs only) and the payment of service tax as applicable and re-imbursement of out of pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified and confirmed.”

**Notes:**

1. An Explanatory statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto.
2. The relevant details as required under Clause 49 of the Listing Agreement entered with the stock exchanges, of persons seeking appointment/re-appointment relating to item Nos. 3 and 5 of the Notice is also annexed.
3. **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 of the Company.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions/authority, as applicable.
4. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are XL Softech Systems Ltd., Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, Telangana, India.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2015 to 28th September, 2015 (both days inclusive) in connection with Annual General Meeting (AGM) and dividend.
6. The dividend on equity shares, if declared at the meeting, will be credited / dispatched to those members whose names shall appear on the Company's Register of Members as on 21st September, 2015 in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date. The dividend on equity shares, if declared, at the AGM will be credited / dispatched after 05th October, 2015
7. Pursuant to section 101 and 136 of the Companies Act, 2013 read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those members who have registered their email address either with the Company's Registrar and Transfer Agents or with the Depository.
8. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.
9. The notice of Annual General Meeting, Annual Report and Attendance slip are being sent in electronic mode to members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the members have registered their request for a hard copy of the same. Physical copy of the notice of Annual General Meeting, Annual Report and Attendance slip are being sent to those members who have not registered their e-mail IDs with the Company or depository participant(s). Members who have received the notice of Annual General Meeting, Annual Report and Attendance slip in electronic mode are requested to print the attendance slip and submit a duly filled in attendance slip at the registration counter to attend the Annual General Meeting.
10. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No.SH-13 duly filled in to XL Softech Systems Ltd at the above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
11. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account

## NOTICE OF THE ANNUAL GENERAL MEETING

details furnished by the Depositories and the bank account details maintained by the Registrar and Transfer Agents for payment of dividend through Electronic Clearing Service ("ECS") to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of/change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.

12. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Members through the Electronic Clearing Service ("ECS")/ National Electronic Clearing Service ("NECS"). Members wishing to avail of this facility are requested to intimate the Company's Registrar and Transfer Agents/ Depository Participants in the prescribed form and with the prescribed details. Members located in places where ECS/NECS facility is not available may submit their bank details to the Registrar and Transfer Agents. This will enable the Company to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.

13. Members are requested to:

- (a) intimate to the Company's Registrar and Transfer Agents, XL Softech Systems Ltd changes, if any, in their registered addresses at an early date, in case of Shares held in physical form;
- (b) intimate to the respective Depository Participant, changes, if any, in their registered addresses at an early date, in case of shares held in dematerialized form.
- (c) quote their folio number/Client ID/DP ID in all correspondence; and
- (d) consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names.

14. Members are requested to note that as per section 124 of the Companies Act, 2013, dividends not encashed / claimed within seven years from the date of declaration will be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

15. Relevant documents referred to in the accompanying notice are open for inspection by the members at the Registered office of the Company on all working days between 11.00a.m and 1.00p.m upto the date of the meeting.

16. 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.

17. For convenience of the members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance slip. Members are requested to sign at the place provided on the attendance slip and hand it over at the registration counter.

18. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.

19. Appointment/Re-appointment of Directors and their Shareholding in the Company: In respect of the Information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed, re-appointed, Members are requested to kindly refer the chapter on Corporate Governance in the Annual Report.

### 20. E-Voting:

The business as set out in the Notice may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Pursuant to the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility as an alternate to its members to cast their votes electronically on all resolutions set forth in the Notice convening the 31st Annual General Meeting. The Company has engaged the services of Central Depository Services India Limited (CDSL) to provide the e-voting facility.

The Members whose names appear in the Register of Members / List of Beneficial Owners as on 18th

September, 2015 (cut-off date), are entitled to vote on the resolutions set forth in this Notice. The e-voting period will commence on Friday, 25th September, 2015 (10:00 hrs) and will end on Sunday, 27th September, 2015 (17:00 hrs).

During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Members will not be able to cast their votes electronically beyond the date & time mentioned above.

The Company has appointed Shri K Swamy, Practising Company Secretary to act as Scrutinizer to conduct and scrutinize the electronic voting process and poll at the Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereunder.

**21. Procedure for e-voting**

The Company has entered into an arrangement with Central Depository Services (India) Limited for facilitating e-voting for AGM. The instructions for e-voting are as under:

**A. In case of members receiving e-mail (for members whose email address are registered with the Company / Registrar)**

The instructions for shareholders voting electronically

(vii) If you are a first time user follow the steps given below:

| For Members holding shares in Demat Form and Physical Form |  |
|--|--|
| PAN  | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>▼ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.<br>▼ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. |
| DOB  | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.  |
| Dividend Bank Details                                      | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.<br>▼ Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).   |

are as under:

- (i) The voting period begins on 25th September, 2015, 10.00 A.M and ends on 27th September, 2015, 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 18th September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

## NOTICE OF THE ANNUAL GENERAL MEETING

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- ▶ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - ▶ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - ▶ After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - ▶ The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - ▶ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help

section or write an email to helpdesk.evoting@cdslindia.com.

**B. In case of members receiving the physical copy of notice of 31st Annual General Meeting (for members whose e-mail ids are not registered with the Company/Depositories):**

- i. Please follow all the steps from S.No.(i) to S.No. (xvii) to cast vote

**C. General Instructions:**

- i. The voting rights of Members shall be in proportion to the shares held by them in the paid up equity share capital of the Company as on 18th September, 2015.
- ii. Members can opt for only one mode of voting, i.e., either by physical poll or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical poll will be treated as invalid.
- iii. Members who do not have access to e-voting facility have been additionally provided the facility through Ballot Form. They may send duly completed Ballot Form to the Scrutinizer, Shri K Swamy, Practising Company Secretary at the Registered Office of the Company so as to reach on or before the conclusion of the 31st Annual General Meeting or can carry the same to the AGM and deposit in the Ballot Box during the Meeting. Members have the option to request for physical copy of Ballot Form by sending an e-mail to shares@pittilam.com by mentioning their Folio No. / DP ID and Client ID.

- iv. The facility for voting through polling paper shall also be made available at the meeting and the members attending the meeting who have not already cast their vote by e-voting shall be able to exercise their right at the meeting.
- v. The members who cast their vote by e-voting prior to the meeting may also attend the meeting, but shall not be entitled to cast their vote again.
- vi. The Scrutinizer, after scrutinising the votes cast at the meeting through poll and through e-voting will, not later than three days of conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.pitti.in. The results shall simultaneously be communicated to the Stock Exchanges.
- vii. The result of the voting on the Resolutions at the Meeting will be announced by the Chairman or any other person authorized by him within three days of the AGM.

By order of the Board  
For **Pitti Laminations Limited**

Place: Hyderabad  
Date: 10th August, 2015

**Satyabrata Padhi**  
Company Secretary

## NOTICE OF THE ANNUAL GENERAL MEETING

### Explanatory statement under section 102 of the Companies Act, 2013

#### Item 5

The Board of Directors has appointed Shri S Thiagarajan (DIN 02721001) as Additional Director of the Company with effect from 24th April, 2015. As per the provisions of Section 161(1) of the Act, Shri S Thiagarajan shall hold office as an Additional Director only up to the date of this Annual General Meeting of the Company, and is eligible for appointment as an Independent Director for a term upto five years.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri S Thiagarajan for the office of Director of the Company.

The matter regarding appointment of Shri S Thiagarajan as Additional Director was placed before the Nomination and Remuneration Committee and it has recommended his appointment

Shri S Thiagarajan has given a declaration to the Board that he is not disqualified from being appointed as a Director in terms of Section 164 (2) of the Act and has given his consent to act as a Director. In the opinion of the Board, he fulfills the conditions specified in the Act and the Rules framed thereunder for his appointment. In compliance with the provisions of Section 161 of the Act, the appointment of Shri S Thiagarajan as a Director is now being placed before the Members for their approval. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of appointment of Independent Directors is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the company.

A brief profile of Shri S Thiagarajan including nature of his expertise is provided below.

None of the Directors, Key Managerial Personnel (KMPs) or relatives of Directors and KMPs, except Shri S Thiagarajan who is concerned or interested in the Resolution at Item No.5 of the Notice.

The Board commends the Resolution set out at Item No. 5 for approval of the members.

#### Item 6

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Sagar & Associates, Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2016. In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, consent of the Members is sought to ratify the remuneration payable to the Cost Auditors. None of the Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution.

The Board commends the Resolution set out at Item No.6 for approval of the members.

By order of the Board  
For **Pitti Laminations Limited**

Place: Hyderabad  
Date: 10th August, 2015

**Satyabrata Padhi**  
Company Secretary

Pursuant to Clause 49 of the Listing Agreement with the stock exchanges, following is the information about the Directors proposed to be appointed / re-appointed

| Sl. No. | Particulars                                   | Shri Y B Sahgal                                       | Shri S Thiagarajan             |
|---------|---|---|--------------------------------|
| 1       | Date of Birth                                 | 04.10.1954  | 30.12.1954                     |
| 2       | Date of Appointment                           | 28.06.2007  | 24.04.2015                     |
| 3       | Expertise in the Specific functional area     | Operations of Laminations, Tool Room and Machine Shop | Accountancy, Audit and Finance |
| 4       | Occupation                                    | Service   | Profession                     |
| 5       | Directorships held in other companies / firms | Pitti Electrical Equipment Pvt Ltd                    | NIL                            |
| 6       | Shareholding in Pitti Laminations Ltd         | NIL   | NIL                            |





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# DIRECTORS' REPORT

The Directors have pleasure in presenting the 31st Annual Report of the Company, together with the financial statements, for the year ended 31st March, 2015.

## CORPORATE OVERVIEW

Pitti Laminations Limited (PLL) is one of the largest manufacturers of special purpose laminations for all types of rotating electrical machinery. The Company's products have application in industrial motors, alternators, hydro-electric and thermal power generators, wind power generators,

DC machines, railway traction motors, pumps, medical diagnostic equipment and aeronautic wing control motors. PLL has a fully integrated manufacturing facility to cater to specific customer requirements and providing end-to-end solutions at one location. The Company has a state of the art tool room for the manufacture of dies, jigs, fixtures and press tools. It also has a modern press shop with high speed presses, coil feeds, CNC notching and machine shop for assembly and finished machining of lamination housings as a ready to use product.

## FINANCIAL RESULTS

|   | ₹ in crores  |              |
|---|--------------|--------------|
|   | FY 2015      | FY2014       |
| Net Sales & other income                              | 342.74       | 249.79       |
| Total Expenditure                                     | 300.52       | 215.12       |
| Profit/(Loss) before depreciation and finance charges | 42.22        | 34.67        |
| Depreciation and amortization expenses                | 15.84        | 8.75         |
| Finance charges                                       | 11.26        | 19.15        |
| Profit/(Loss) before tax                              | 15.12        | 6.77         |
| Tax Expenses  | 5.79         | 2.56         |
| Net Profit/ (Loss)                                    | 9.33         | 4.21         |
| Profit/(Loss) brought forward from the previous year  | 52.03        | 49.65        |
| Dividend (including tax on dividend)                  | 3.24         | 1.58         |
| Transferred to General Reserve                        | 0.60         | 0.25         |
| Profit/(Loss) carried to Balance Sheet                | <b>57.51</b> | <b>52.03</b> |

## OPERATING RESULTS AND BUSINESS OPERATIONS

During the year, the Company achieved an operational revenue of ₹ 341 crores. Pitti Laminations recorded volume sales of 21,414 MT against 15,055 MT in the previous year registering a growth of 42.24%. This robust growth was due to improvement in both exports and domestic sales.

With the increase in domestic and export sales during the year the company achieved total revenue of ₹ 342.74 crores as against ₹ 249.79 crores in the previous year recording a growth of 37.21%.

Domestic sales contributed ₹ 175.31 crores as against ₹ 144.96 crores of previous year with an increase of 20.93%. Export sales were ₹ 165.73 crores as against ₹ 102.97 crores

with an increase of 60.95%. Sale of stator frames declined to 294 nos as against 501 nos over the previous year.

EBITDA (including forex) was ₹ 42.16 crores, an increase of 64.64% as compared to the same period last year.

Profit before tax during the year was ₹ 15.12 crores as against ₹ 6.77 crores in the previous year, an increase of 123.33% over the last year. The company earned a net profit of ₹ 9.33 crores as against ₹ 4.21 crores in the previous year.

Highlights of performance are discussed in the Management Discussion and Analysis Report, which forms part of this report.

The net worth of the company as on 31st March, 2015 stands at ₹ 117.25 crores as against ₹ 111.57 crores as on 31st March, 2014.

**LIQUIDITY**

As of 31st March 2015, the Company had a cash and cash equivalents of ₹ 15.29 crores, net worth of ₹ 117.25 crores and net debt of ₹ 121.13 crores.

**SHARE CAPITAL**

The paid-up equity share capital as on 31st March, 2015 was ₹ 13.49 crores. During the period under review, the company has sub-divided the face value of equity share from ₹ 10/- to ₹ 5/- each.

**DEMATERIALISATION**

As on 31st March, 2015, around 97.1% of the shares of the Company have been dematerialized. Your Directors would request all the members who have not yet converted their holdings into dematerialized form, to do so thereby facilitating trading of their shares. As per SEBI guidelines it is now mandatory that the shares of a company are in dematerialized form for trading.

**DIVIDEND**

The Board of Directors had declared an interim dividend of ₹ 0.75 per share (7.5%) on the face value of ₹ 10/- each on the equity shares of the company on 28th January, 2015. The Directors are pleased to recommend a final dividend of ₹ 0.625p per share (12.5%) on the face value of ₹ 5/- each on the equity shares of the company, subject to the approval of shareholders. If the final dividend, as recommended above, is declared by the Members at the Annual General Meeting, the total outflow towards dividend on equity shares for the year would be ₹ 3.24 crores (including dividend tax).

**TRANSFER TO RESERVES**

The company proposes to transfer ₹ 0.60 crores to General Reserves out of the amount available for appropriations and an amount of ₹ 8.73 crores is proposed to be retained in the profit and loss account.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under section 134 (3) (m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed as an Annexure to this report.

**HUMAN RESOURCES DEVELOPMENT**

The Company has continuously adopted structures that help attract best external talent and promote internal

talent to higher roles and responsibilities. Your Company's people centric focus providing an open work environment fostering continuous improvement and development helped several employees realize their career aspirations during the year.

The Company strives to create a performance-driven environment where innovation is encouraged, performance is recognised and employees are motivated to realise their potential. The core of the Company's Human Resource (HR) strategy is influencing change, building culture and capabilities. Pitti Laminations lays greater emphasis on continuously evolving and aligning with the changing business requirements. This focus enables them to respond better to the needs of their customers and gain strategic advantage over its competitors.

**BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Independent Directors at their meeting without the participation of the Non-Independent Directors and Management, considered / evaluated the Board's performance, performance of the Chairman and other Non-independent Directors.

The Board's functioning was evaluated on various aspects, including inter alia degree of fulfilment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various committees, effectiveness of Board processes, information and functioning.

Directors were evaluated on aspects such as attendance and contribution at Board / Committee meetings and guidance / support to the management outside Board / committee meetings. In addition, the chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members and motivating and providing guidance to the management.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the chairman and the non-independent Directors was carried out by the Independent Directors who also reviewed the performance of the Board as a whole. Significant highlights, learning and action points with respect to the evaluation were presented to the Board.

## DIRECTORS' REPORT

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Shri Kanti Kumar R Podar, Independent Director resigned from the Directorship with effect from 03rd November, 2014.

Pursuant to section 167 of the Companies Act, 2013, the Directorship of Shri Arun Garodia was ceased with effect from 30th March, 2015.

Shri TSSN Murthy, Independent Director and Chairman of Audit Committee passed away on 27th January, 2015.

Shri S Thiagarajan, was inducted into the Board on 24th April, 2015 as an Additional Director and he shall hold office upto the date of ensuing Annual General Meeting (AGM).

Shri G. Narayana Rao, Director resigned from the Directorship with effect from 10th August, 2015.

In compliance of section 149, read with schedule IV of the Act, the appointment of Shri S Thiagarajan as Independent Director is being placed before the members in the AGM for approval. Members are required to refer notice of AGM and explanatory statement for details of the qualification and experience of the Director.

All the Independent Directors have given declarations that they meet the criteria of independence as laid down under 149(6) of the Act and Clause 49 of the Listing Agreement entered into with the Stock Exchanges. In the opinion of the Board they fulfil the conditions of independence as specified in the Act and the Rules made thereunder and are independent of the management.

No Key Managerial Person has been appointed or has retired or resigned during the year.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Shri Y B Sahgal retires by rotation and is eligible for re-appointment.

### AUDITORS

#### a. Statutory Auditors

In accordance with section 139 and other provisions of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, members at the Annual General Meeting held on 22nd September, 2014 have appointed M/s.Laxminiwas & Co as the statutory auditors of the Company till the completion of 33rd AGM to be held

in the year 2017, subject to ratification at every AGM. Members are requested to consider the re-appointment of M/s.Laxminiwas & Co as statutory auditors and authorise the Board of Directors to fix their remuneration.

#### b. Cost Auditors

M/s. Sagar & Associates, Cost Accountants have been appointed as the cost auditor for the financial year 2015-16.

#### c. Secretarial Auditor

Pursuant to the provisions of section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed M/s. K Swamy & Co, Practising Company Secretaries to undertake the Secretarial Audit of the Company for the year ended 31st March, 2015. The Secretarial Audit Report is provided as an Annexure to this report.

The Auditors' Report and the Secretarial Audit Report for the financial year ended 31st March, 2015 do not contain any qualification, reservation, adverse remark or disclaimer.

### PARTICULARS OF EMPLOYEES AND REMUNERATION

In terms of the provisions of section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as an Annexure.

The information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in the annexure forming part of the report.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has made an investment during the year by acquiring 1,23,30,000 preference shares in Pitti Castings Pvt Ltd (PCPL) at ₹ 10/- per share, aggregating to ₹ 12.33 crores. The investment was made against the unsecured loan issued by the company to PCPL.

During the year under review, the company has given an unsecured loan of ₹ 7.15 crores to PCPL.

The company has not given any guarantees or provided any security during the year.

## DEPOSITS

During the year under review, your company did not accept any deposits within the meaning of provisions of chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

## RISK MANAGEMENT

The Risk Management is overseen by the Audit Committee of the Company on a continuous basis. The Committee oversees Company's process and policies for determining risk tolerance and review management's measurement and comparison of overall risk tolerance to established levels. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuous basis. For details, please refer to the Management Discussion and Analysis report which form part of the Board Report.

## RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 ('the Act') and the Listing Agreement. There were no materially significant related party transactions made by the company during the year that would have required shareholder approval under clause 49 of the Listing Agreement.

All related party transactions are placed before the Audit Committee for approval. A statement of all related party transaction is placed before the Audit Committee for its review on a quarterly basis, specifying the nature and value of the transactions.

The company has adopted a related party transactions policy. The policy, as approved by the Board is uploaded on the company's website [www.pitti.in](http://www.pitti.in).

Details of the transactions with related parties are provided in the accompanying financial statements.

## PECUNIARY RELATIONSHIP OR TRANSACTIONS OF NON-EXECUTIVE DIRECTORS

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company.

## REMUNERATION POLICY

The Company has adopted a Remuneration Policy for the Directors, Key Managerial Personnel and other employees, pursuant to the provisions of the Act and Clause 49 of the Listing Agreement.

The Nomination and Remuneration Committee has considered the following factors while formulating the policy.

- i. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- ii. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- iii. Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

It is affirmed that the remuneration paid to Directors, Key Managerial Personnel and all other employees is as per the Remuneration Policy of the Company.

## BOARD MEETINGS HELD DURING THE YEAR

During the year, five meetings of the Board of Directors were held. Details of the composition of the Board and its Committees and of the Meetings held and attendance of the Directors at such meetings, are provided in the Corporate Governance report. The intervening gap between the meetings was within the period prescribed under the Act and the Listing Agreement.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company understands and lays emphasis on operating and growing its business in a socially responsible way. The Company's vision is to grow its business, whilst reducing the environmental impact of its operations and increasing its positive social impact. Pitti Laminations believes that along with sustained economic performance, environmental and social stewardship is critical for holistic growth of business.

Pursuant to section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company at the Board meeting held on

## DIRECTORS' REPORT

28th January, 2015 approved a policy on CSR and the policy was hosted on the website of the company.

As part of CSR initiatives, your company during the financial year 2014-15 has amongst other activities, undertaken projects in areas of promoting education, preventive health care, literature and cultural activities. These projects are in accordance with schedule VII of the Companies Act, 2013. In compliance with its CSR policy, the Company, spent ₹ 41.48 lacs on various CSR activities during the year.

The report on CSR activities is attached as an annexure to this report.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement, the Board of Directors had approved the policy on Vigil mechanism / whistle blower and the same was hosted on the website of the Company. The policy inter-alia provides a direct access to the Chairman of the Audit Committee.

Your company hereby affirms that no Director / employee have been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

### FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

The Company has practice of conducting familiarization program of the independent directors as detailed in clause 2(h) of the Corporate Governance Report which forms part of the Annual Report.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Details of the same are provided in the Management Discussion and Analysis Report attached as Annexure to this Report.

### CREDIT RATING

During the year under review, Credit Analysis and Research Limited (CARE) has affirmed the CARE A- (Single A Minus) rating for long term facilities and CARE A2+ (A Two Plus) rating for short term bank facilities of your Company.

### EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Act and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 the extract of Annual Return in form MGT 9 is annexed as Annexure.

### MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE

The Management Discussion and Analysis Report and the Report on Corporate Governance, as required under clause 49 of the Listing Agreement, forms part of the Annual Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained by us, your Directors make the following statements in terms of section 134(3)(c) of the Companies Act, 2013.

- a) In the preparation of the annual financial statements for the year ended 31st March, 2015, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- b) For the financial year ended 31st March, 2015 such accounting policies as mentioned in the notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company and of the profit and loss of the company for the year ended 31st March, 2015.
- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual financial statements have been prepared on a going concern basis.

- e) That proper internal financial control were followed by the company and that such internal financial controls are adequate and were operating effectively.
- f) That proper system to ensure compliance with the provisions of all applicable laws was in place and that such systems were adequate and operating effectively.

**ACKNOWLEDGEMENT**

Your Directors wish to thank all the employees for their contribution, support and continued co-operation throughout the year.

The Directors would also like to thank for the support and co-operation your Company has been receiving from its suppliers, business partners and others associated with the Company. Your Company looks upon them as partners in its

progress and has shared with them the rewards of growth. It will be the Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for and cooperation with each other, consistent with consumer interests.

The Board also wish to express their appreciation for the continued co-operation of the Central and State Governments, Bankers, Financial Institutions, Customers and other stakeholders.

on behalf of the Board of Directors

Place: Hyderabad  
Date: 10th August, 2015

**Sharad B Pitti**  
Chairman & Managing Director

# ANNEXURE TO THE DIRECTORS' REPORT

[Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]

## (A) CONSERVATION OF ENERGY

- (i) Steps taken or impact on conservation of energy:
- The Company has taken various actions like
- Zero Leakage of Compressed Air.
  - Idle running of Motors.
  - Shutdown of Hydraulic Power Pack Motors after achieving full pressure on the Stator Stack for welding.
- (ii) Steps taken by the company for utilising alternate sources of energy:
- Street Lighting in the Factory Premises is by Solar Power in Plant - II.
  - LED Lighting is used for Street Lights in Plant – III.
- (iii) Capital investment on energy conservation equipments:
- In Plant – III, Sewerage Treatment Plant installed with latest Technology by which the treated water can be directly used for plantation and achieving zero wastage of water per day with a Capital Investment of ₹ 25.00 Lacs.
  - Similarly for Plant – I & II, the same Sewerage Treatment Plants will be installed in the year 2015-16 for zero wastage of the water. Expected Capital Investment is of ₹ 60.00 Lacs.

## (B) TECHNOLOGY ABSORPTION

- (i) Efforts made towards technology absorption
- The Company has purchased fully Automated CNC Notching Machines / Notching Cells.
- (ii) Benefits derived like product improvement, cost reduction, product development or import substitution
- The Quality of the Product manufactured with the above Automated CNC Notching Machines will deliver

consistent quality, reduce set up times and will result in overall reduction in cost.

- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)
- the details of technology imported :** The company has not imported any technology during the last three years.
  - the year of import :** Not applicable
  - whether the technology been fully absorbed :** Not applicable
  - if not fully absorbed, areas where absorption has not taken place, and the reasons thereof and :** Not applicable
- (iv) **the expenditure incurred on Research and Development :** Not applicable

## (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

### Foreign exchange earnings

| Foreign currency (FC) | FC value | ₹ crores |
|-----------------------|----------|----------|
| USD                   | 26652117 | 162.65   |
| GBP                   | 13713    | 0.13     |
| EURO                  | 116750   | 0.90     |

### Foreign exchange spent

| Foreign currency (FC) | FC value | ₹ crores |
|-----------------------|----------|----------|
| USD                   | 12702483 | 78.62    |
| EURO                  | 979205   | 7.21     |
| GBP                   | 785      | 0.01     |
| JPY                   | 2200000  | 0.12     |
| CHF                   | 12661    | 0.09     |
| AED                   | 30000    | 0.06     |

on behalf of the Board of Directors

**Sharad B Pitti**

Chairman & Managing Director

**GVSN Kumar**

Executive Director & CFO

Place: Hyderabad

Date: 10th August, 2015



# ANNEXURE TO THE DIRECTORS' REPORT

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

|   |   |
|---|---|
| 1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.                                  | <p>Social and environmental responsibility has always been at the forefront of our operating philosophy and the company has consistently contributed to socially responsible activities. CSR portrays the deep symbiotic relationship that the company enjoys with the communities it is engaged with.</p> <p>As a responsible corporate citizen it tries to contribute to social and environmental causes on a consistent basis. We believe that to succeed an organization must maintain high standards of corporate behavior towards its stakeholders i.e. employees, consumers and society in which it operates. We are of the opinion that CSR underlines the objective of bringing about a difference and adding value to our stakeholders' lives.</p> <p>The CSR policy is rooted in the company's philosophy and imbued with the values of quality, reliability, best practices and driven by our aspiration for excellence in the overall performance of our business.</p> <p>The Company has framed its CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website <a href="http://www.pitti.in">www.pitti.in</a>.</p> |
| 2. The Composition of the CSR Committee.  | <p>Shri Sharad B Pitti (Chairman)<br/>Shri Akshay S Pitti<br/>Shri Gummalla Vijaya Kumar</p>  |
| 3. Average net profit of the Company for last three financial years   | ₹ 20.74 crores  |
| 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)  | ₹ 0.41 crores   |
| 5. Details of CSR spent for the financial year:<br>(a) Total amount to be spent for the financial year<br>(b) Amount unspent, if any:<br>(c) Manner in which the amount spent during the financial year is detailed below:        | <p>₹ 0.41 crores<br/>NIL<br/>The manner in which the amount is spent is annexed.</p>  |
| 6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof the Company shall provide the reasons for not spending the amount in its Board report. | NIL   |
| 7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR Objectives and Policy of the Company.  | The implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company  |

**Sharad B Pitti**  
Chairman – CSR Committee

Place: Hyderabad  
Date: 10th August, 2015

**Akshay S Pitti**  
Member – CSR Committee

**Gummalla Vijaya Kumar**  
Member – CSR Committee

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

| Annexure to CSR Report (Point 5(c) of the CSR Report) |  |  |  |   |   |  |   |   |
|---|--|--|--|---|---|--|---|---|
| Sl. No.   | CSR project or activity identified                   | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken | Amount outlay (budget) project or programs wise | Amount spent on the projects or programs Sub-heads (1) Direct expenditure on projects or programs (2) overheads | Cumulative expenditure upto the reporting period | Amount spent: Director or through implementing agency | Details of implementing agency if engaged |
| (1)   | (2)  | (3)                                    | (4)  | (5)   | (6)   | (7)  | (8)   | (9)                                       |
| 1   | Providing scholarships and distribution of notebooks | Promotion of Education                 | Hyderabad, Telangana   | ₹ 3450000                                       | ₹ 3547971   | ₹ 3547971  | Through implementing agency                           | Badrivishal Pannalal Pitti Trust          |
| 2   | Providing financial assistance to widows             | Women empowerment                      | Hyderabad, Telangana   | ₹ 700000  | ₹ 725466  | ₹ 725466   | Through implementing agency                           | Badrivishal Pannalal Pitti Trust          |
| <b>TOTAL</b>  |  |  |  | <b>₹ 4150000</b>                                | <b>₹ 4273437</b>  | <b>₹ 4273437</b>                                 |   |   |

Place: Hyderabad

Date: 10th August, 2015

**Akshay S Pitti**

Member – CSR Committee

**Sharad B Pitti**

Chairman – CSR Committee

**Gummalla Vijaya Kumar**

Member – CSR Committee

# ANNEXURE TO THE DIRECTORS' REPORT

## FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I REGISTRATION AND OTHER DETAILS:

|   |   |
|---|---|
| <b>CIN</b>  | : L29253TG1983PLC004141   |
| <b>Registration Date</b>                                    | : 17th September, 1983  |
| <b>Name of the Company</b>                                  | : Pitti Laminations Limited   |
| <b>Category / Sub-category of the Company</b>               | : Company limited by shares / Indian-non Government Company                   |
| <b>Address of the Registered office and Contact details</b> | : 6-3-648/401, IV Floor, Padmaja Landmark, Somajiguda,<br>Hyderabad – 500 082 |
| <b>Whether listed company Yes / No</b>                      | : Yes   |

### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

| Sl. No. | Name and Description of main products / services | NIC code of the product / service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 01.     | Electrical laminations & Stampings               | 3440                              | 100%                               |

### III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name of the Company    | Address of the Company   | CIN                    | Holding / Subsidiary / Associate Company | % of shares held | Applicable Section under Companies Act, 2013 |
|---------|------------------------|--|------------------------|--|------------------|--|
| 01      | Pitti Castings Pvt Ltd | 6-3-648/401, IV Floor, Padmaja Landmark, Somajiguda, Hyderabad – 500 082 | U27310TG2011 PTC077833 | Associate                                | 47.66            | 2(6)   |

### IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

#### (i) Category-wise Share Holding

| Category of Shareholders | No. of shares held at the beginning of the year |          |                |                   | No. of shares held at the end of the year |          |                |                   | % change during the year |
|--------------------------|---|----------|----------------|-------------------|---|----------|----------------|-------------------|--------------------------|
|                          | Demat   | Physical | Total          | % of total shares | Demat                                     | Physical | Total          | % of total shares |                          |
| <b>A. Promoter</b>       |   |          |                |                   |   |          |                |                   |                          |
| <b>(1) Indian</b>        |   |          |                |                   |   |          |                |                   |                          |
| a) Individual / HUF      | 4604690   | -        | 4604690        | 34.13             | 4604690                                   | -        | 4604690        | 34.13             | -                        |
| b) Central Govt          | -   | -        | -              | -                 | -   | -        | -              | -                 | -                        |
| c) State Govt            | -   | -        | -              | -                 | -   | -        | -              | -                 | -                        |
| d) Bodies Corp           | 3490000   | -        | 3490000        | 25.87             | 3490000                                   | -        | 3490000        | 25.87             | -                        |
| e) Banks / FI            | -   | -        | -              | -                 | -   | -        | -              | -                 | -                        |
| f) Any Other             | -   | -        | -              | -                 | -   | -        | -              | -                 | -                        |
| <b>SUB-TOTAL (A) (1)</b> | <b>8094690</b>                                  | <b>-</b> | <b>8094690</b> | <b>60.00</b>      | <b>8094690</b>                            | <b>-</b> | <b>8094690</b> | <b>60.00</b>      | <b>-</b>                 |

## FORM NO. MGT-9

| Category of Shareholders  | No. of shares held at the beginning of the year |               |                 |                   | No. of shares held at the end of the year |               |                 |                   | % change during the year |
|---|---|---------------|-----------------|-------------------|---|---------------|-----------------|-------------------|--------------------------|
|   | Demat   | Physical      | Total           | % of total shares | Demat                                     | Physical      | Total           | % of total shares |                          |
| <b>(2) Foreign</b>  |   |               |                 |                   |   |               |                 |                   |                          |
| a) NRIs -   | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| Individuals   | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| b) Other -  | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| Individuals   | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| c) Bodies Corp  | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| d) Banks / FI   | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| e) Any Other  | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| <b>SUB-TOTAL (A) (2)</b>  | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| <b>TOTAL SHAREHOLDING OF PROMOTER (A) = (A)(1) + (A) (2)</b>                    | <b>8094690</b>                                  | <b>-</b>      | <b>8094690</b>  | <b>60.00</b>      | <b>8094690</b>                            | <b>-</b>      | <b>8094690</b>  | <b>60.00</b>      | <b>-</b>                 |
| <b>B. Public Shareholding</b>   |   |               |                 |                   |   |               |                 |                   |                          |
| <b>1. Institutions</b>  |   |               |                 |                   |   |               |                 |                   |                          |
| a) Mutual Funds   | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| b) Banks / FI   | -   | 100           | 100             | 0.00              | -   | 100           | 100             | 0.00              | 0.00                     |
| c) Central Govt   | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| d) State Govt (s)   | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| e) Venture Capital Funds  | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| f) Insurance Companies  | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| g) FIs  | 90290   | 0             | 90290           | 0.67              | 331999                                    | 0             | 331999          | 2.46              | 267.70                   |
| h) Foreign Venture Capital  | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| <b>SUB-TOTAL (B) (1)</b>  | <b>90290</b>                                    | <b>100</b>    | <b>90390</b>    | <b>0.67</b>       | <b>331999</b>                             | <b>100</b>    | <b>332099</b>   | <b>2.46</b>       | <b>267.41</b>            |
| <b>2. Non-Institutions</b>  |   |               |                 |                   |   |               |                 |                   |                          |
| <b>a) Bodies Corporate</b>  |   |               |                 |                   |   |               |                 |                   |                          |
| <b>i) Indian</b>  | 1297657   | 1600          | 1299257         | 9.63              | 784994                                    | 1600          | 786594          | 5.83              | (39.46)                  |
| <b>ii) Overseas</b>   | -   | -             | -               | -                 | -   | -             | -               | -                 | -                        |
| <b>b) Individuals</b>   |   |               |                 |                   |   |               |                 |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh          | 2159105   | 399139        | 2558244         | 18.96             | 2126586                                   | 387339        | 2513925         | 18.63             | (1.73)                   |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 1322697   | 0             | 1322697         | 9.80              | 1653081                                   | 0             | 1653081         | 12.25             | 24.98                    |
| c) NRI  | 125422  | 1000          | 126422          | 0.94              | 110311                                    | 1000          | 111311          | 0.83              | (11.95)                  |
| <b>SUB-TOTAL (B) (2)</b>  | <b>4904881</b>                                  | <b>401739</b> | <b>5306620</b>  | <b>39.33</b>      | <b>4674972</b>                            | <b>389939</b> | <b>5064911</b>  | <b>37.54</b>      | <b>(47.13)</b>           |
| <b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1) + (B)(2)</b>                          | <b>4995171</b>                                  | <b>401839</b> | <b>5397010</b>  | <b>40.00</b>      | <b>5006971</b>                            | <b>390039</b> | <b>5397010</b>  | <b>40.00</b>      | <b>-</b>                 |
| <b>C. Shares held by custodian for GDRs &amp; ADRs</b>                          |   |               |                 |                   |   |               |                 |                   |                          |
| <b>GRAND TOTAL (A+B+C)</b>  | <b>13089861</b>                                 | <b>401839</b> | <b>13491700</b> | <b>100.00</b>     | <b>13101661</b>                           | <b>390039</b> | <b>13491700</b> | <b>100.00</b>     | <b>-</b>                 |

**(ii) Shareholding of Promoters**

| Sl. No. | Shareholder's Name                 | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in shareholding during the year |
|---------|------------------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
|         |                                    | No. of shares                             | % of total shares of the company | % of shares pledged / encumbered to total shares | No. of shares                       | % of total shares of the company | % of shares pledged / encumbered to total shares |  |
| 01.     | Shri Sharad B Pitti                | 2137780                                   | 15.85                            | -  | 2137780                             | 15.85                            | -  | -  |
| 02.     | Shri Akshay S Pitti                | 1579100                                   | 11.70                            | -  | 1579100                             | 11.70                            | -  | -  |
| 03.     | Smt Madhuri S Pitti                | 781100                                    | 5.79                             | -  | 781100                              | 5.79                             | -  | -  |
| 04.     | Smt Shanti B Pitti                 | 98210                                     | 0.73                             | -  | 98210                               | 0.73                             | -  | -  |
| 05.     | Sharad B Pitti (HUF)               | 8500                                      | 0.06                             | -  | 8500                                | 0.06                             | -  | -  |
| 06.     | Pitti Electrical Equipment Pvt Ltd | 3490000                                   | 25.87                            | -  | 3490000                             | 25.87                            | -  | -  |

**(iii) Change in Promoters' Shareholding**

|  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--|---|----------------------------------|---|----------------------------------|
|  | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| At the beginning of the year   | 8094690                                   | 60.00                            | 8094690                                 | 60.00                            |
| Date wise increase / decrease in promoters shareholding during the year specifying the reasons for increase / decrease (e.g allotment / transfer / bonus / sweat equity etc) | -   | -                                | -                                       | -                                |
| At the end of the year   | 8094690                                   | 60.00                            | 8094690                                 | 60.00                            |

**(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

| Sl. No. | For each of the top 10 shareholders     | Shareholding at the beginning of the year |                                  | Date       | Reason             | Increase / Decrease in shareholding |                                  | Cumulative Shareholding during the year |                                  |
|---------|---|---|----------------------------------|------------|--------------------|-------------------------------------|----------------------------------|---|----------------------------------|
|         |   | No. of shares                             | % of total shares of the company |            |                    | No. of shares                       | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1.      | <b>Passage To India Master Fund Ltd</b> | 90290                                     | 0.67                             | 29.08.2014 | Sale of shares     | 16368                               | (0.12)                           | 73922                                   | 0.55                             |
|         |   |   |                                  | 05.09.2014 | Sale of shares     | 5954                                | (0.04)                           | 67968                                   | 0.50                             |
|         |   |   |                                  | 12.09.2014 | Sale of shares     | 16000                               | (0.12)                           | 51968                                   | 0.39                             |
|         |   |   |                                  | 19.09.2014 | Sale of shares     | 20000                               | (0.15)                           | 31968                                   | 0.24                             |
|         |   |   |                                  | 31.10.2014 | Sale of shares     | 20000                               | (0.15)                           | 11968                                   | 0.09                             |
|         |   |   |                                  | 07.11.2014 | Sale of shares     | 11968                               | (0.09)                           | 0                                       | 0.80                             |
|         |   |   |                                  | 31.12.2014 | Purchase of shares | 107683                              | 0.80                             | 107683                                  | 0.80                             |
|         |   |   |                                  | 02.01.2015 | Purchase of shares | 12317                               | 0.09                             | 120000                                  | 0.89                             |
|         |   |   |                                  | 09.01.2015 | Purchase of shares | 25000                               | 0.19                             | 145000                                  | 1.07                             |
|         |   |   |                                  | 16.01.2015 | Purchase of shares | 15000                               | 0.11                             | 160000                                  | 1.19                             |
|         |   |   |                                  | 23.01.2015 | Purchase of shares | 15000                               | 0.11                             | 175000                                  | 1.30                             |
|         |   |   |                                  | 30.01.2015 | Purchase of shares | 20000                               | 0.15                             | 195000                                  | 1.45                             |
|         |   |   |                                  | 06.02.2015 | Purchase of shares | 12000                               | 0.09                             | 207000                                  | 1.53                             |

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| Sl. No. | For each of the top 10 shareholders           | Shareholding at the beginning of the year |                                  | Date       | Reason                 | Increase / Decrease in shareholding |                                  | Cumulative Shareholding during the year |                                  |
|---------|---|---|----------------------------------|------------|------------------------|-------------------------------------|----------------------------------|---|----------------------------------|
|         |   | No. of shares                             | % of total shares of the company |            |                        | No. of shares                       | % of total shares of the company | No. of shares                           | % of total shares of the company |
|         |   |   |                                  | 13.02.2015 | Purchase of shares     | 61156                               | 0.45                             | 268156                                  | 1.99                             |
|         |   |   |                                  | 20.02.2015 | Purchase of shares     | 28843                               | 0.21                             | 296999                                  | 2.20                             |
|         |   |   |                                  | 27.02.2015 | Purchase of shares     | 35000                               | 0.26                             | 331999                                  | 2.46                             |
|         |   |   |                                  | 31.03.2015 | At the end of the year | -                                   | -                                | 331999                                  | 2.46                             |
| 2.      | <b>Lalita Steel Industries Pvt Ltd</b>        | 354350                                    | 2.63                             | 06.02.2015 | Sale of shares         | 54350                               | (0.40)                           | 300000                                  | 2.22                             |
|         |   |   |                                  | 31.03.2015 | At the end of the year | -                                   | -                                | 300000                                  | 2.22                             |
| 3.      | <b>Barclays wealth trustees India Pvt Ltd</b> | 223065                                    | 1.65                             | -          | -                      | -                                   | -                                | 223065                                  | 1.65                             |
|         |   |   |                                  | 31.03.2015 | At the end of the year | -                                   | -                                | 223065                                  | 1.65                             |
| 4.      | <b>Dhiren Shevantilal Shah</b>                | 11844                                     | 0.09                             | 04.04.2014 | Sale of shares         | 2844                                | (0.02)                           | 9000                                    | 0.07                             |
|         |   |   |                                  | 19.09.2014 | Purchase of shares     | 52296                               | 0.39                             | 61296                                   | 0.45                             |
|         |   |   |                                  | 30.09.2014 | Purchase of shares     | 1204                                | 0.01                             | 62500                                   | 0.46                             |
|         |   |   |                                  | 17.10.2014 | Purchase of shares     | 12500                               | 0.09                             | 75000                                   | 0.56                             |
|         |   |   |                                  | 05.12.2014 | Purchase of shares     | 69227                               | 0.51                             | 144227                                  | 1.07                             |
|         |   |   |                                  | 12.12.2014 | Purchase of shares     | 24150                               | 0.18                             | 168377                                  | 1.25                             |
|         |   |   |                                  | 19.12.2014 | Purchase of shares     | 31293                               | 0.23                             | 199670                                  | 1.48                             |
|         |   |   |                                  | 31.12.2014 | Purchase of shares     | 330                                 | 0.00                             | 200000                                  | 1.48                             |
|         |   |   |                                  | 31.03.2015 | At the end of the year | -                                   | -                                | 200000                                  | 1.48                             |
| 5.      | <b>Sharad Kanayalal Shah</b>                  | 184390                                    | 1.37                             | -          | -                      | -                                   | -                                | 184390                                  | 1.37                             |
|         |   |   |                                  | 31.03.2015 | At the end of the year | -                                   | -                                | 184390                                  | 1.37                             |
| 6.      | <b>Rajesh Nuwal</b>                           | -   | -                                | 31.03.2015 | Purchase of shares     | 175128                              | 1.30                             | 175128                                  | 1.30                             |
|         |   |   |                                  | 31.03.2015 | At the end of the year | -                                   | -                                | 175128                                  | 1.30                             |
| 7.      | <b>Varsha Sharad Shah</b>                     | 129477                                    | 0.96                             | -          | -                      | -                                   | -                                | 129477                                  | 0.96                             |
|         |   |   |                                  | 31.03.2015 | At the end of the year | -                                   | -                                | 129477                                  | 0.96                             |
| 8.      | <b>Ajay Krishnakant Parikh</b>                | -   | -                                | 06.02.2015 | Purchase of shares     | 100000                              | 0.74                             | 100000                                  | 0.74                             |
|         |   |   |                                  | 31.03.2015 | At the end of the year | -                                   | -                                | 100000                                  | 0.74                             |
| 9.      | <b>Nitin Tandon</b>                           | -   | -                                | 11.07.2014 | Purchase of shares     | 51000                               | 0.38                             | 51000                                   | 0.38                             |
|         |   |   |                                  | 18.07.2014 | Purchase of shares     | 18000                               | 0.13                             | 69000                                   | 0.51                             |
|         |   |   |                                  | 31.03.2015 | At the end of the year | 18000                               | 0.13                             | 69000                                   | 0.51                             |
| 10.     | <b>Nisha Manoj Shah</b>                       | 80000                                     | 0.59                             | 13.03.2015 | Sale of shares         | 25000                               | (0.19)                           | 55000                                   | 0.41                             |
|         |   |   |                                  | 31.03.2015 | At the end of the year | -                                   | -                                | 55000                                   | 0.41                             |

**(v) Shareholding of Directors and Key Managerial Personnel**

| Sl. No.           | For each of the Directors and KMP   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-------------------|---|---|----------------------------------|---|----------------------------------|
|                   |   | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>Directors</b>  |   |   |                                  |   |                                  |
| <b>1.</b>         | <b>Shri Sharad B Pitti</b>  |   |                                  |   |                                  |
|                   | At the beginning of the year  | 2137780                                   | 15.85%                           | -                                       | -                                |
|                   | Date wise increase / decrease in shareholding during the year             |   |                                  |   |                                  |
|                   | At the end of the year  | 2137780                                   | 15.85%                           | -                                       | -                                |
| <b>2.</b>         | <b>Shri Akshay S Pitti</b>  |   |                                  |   |                                  |
|                   | At the beginning of the year  | 1579100                                   | 11.70%                           | -                                       | -                                |
|                   | Date wise increase / decrease in shareholding during the year             |   |                                  |   |                                  |
|                   | At the end of the year  | 1579100                                   | 11.70%                           | -                                       | -                                |
| <b>3.</b>         | <b>Shri G Narayana Rao</b>  |   |                                  |   |                                  |
|                   | At the beginning of the year  | 300                                       | 0.00                             | -                                       | -                                |
|                   | Date wise increase / decrease in shareholding during the year             | -   | -                                | -                                       | -                                |
|                   | At the end of the year  | 300                                       | 0.00                             | -                                       | -                                |
| <b>4.</b>         | <b>Shri N R Ganti</b>   |   |                                  |   |                                  |
|                   | At the beginning of the year  | 800                                       | 0.01                             | -                                       | -                                |
|                   | Date wise increase / decrease in shareholding during the year             | -   | -                                | -                                       | -                                |
|                   | At the end of the year  | 800                                       | 0.01                             | -                                       | -                                |
| <b>5.</b>         | <b>Shri Gummalla Vijaya Kumar</b>   |   |                                  |   |                                  |
|                   | At the beginning of the year  | 10  | 0.00                             | -                                       | -                                |
|                   | Date wise increase / decrease in shareholding during the year             | -   | -                                | -                                       | -                                |
|                   | At the end of the year  | 10  | 0.00                             | -                                       | -                                |
| <b>Other KMPs</b> |   |   |                                  |   |                                  |
| <b>1.</b>         | <b>Shri GVS N Kumar, Executive Director &amp; Chief Financial Officer</b> |   |                                  |   |                                  |
|                   | At the beginning of the year  | -   | -                                | -                                       | -                                |
|                   | Date wise increase / decrease in shareholding during the year             | -   | -                                | -                                       | -                                |
|                   | At the end of the year  | -   | -                                | -                                       | -                                |
| <b>2.</b>         | <b>Shri Satyabrata Padhi, Company Secretary</b>                           |   |                                  |   |                                  |
|                   | At the beginning of the year  | -   | -                                | -                                       | -                                |
|                   | Date wise increase / decrease in shareholding during the year             | -   | -                                | -                                       | -                                |
|                   | At the end of the year  | -   | -                                | -                                       | -                                |

**V Indebtedness**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

₹ in Lacs

|  | Secured loans excluding deposits | Unsecured loans | Deposits | Total indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount  | 11769.89                         | 282.32          | -        | 12052.21           |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | 8.46                             | -               | -        | 8.46               |
| <b>TOTAL (I + II + III)</b>                                | <b>11778.35</b>                  | <b>282.32</b>   | <b>-</b> | <b>12060.67</b>    |

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₹ in Lacs

|   | Secured loans<br>excluding<br>deposits | Unsecured<br>loans | Deposits | Total<br>indebtedness |
|---|--|--------------------|----------|-----------------------|
| <b>Change in indebtedness during the financial year</b> |  |                    |          |                       |
| Addition  | 2831.78                                | -                  | -        | 2831.78               |
| Reduction   | (557.70)                               | -                  | -        | (557.70)              |
| <b>NET CHANGE</b>                                       | <b>2274.08</b>                         | <b>-</b>           | <b>-</b> | <b>2274.08</b>        |
| <b>Indebtedness at the end of the financial year</b>    |  |                    |          |                       |
| i) Principal Amount                                     | 14034.95                               | 282.32             | -        | 1437.27               |
| ii) Interest due but not paid                           | -                                      | -                  | -        | -                     |
| iii) Interest accrued but not due                       | 17.48                                  | -                  | -        | 17.48                 |
| <b>TOTAL ( I + II + III )</b>                           | <b>14052.43</b>                        | <b>282.32</b>      | <b>-</b> | <b>14334.75</b>       |

## VI Remuneration of Directors and Key Managerial Personnel

## A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

₹ in Lacs

| Sl. No. | Particulars of Remuneration  | Name of Managing Director / Whole-time Directors          |  |  |   |                             | Total Amount |
|---------|--|---|--|--|---|-----------------------------|--------------|
|         |  | Shri Sharad B Pitti<br>Chairman &<br>Managing<br>Director | Shri Akshay S Pitti Vice<br>Chairman &<br>Managing<br>Director | Shri Y B Sahgal<br>Executive<br>Director | Shri GVS N<br>Kumar<br>Executive<br>Director &<br>CFO | Shri Sanjay<br>Srivastava** |              |
| 01.     | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 47.74   | 47.74  | 45.92                                    | 45.83   | 4.11                        | 191.34       |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  | -   | -  | -  | -   | -                           | -            |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961                           | -   | -  | -  | -   | -                           | -            |
| 02.     | Others   | -   | -  | -  | -   | -                           | -            |
|         | Total  | 47.74   | 47.74  | 45.92                                    | 45.83   | 4.11                        | 191.34       |
|         | Ceiling as per the Act   | 48  | 48   | 48                                       | 48  | 48                          | 240          |

\*\* Shri Sanjay Srivastava, Director resigned from the services of the company w.e.f 03rd May, 2014

## B. Remuneration to other Directors:

## 1 Independent Directors

₹ in Lacs

| Particulars of Remuneration                  | Shri G Narayana Rao | Shri N R Ganti | Shri Gummalla Vijaya Kumar | Shri M Gopalakrishna, IAS (Retd) | Shri TSSN Murthy | Ms. Gayathri Ramachandran, IAS (Retd) | Total Amount |
|--|---------------------|----------------|----------------------------|----------------------------------|------------------|---------------------------------------|--------------|
| Fee for attending Board / committee meetings | 0.96                | 0.96           | 0.59                       | 0.48                             | 0.40             | 0.30                                  | 3.69         |
| Commission                                   | -                   | -              | -                          | -                                | -                | -                                     | -            |
| Others, please specify                       | -                   | -              | -                          | -                                | -                | -                                     | -            |
| <b>TOTAL (1)</b>                             | <b>0.96</b>         | <b>0.96</b>    | <b>0.59</b>                | <b>0.48</b>                      | <b>0.40</b>      | <b>0.30</b>                           | <b>3.69</b>  |



## 2. Non-executive Director

| Particulars of Remuneration                  | Shri Arun Garodia | Total Amount |
|--|-------------------|--------------|
| Fee for attending Board / committee meetings | -                 | -            |
| Commission                                   | -                 | -            |
| Others, please specify                       | -                 | -            |
| <b>TOTAL (2)</b>                             | -                 | -            |

## C. Remuneration to Key Managerial Personnel

₹ in Lacs

| Sl. No. | Particulars of Remuneration  | Key Managerial Personnel                     |                   |       |
|---------|--|--|-------------------|-------|
|         |  | Executive Director & Chief Financial Officer | Company Secretary | Total |
| 1.      | Gross salary   |  |                   |       |
|         | a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 45.83  | 7.25              | 53.08 |
|         | b. Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | -  | -                 | -     |
|         | c. Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | -  | -                 | -     |
| 2.      | Others, please specify   | -  | -                 | -     |
|         | <b>TOTAL</b>   | 45.83  | 7.25              | 53.08 |

## VII. Penalties / punishment / compounding of offences:

| Type                                | Section of the Companies Act | Brief description | Details of penalty / punishment / compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                              |                                    |
| Penalty                             |                              |                   |  |                              |                                    |
| Punishment                          |                              |                   | NIL  |                              |                                    |
| Compounding                         |                              |                   |  |                              |                                    |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                              |                                    |
| Penalty                             |                              |                   |  |                              |                                    |
| Punishment                          |                              |                   | NIL  |                              |                                    |
| Compounding                         |                              |                   |  |                              |                                    |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                              |                                    |
| Penalty                             |                              |                   |  |                              |                                    |
| Punishment                          |                              |                   | NIL  |                              |                                    |
| Compounding                         |                              |                   |  |                              |                                    |

on behalf of the Board of Directors

**Sharad B Pitti**

Chairman &amp; Managing Director

Place: Hyderabad

Date: 10th August, 2015

**GVSN Kumar**

Executive Director &amp; CFO

# ANNEXURE TO THE DIRECTORS' REPORT

| Particulars of Loans, Guarantees or Investments under Section 186         |   |  |   |  |                                  |                  |  |
|---|---|--|---|--|----------------------------------|------------------|--|
| Nature of transaction (whether loan / guarantee / security / acquisition) | Date of making loan / acquisition / giving guarantee / providing security | Name and address of the person or body corporate to whom it is made or given or whose securities have been acquired (Listed / Unlisted entities) | Amount of loan / security / acquisition / guarantee | Time period for which it is made / given | Date of passing Board Resolution | For loans        |  |
|   |   |  |   |  |                                  | Rate of interest | Date of maturity                         |
| (1)   | (2)   | (3)  | (4)   | (5)                                      | (6)                              | (7)              | (8)                                      |
| Unsecured Loan<br>– transferred to Investment                             | 16.06.2012 &<br>29.06.2012  | Pitti Castings Pvt Ltd<br>6-3-648/401, IV Floor,<br>Padmaja Landmark,<br>Somajiguda, Hyderabad<br>– 500 082                                      | ₹ 12.33 crores                                      | Not Applicable                           | 26th May, 2014                   | Not Applicable   | Not Applicable                           |
| Unsecured Loan  | 04.06.2014<br>05.06.2014<br>11.06.2014                                    | Pitti Castings Pvt Ltd<br>6-3-648/401, IV Floor,<br>Padmaja Landmark,<br>Somajiguda, Hyderabad<br>– 500 082                                      | ₹ 7.15 crores                                       | 01.04.14 to<br>31.03.17                  | 26th May, 2014                   | Nil              | Adjustment towards supplies made by PCPL |

on behalf of the Board of Directors

**GVSN Kumar**  
Executive Director & CFO

**Sharad B Pitti**  
Chairman & Managing Director

Place: Hyderabad

Date: 10th August, 2015

# ANNEXURE TO THE DIRECTORS' REPORT

[Pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

| Sl. No. | Requirements   | Disclosure   |                       |                         |                         |
|---------|--|--|-----------------------|-------------------------|-------------------------|
|         |  | Name of the Director   | Ratio                 |                         |                         |
| 1       | The ratio of the remuneration of each Director to the median remuneration of the Employees of the company for the financial year:  | Shri Sharad B Pitti, Chairman & Managing Director  | 27.83x                |                         |                         |
|         |  | Shri Akshay S Pitti  |                       |                         |                         |
|         |  | Vice-Chairman & Managing Director  | 27.83x                |                         |                         |
|         |  | Shri Y B Sahgal, Executive Director  | 26.79x                |                         |                         |
|         |  | Shri GVSN Kumar, Executive Director & CFO  | 26.73x                |                         |                         |
| 2       | The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary, or Manager, if any, in the financial year:   | Shri Sharad B Pitti, Chairman & Managing Director  | Nil                   |                         |                         |
|         |  | Shri Akshay S Pitti  | Nil                   |                         |                         |
|         |  | Vice-Chairman & Managing Director  | Nil                   |                         |                         |
|         |  | Shri Y B Sahgal, Executive Director  | Nil                   |                         |                         |
|         |  | Shri GVSN Kumar, Executive Director & CFO  | Nil                   |                         |                         |
| 3       | The percentage increase in the median remuneration of employees in the financial year:   | Shri Satyabrata Padhi, Company Secretary   | 10%                   |                         |                         |
|         |  | The median remuneration of employees increased by 15%.   |                       |                         |                         |
| 4       | The number of permanent employees on the rolls of the Company:   | There were 785 employees on the rolls as on 31st March, 2015.  |                       |                         |                         |
| 5       | The explanation on the relationship between average increase in remuneration and Company performance:  | Increase in remuneration has direct link with the financial performance of the Company, industry benchmarking and increase given in comparable organisations.<br>The average increase in remuneration is 12.60%.   |                       |                         |                         |
| 6       | Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:   | For the FY 2014-15, Key Managerial Personnel were paid remuneration of about 20.23% of the net profits for the year.   |                       |                         |                         |
| 7       | Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the share of the company in comparison to the rate at which the company came out with the last public offer in case of listed Companies: | <b>Sl.No.</b>  | <b>Particulars</b>    | <b>As on 31.03.2015</b> | <b>As on 31.03.2014</b> |
|         |  |  |                       | <b>(₹ in crores)</b>    | <b>(₹ in crores)</b>    |
|         |  | 1  | Market Capitalisation | BSE 154.88              | BSE 48.30               |
|         |  |  |                       | NSE 154.01              | NSE 47.96               |
|         |  | 2  | Price earnings ratio  | 16.61                   | 11.47                   |
| 3       | EPS  | 6.91   | 3.12                  |                         |                         |
| 4       | Net worth of the Company   | 117.25   | 111.57                |                         |                         |
| 8       | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:                      | The last public offer for the shares of the company was an Initial Public Offer in the year 1994, for 19,00,000 shares of ₹ 20/- each. The market quotation of the equity shares of the Company as on 31st March, 2015 was ₹ 114.80 for share of face value of ₹ 10/- each.  |                       |                         |                         |
|         |  | The average percentile increase already made in the salaries of the employees other than Managerial Personnel was 12.60%. No increase was made in the salaries of Directors during the last financial year. Since no increase was made in Managerial remuneration, exceptional circumstances for increase in the Managerial remuneration does not arise. |                       |                         |                         |

| Sl. No. | Requirements   | Disclosure   |   |
|---------|--|--|---|
|         |  | Name of the Director   | Ratio   |
| 9       | Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:  | <b>Name of the Director &amp; KMP</b>  | <b>Remuneration as % of net profit of the Company</b> |
|         |  | Shri Sharad B Pitti  | 4.95  |
|         |  | Shri Akshay S Pitti  | 4.95  |
|         |  | Shri Y B Sahgal  | 4.83  |
|         |  | Shri GVSN Kumar  | 4.83  |
|         |  | Shri Satyabrata Padhi  | 0.67  |
| 10      | The key parameters for any variable components of remuneration availed by the Directors:   | The salary and allowances drawn by the Directors are in accordance with the approval of the Shareholders.  |   |
| 11      | The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year: | No employee received remuneration in excess of the highest paid Director.  |   |
| 12      | Affirmation that the remuneration is as per the Remuneration Policy of the Company:  | It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company. |   |

on behalf of the Board of Directors

**Sharad B Pitti**

Chairman & Managing Director

Place: Hyderabad

Date: 10th August, 2015

**GVSN Kumar**

Executive Director & CFO

# ANNEXURE TO THE DIRECTORS' REPORT

## FORM NO.AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis.

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2015 which were not at arm's length basis.

2. Details of material contracts or arrangements or transactions at arm's length basis.

The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31st March, 2015 are as follows:-

| Name of related party  | Nature of relationship | Duration of contract     | Salient terms                        | Amount ₹ in Lacs |
|--|------------------------|--------------------------|--------------------------------------|------------------|
| <b>Nature of contract</b>  |                        |                          |                                      |                  |
| Shri Sharad B Pitti<br>Smt Madhuri S Pitti<br>Smt Shanti B Pitti | Promoters              | Ongoing                  | Based on transfer pricing guidelines | 147.73           |
| <b>Rent</b>  |                        |                          |                                      |                  |
| Pitti Castings Pvt Ltd   | Associate Company      | 23.08.2012 to 31.03.2017 | Based on transfer pricing guidelines | 1777.71          |
| <b>Purchases</b>   |                        |                          |                                      |                  |
| Pitti Castings Pvt Ltd   | Associate Company      | 01.04.2014 to 31.03.2015 | Based on transfer pricing guidelines | 212.94           |
| <b>Sales</b>   |                        |                          |                                      |                  |
| Pitti Castings Pvt Ltd   | Associate Company      | Ongoing                  | Not applicable                       | 715.00           |
| <b>Unsecured Loan - given</b>                                    |                        |                          |                                      |                  |
| Pitti Castings Pvt Ltd   | Associate Company      | 01.04.2014 to ongoing    | Not applicable                       | 1233.00          |
| <b>Unsecured Loan - transferred to Investment</b>                |                        |                          |                                      |                  |
| Pitti Castings Pvt Ltd   | Associate Company      | 23.08.2012 to 31.03.2017 | Based on transfer pricing guidelines | 46.36            |
| <b>Jobwork charges earned</b>                                    |                        |                          |                                      |                  |

on behalf of the Board of Directors

**Sharad B Pitti**

Chairman & Managing Director

Place: Hyderabad

Date: 10th August, 2015

**GVSN Kumar**

Executive Director & CFO

# SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

## FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015

To  
The Members of  
M/s Pitti Laminations Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by M/s Pitti Laminations Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year commencing from 1st April, 2014 and ended 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Pitti Laminations Limited ("The Company") as given in **Annexure-I to this Report**, for the financial year ended on 31st March, 2015, according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the Rules made thereunder for specified sections notified and came into effect from 12th September, 2013 and sections and Rules notified and came into effect from 1st April, 2014;
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment(FDI) and Overseas Direct Investment and External Commercial Borrowings;
  - v. The Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-
  - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - ii. The Securities and Exchange Board of India(Issue of Capital and Disclosures Requirements) Regulations, 2009;
  - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - v. The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

- vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
  - vii. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
3. We have also examined compliances with the applicable clauses of the following:
- i. Secretarial Standards issued by the Institute of Company Secretaries of India under the provisions of Companies Act, 1956; and
  - ii. The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited and the National Stock Exchange Limited;
4. During the financial year under report, the Company has complied with the provisions of the New Companies Act, 2013, Old Companies Act, 1956 to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations:

**OBSERVATIONS:**

- (a) As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of:
  - (i) External Commercial Borrowings were not attracted to the Company under the financial year under report;
  - (ii) Foreign Direct Investment (FDI) were not attracted to the company under the financial year under report;
  - (iii) Overseas Direct Investment by Residents in Joint Venture/ Wholly Owned Subsidiary abroad were not attracted to the company under the financial year under report.
- (b) As per the information and explanations provided by the company, its officers, agents and authorized

representatives during the conduct of secretarial audit, we report that the Company has not made any GDRs/ ADRs or any Commercial Instrument under the financial year under Report.

- 5. We have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head/groups of Act, Laws and Regulations as applicable to the Company is given in **Annexure-II to this Report**.

**6. We further report that:**

- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Companies Act, 2013.
  - (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation of the meeting.
  - (c) Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.
7. We further report that there are adequate systems and processes in the Company with the size and operation of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For K. Swamy and Co.,**  
Company Secretaries

**(K. Swamy)**  
Proprietor  
FCS No.: 3743  
CP No.2013

Place: Secunderabad  
Date : 06th July, 2015.

# ANNEXURE-I

## TO THE SECRETARIAL AUDIT REPORT OF M/S PITTI LAMINATIONS LIMITED

### LIST OF DOCUMENTS VERIFIED FOR THE FINANCIAL YEAR 2014-15

| Sl. No. | Particulars of Documents  |
|---------|---|
| 1.      | Memorandum & Articles of Association of the Company.  |
| 2.      | Annual Report for the financial year ended 31st March, 2015.  |
| 3.      | Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Share Transfer Committee, Stakeholders' Relationship Committee and CSR Committee with Attendance Register held during the financial year under report. |
| 4.      | Minutes of General Body Meeting held during the financial year under report.  |
| 5.      | Statutory Registers viz.<br>- Register of Directors & Key Managerial Personnel and their shareholding<br>- Register of Charges<br>- Register of Directors' Shareholding<br>- Register of Contracts  |
| 6.      | Agenda papers submitted to all the directors/members of the Board Meetings and Committee Meetings.  |
| 7.      | Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013.   |
| 8.      | Intimations received from directors under the prohibition of Insider Trading Code.  |
| 9.      | e-forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.   |
| 10.     | Intimations / documents /reports /returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement during the financial year under report.  |
| 11.     | Documents related to payments of dividend made to its shareholders during the financial year under report.  |

**For K. Swamy and Co.,**  
Company Secretaries

**(K. Swamy)**  
Proprietor  
FCS No.: 3743  
CP No.2013

Place: Secunderabad  
Date : 06th July, 2015.



# ANNEXURE-II

## TO THE SECRETARIAL AUDIT REPORT OF M/S PITTI LAMINATIONS LIMITED

### (1). LIST OF APPLICABLE LAWS TO COMPANY:

List of applicable laws to the Company and its plants situated at:

#### Registered Office:

6-3-648/401, IV Floor,  
Padmaja Landmark,  
Somajiguda,  
Hyderabad-500082,  
Telangana, India.

#### Plants:

##### Factory Site for Unit I, II and III:

##### Unit-I:

Nandigaon Village, Kottur Mandal,  
Mahaboobnagar District,  
Telangana-590233.

##### Unit-II

Survey No . 1837, Jingoniguda Road  
Nandigaon Village, Kothur Mandal  
Mahboobnagar District - 509 233  
Telangana - India

##### Unit-III

Plot No. PAP-k-11, MIDC, Khalumbre Village  
Post Chakan, Taluka Khed  
Pune District - 410501  
Maharashtra - India

11. Labour laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual as related to wages, gratuity etc.;
12. The Water (Prevention & Control of Pollution) Act, 1974;
13. Acts as prescribed under Direct Tax and Indirect Tax;
14. Land Revenue laws of the State of Telangana;
15. Labour Welfare Act of the State of Telangana;
16. Local laws as applicable to various offices and plants.

#### For K. Swamy and Co.,

Company Secretaries

#### (K. Swamy)

Proprietor  
FCS No.: 3743  
CP No.2013

Place: Secunderabad

Date : 06th July, 2015.

### (2). UNDER THE MAJOR GROUP AND HEAD:

1. Factories Act, 1948;
2. Industrial Disputes Act, 1947;
3. The Payment of Wages Act, 1936;
4. The Minimum Wages Act, 1948;
5. The Employees Compensation Act; 1923
6. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952;
7. The Payment of Bonus Act, 1965;
8. Equal Remuneration Act, 1976;
9. The Environment (Protection) Act, 1986;
10. The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;

# ANNEXURE-III

To,  
The Members  
Pitti Laminations Limited

**Our report of even date is to be read along with this letter.**

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the futures viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For K. Swamy and Co.,**  
Company Secretaries

**(K. Swamy)**  
Proprietor  
FCS No.: 3743  
CP No.2013

Place: Secunderabad  
Date : 06th July, 2015.



PITTI L

# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

1. Corporate Governance is the application of best management practices, compliance of laws, rules, regulations and adherence to ethical principles in all its dealings, to achieve the object of the company, enhance stakeholder value and discharge its social responsibility. Your company is committed to good Corporate Governance, based on an effective independent Board, separation of supervisory role from the executive management and the constitution of committees to oversee critical areas thus upholding the standards practically at every sphere ranging from action plan to performance measurement and customer satisfaction.

Pitti Laminations Ltd's (PLL) philosophy on Corporate Governance is led by a strong emphasis on transparency, accountability and integrity and the company has been practicing the principles of Corporate Governance over the years. Your company firmly believes that Corporate Governance is an important instrument of investor protection, and essentially a system by which Companies are directed and controlled by the management in the best interest of all stakeholders.

The company's legacy of fair, transparent and ethical governance practices is strengthened by adoption of Code of Conduct for its Directors and senior management.

Your company has complied with the requirements of Corporate Governance stipulated in Clause 49 of the Listing Agreements executed with the Stock Exchanges.

The company's framework on Corporate Governance has helped it to align with the new guidelines of the Companies Act, 2013, as it believes that an active, well-

informed and independent board is necessary to ensure the highest standards of corporate governance.

## 2. Board of Directors

### a. Composition

The Board of Directors of the company has an optimum combination of executive and non-executive directors with not less than fifty percentage of Board of Directors comprising of non-executive directors.

The Chairman of the Board is an executive director with more than half of the Board comprising of Independent Directors.

All Directors possess relevant qualifications and experience in general corporate management, finance, banking and other allied fields which enable them to effectively contribute to the company in their capacity as Directors. Together they bring diverse experience, varied perspectives, complementary skills and vast expertise.

All Independent Directors of the company have been appointed as per the provisions of the Companies Act, 2013. Formal letters of appointment have been issued to the Independent Directors. The abridged terms and conditions of their appointment are disclosed on the Company's website.

None of the Directors on the Board is a member of more than 10 committees and chairman of more than 5 committees (committee being Audit Committee, Stakeholders Relationship Committee, as per Clause 49 II (D)(2) of the Listing Agreement), across all the companies in which he / she is a Director. The necessary disclosures regarding committee positions have been made by all the Directors. None of the Director holds office in more than specified nos. of Companies as stipulated in the Companies Act, 2013 and Listing Agreement.

**b. Category and Attendance of Directors**

The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, as also the number of Directorships and Committee positions held by them in other Companies are given below:-

| Director                              | Category                           | No. of Board meetings attended during FY 2014-15 | Attendance at AGM held on 22nd September, 2014 | No. of other Directorships held |         | Membership in committees of other companies |
|---------------------------------------|------------------------------------|--|--|---------------------------------|---------|---|
|                                       |                                    |  |  | Public                          | Private |   |
| Shri Sharad B Pitti                   | Promoter                           | 4  | Yes  | 1                               | 3       | -   |
| Shri Akshay S Pitti                   | Promoter                           | 5  | Yes  | 1                               | 3       | -   |
| Shri Y B Sahgal                       | Executive Director                 | 5  | Yes  | -                               | 1       | -   |
| Shri GVS N Kumar                      | Executive Director & CFO           | 5  | Yes  | -                               | -       | -   |
| Shri Kanti Kumar R Podar**            | Independent Non-Executive Director | -  | -  | 4                               | 1       | -   |
| Shri N R Ganti                        | Independent Non-Executive Director | 5  | Yes  | -                               | 1       | -   |
| Shri Arun Garodia##                   | Non-Executive Director             | -  | -  | 3                               | 3       | -   |
| Shri G Narayana Rao***                | Independent Non-Executive Director | 5  | Yes  | -                               | -       | -   |
| Shri Gummalla Vijaya Kumar            | Independent Non-Executive Director | 5  | Yes  | -                               | -       | -   |
| Shri M Gopalakrishna, IAS (Retd)      | Independent Non-Executive Director | 3  | Yes  | 8                               | 1       | -   |
| Shri TSSN Murthy ^^                   | Independent Non-Executive Director | 3  | Yes  | 1                               | -       | -   |
| Ms. Gayathri Ramachandran, IAS (Retd) | Independent Non-Executive Director | 2  | Yes  | 4                               | -       | -   |
| Shri S Thiagarajan&&                  | Independent Non-Executive Director | -  | -  | -                               | -       | -   |

(\*\*) Shri Kanti Kumar R Podar resigned as a Director w.e.f 03rd November, 2014

(##) Shri Arun Garodia vacated his office w.e.f 30th March, 2015

(^^) Shri TSSN Murthy passed away on 27th January, 2015

(&&) Shri S Thiagarajan was appointed as an Additional Director (Independent) w.e.f 24th April, 2015

(\*\*\*) Shri G Narayana Rao resigned as Director w.e.f. 10th August, 2015

The details of Directors seeking appointment and re-appointment at the ensuing Annual General Meeting have been furnished in the notice convening the meeting of the shareholders.

**c. Board Meetings**

The Chairman of the Board and the Company Secretary draft the agenda for each meeting of the Board. The agenda is circulated well in advance to the Board members, along with comprehensive background information on the items of the agenda to enable the

Board to arrive at an appropriate decision. Every Board member can suggest the inclusion of additional items in the agenda. The Board meets atleast once a quarter to review the quarterly results and other items on the agenda.

Five Board Meetings were held during FY2015 and the gap between two meetings did not exceed 120 days. The dates on which the Board Meetings were held are 26th May, 2014; 11th August, 2014; 03rd November, 2014, 28th January, 2015 and 30th March, 2015.

## REPORT ON CORPORATE GOVERNANCE

### d. Availability of information to Board members

The Board has unrestricted access to all company related information. The regular updates provided to the Board includes:

- ▼ Annual operating plans
- ▼ Quarterly results
- ▼ Minutes of meetings of various committee meetings including audit committee and abstracts of circular Resolutions wherever passed
- ▼ General notice of interest received from Directors
- ▼ Dividend data
- ▼ Information on recruitment and remuneration of senior officers below the Board level
- ▼ Details of foreign exchange exposure and the steps taken by the Management to limit risks of adverse exchange rate movements
- ▼ Non-compliance with any regulatory, statutory or listing requirements
- ▼ Risk management measures and steps to mitigate the same
- ▼ Details of borrowings made by the company

### e. Independent Directors

Your company appointed Independent Directors who are renowned people having expertise / experience in their respective field / profession. The Board consists of Directors having rich and varied experience in corporate administration, Government interaction relevant to the needs and effectiveness of company's business and growth. None of the Independent Directors are Promoters or related to Promoters. They do not have pecuniary relationship with the company and further do not hold two percent or more of the total voting power of the company.

Every Independent Director, at the first meeting of the Board in which he / she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he / she meets the criteria of independence as required under Section

149(7) of the Companies Act, 2013. Declaration of independence and all requisite declarations have been placed before the Board.

All Independent Directors maintain their limits of directorships as required under Clause 49 of the Listing Agreement.

### f. Performance evaluation of Directors and Board

The Nomination and Remuneration Committee of the Board laid down the criteria for performance evaluation of all Directors.

The criteria for Board Evaluation include inter alia, degree of fulfilment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

Criteria for evaluation of individual Directors include aspects such as attendance and contribution at Board / Committee meetings and guidance / support to the management outside Board / Committee meetings / Risk Management / Strategy.

### g. Meeting of Independent Directors

Pursuant to Schedule IV of the Companies Act, 2013 and the Rules made thereunder and Listing Agreement, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of the management. All the independent directors of the Company shall strive to be present at such meeting. The meeting shall review the performance of non-independent directors and the Board as a whole, review the performance of the chairman of the Board, taking into account the views of the executive directors and non-executive directors, assess the quality, quantity and timelines of flow of information between the Management and the Board that is necessary for it to effectively and reasonably perform its duties.

During the year, meeting of Independent Directors was held to review the performance of the Board, performance of the Company and risks faced by it, flow of information to the Board, competition, strategy, leadership strengths and weaknesses, governance, compliance, Board movements, HR matters and performance of executive members of the Board including the Chairman.

Shri M Gopalakrishna, IAS (Retd) was appointed as the lead Director to conduct the proceedings of the said meeting. He has also presented the views of the Independent Directors on matters relating to the Board processes and the overall affairs of the Company to the full Board.

#### **h. Familiarisation Programme**

Your Company follows a structured orientation and familiarisation programme through various reports / codes / internal policies for all the Directors with a view to update them on the Company's policies and procedures on a regular basis.

Periodic presentations are made at the Board meetings and audit committee meetings on business and performance, long term strategy, initiatives and risks involved.

#### **i. Code of conduct**

Your Company has adopted a Code of Conduct for members of the Board (incorporating duties of Independent Directors) and the Senior Management. The code aims at ensuring consistent standards of conduct and ethical business practices across the Company. Your company has received confirmations from all concerned regarding their adherence to the said code.

Pursuant to Clause 49(II)(E) of the Listing Agreement, the Chairman & Managing Director of the Company confirmed compliance with the Code by all the members of the Board and the Senior Management.

### **3. Code of conduct for prohibition of insider trading**

Your company has adopted a Code of conduct as per Securities and Exchange Board of India (SEBI) (Prohibition of Insider Trading) Regulations, 2015. All Directors, Designated Employees who could have access to the unpublished Price Sensitive Information of the Company are governed by the Code. During the year under review, there has been due compliance with SEBI (Prohibition of Insider Trading) Regulations, 1992, as the new code of SEBI (Prohibition of Insider Trading) Regulations is effective from May, 2015.

### **4. Whistle Blower Policy**

Your Company has established a Vigil Mechanism / Whistle Blower Policy to enable stakeholders (including Directors and employees) to report unethical

behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Policy provides adequate safeguards against victimisation of Director(s) / employee (s) and direct access to the Chairman of the Audit Committee in exceptional cases. The protected disclosures, if any reported under this policy will be appropriately and expeditiously investigated by the Chairman.

Your Company hereby affirms that no Director / employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year under review.

The Whistle Blower Policy has been disclosed on the Company's website [www.pitti.in](http://www.pitti.in)

### **5. Materially significant related party transactions**

There have been no materially significant related party transactions, monetary transactions or relationships between the Company and Directors, the Management, or relatives. All the related party transactions are strictly done on arm's length basis. The Company presents a statement of all related party transactions before the Audit Committee on a quarterly basis, specifying the nature and value of the transaction.

Disclosure on materially significant related party transactions is made in Note 2.37 under Notes forming part of the accounts in accordance with provisions of Accounting Standard 18. Register under section 189(1) of the Companies Act, 2013 is maintained and particulars of transactions are entered in the Register, wherever applicable. Such transactions are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters, wherever approval of the Board is sought.

### **6. Audit Committee**

Audit committee is responsible for overseeing the Company's financial reporting process by providing direction to audit, function and monitoring the scope and quality of internal and statutory audits. It acts as a link between the management, external, internal auditors and the Board of Directors of the Company.

The Audit committee functions according to its charter that defines its composition, authority, responsibilities and reporting functions.

## REPORT ON CORPORATE GOVERNANCE

### a. The terms of reference of the Audit Committee, *inter alia*, are as follows:-

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report;
5. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report;
6. Changes, if any, in accounting policies and practices and reasons for the same;
7. Major accounting entries involving estimates based on the exercise of judgement by management;
8. Significant adjustments made in the financial statements arising out of audit findings Compliance with listing and other legal requirements relating to financial statements;
9. Approval of Related party transactions as per policy of the Company;
10. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
11. Approval or any subsequent modification of transactions of the Company with related parties;
12. Scrutiny of inter-corporate loans and investments;
13. Evaluation of internal financial controls and risk management systems;
14. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
15. Reviewing the adequacy of internal audit function, if any, including frequency of internal audit;
16. Discussion with internal auditors of any significant findings and follow up there on;
17. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. To review the functioning of the Whistle Blower mechanism;
19. Management discussion and analysis of financial condition and result of operation.

### b. Composition and Attendance during the year

The Audit Committee of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreement and the provisions of Section 177 of the Companies Act, 2013.

The Audit Committee met four times during the year under review.



The composition of the Audit Committee and the details of meetings held and attended by the Directors during the year under review are given below:

| Name of the Member           | Category  | No. of meetings |          |
|------------------------------|---|-----------------|----------|
|                              |   | held            | attended |
| Shri TSSN Murthy^^           | Chairman<br>Independent, Non-Executive Director   | 4               | 3        |
| Shri G Narayana Rao****      | Member<br>Independent, Non-Executive Director     | 4               | 4        |
| Shri Arun Garodia##          | Member<br>Non-Independent, Non-Executive Director | 4               | -        |
| Shri N R Ganti               | Member<br>Independent, Non-Executive Director     | 4               | 4        |
| Shri Gummalla Vijaya Kumar** | Member<br>Independent, Non-Executive Director     | 4               | -        |
| Shri S Thiagarajan***        | Chairman<br>Independent, Non-Executive Director   | 4               | -        |

^^ Shri TSSN Murthy passed away on 27th January, 2015

\*\* Shri Gummalla Vijaya Kumar was appointed as member of the audit committee on 30th March, 2015

\*\*\* Shri S Thiagarajan was appointed as chairman of the audit committee on 24th April, 2015

\*\*\*\* Shri G Narayana Rao resigned as Director w.e.f. 10th August, 2015

## Shri Arun Garodia ceased to be a Director w.e.f 30th March, 2015

During the year, the Audit Committee reviewed key audit findings covering operational, financial and compliance areas. Risk mitigation plans covering the key risks affecting the Company were presented to the Committee. The Chairman of the Committee briefs the Board members about the significant discussions at Audit Committee Meetings.

The meetings of the Audit Committee are usually attended by the Chief Financial Officer, Internal Auditor, Company Secretary and Statutory Auditors. The Company Secretary acts as the secretary to the Committee.

management in accordance with the criteria laid down and to recommend to the Board their appointment and removal.

2. To formulate criteria for evaluation of Independent Directors and the Board
3. To formulate criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for Directors, key managerial personnel and other employees.
4. Devising a policy on Board diversity.

## 7. Nomination and Remuneration Committee

### a. Terms of Reference

The terms of reference of the "Nomination & Remuneration Committee" shall inter-alia include the following:-

1. To identify persons who are qualified to become Directors and who may be appointed in senior

### b. Composition and Attendance during the year

The "Nomination & Remuneration Committee" of the Company is constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.

## REPORT ON CORPORATE GOVERNANCE

The composition of the “**Nomination & Remuneration Committee**” and the details of meetings held and attended by the Directors during the year are given below:

| Name of the Member               | Category  | No. of meetings |          |
|----------------------------------|---|-----------------|----------|
|                                  |   | held            | attended |
| Shri N R Ganti                   | Chairman<br>Independent, Non-Executive Director | 3               | 3        |
| Shri G Narayana Rao*             | Member<br>Independent, Non-Executive Director   | 3               | 3        |
| Shri M Gopalakrishna, IAS (Retd) | Member<br>Independent, Non-Executive Director   | 3               | 2        |

\* Shri G Narayana Rao resigned as Director w.e.f. 10th August, 2015

The committee met three times during the year, on 11th August, 2014, 03rd November, 2014 and 28th January, 2015. The Company Secretary acts as the secretary to the Nomination and Remuneration Committee.

### c. Remuneration Policy

The objective of the Company’s remuneration policy is to enable a framework that allows for competitive and fair rewards for the achievement of key deliverables and also aligns with practice in the industry and shareholders expectations as disclosed in the website.

### d. Remuneration to Directors

The remuneration payable to the Chairman and Managing Director (CMD), Vice-Chairman & Managing Director and Whole-Time Directors (WTD) was fixed by the Board within the limits approved by the shareholders in terms of the relevant provisions of the erstwhile

Companies Act, 1956 (the Act 1956) and the Companies Act, 2013.

The Non-Executive Directors do not draw any remuneration and are paid only the sitting fees for each meeting of the Board, Audit Committee, Nomination and Remuneration Committee and Share Transfer & Stakeholders Relationship Committee. Presently, the Company does not have a scheme for grant of stock options either to the directors or to the employees of the Company.

### e. Details of remuneration for FY 2015

The Non-executive Directors were entitled to a sitting fee for attending the Board / Committee meetings. Sitting fees of ₹ 15,000/- for attending each meeting of the Board and ₹ 5000/- for attending each committee meeting was paid to the Non-Executive Directors during the year under review.

The details of remuneration / sitting fee paid to Directors for the year ended 31st March, 2015

| Sl. No. | Name of the Director                  | Salary, Perquisites & other benefits | Sitting fees | ₹ in lacs |
|---------|---------------------------------------|--------------------------------------|--------------|-----------|
|         |                                       |                                      |              | Total     |
| 01.     | Shri Sharad B Pitti                   | 46.20                                | ---          | 46.20     |
| 02.     | Shri Akshay S Pitti                   | 46.20                                | ---          | 46.20     |
| 03.     | Shri Y B Sahgal                       | 45.00                                | ---          | 45.00     |
| 04.     | Shri Sanjay Srivastava*               | 4.11                                 | ---          | 4.11      |
| 05.     | Shri GVS N Kumar                      | 45.00                                | ---          | 45.00     |
| 06.     | Shri G Narayana Rao                   | ---                                  | 0.96         | 0.96      |
| 07.     | Shri Arun Garodia                     | ---                                  | ---          | ---       |
| 08.     | Shri Kanti Kumar R Podar              | ---                                  | ---          | ---       |
| 09.     | Shri N R Ganti                        | ---                                  | 0.96         | 0.96      |
| 10.     | Shri Gummalla Vijaya Kumar            | ---                                  | 0.59         | 0.59      |
| 11.     | Shri M Gopalakrishna, IAS (Retd)      | ---                                  | 0.48         | 0.48      |
| 12.     | Shri TSSN Murthy                      | ---                                  | 0.40         | 0.40      |
| 13.     | Ms. Gayathri Ramachandran, IAS (Retd) | ---                                  | 0.30         | 0.30      |

\* Shri Sanjay Srivastava resigned as Director w.e.f. 3rd May, 2014

## 8. Share Transfer and Stakeholders Relationship Committee

The terms of reference of the Share Transfer & Stakeholders Relationship Committee, inter alia, are as follows:-

### a. Terms of Reference

1. Oversee and review all matters connected with the transfer of the Company's securities
2. Approve issue of the Company's duplicate share / debenture certificates
3. Monitor redressal of investors' / shareholders' / security
4. Oversee the performance of the Company's Registrars and Transfer Agents
5. Recommend methods to upgrade the standard of services to investors

6. Monitor implementation of the Company's Code of Conduct for Prohibition of Insider Trading
7. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

The "Share Transfer and Stakeholders Relationship Committee", facilitates prompt and effective redressal of shareholders' complaints and reporting of the same to the Board periodically.

### b. Composition and Attendance during the year

The "Share Transfer and Stakeholder Relationship Committee" of the Company is constituted in accordance with the provisions of Clause 49 of the Listing Agreement and provision of Section 178 (5) of the Companies Act, 2013.

The composition of the "Share Transfer and Stakeholder Relationship Committee" and the details of meetings held and attended by the Directors during the year are given below:

| Name of the Member           | Category  | No. of meetings |          |
|------------------------------|---|-----------------|----------|
|                              |   | held            | attended |
| Shri G Narayana Rao*         | Chairman<br>Independent, Non-Executive Director | 1               | 1        |
| Shri N R Ganti               | Member<br>Independent, Non-Executive Director   | 1               | 1        |
| Shri TSSN Murthy ^^          | Member<br>Independent, Non-Executive Director   | 1               | -        |
| Shri Gummalla Vijaya Kumar## | Member<br>Independent, Non-Executive Director   | -               | -        |

^^ Shri TSSN Murthy passed away on 27th January, 2015.

## Shri Gummalla Vijaya Kumar is member of the committee w.e.f 10th August, 2015

\* Shri G Narayana Rao resigned as Director w.e.f. 10th August, 2015

During the year the committee met on 28th January, 2015. The Company Secretary acts as the secretary to the Share Transfer & Stakeholders Relationship Committee.

The Company has appointed M/s.XL Softech Systems Ltd, Hyderabad as the Registrar and Transfer Agent to handle investor grievances in coordination with the Compliance Officer. All grievances can be addressed to the Registrar and Share Transfer Agent. The Company monitors the work of the Registrar to ensure

that the investor grievances are settled expeditiously and satisfactorily.

The total no of complaints received and resolved to the satisfaction of the shareholders during the year ended 31st March, 2015 are

|                                  |   |
|----------------------------------|---|
| Received during the year         | 2   |
| Resolved during the year         | 2   |
| Name of the Compliance officer - | Shri Satyabrata Padhi,<br>Company Secretary |

## REPORT ON CORPORATE GOVERNANCE

All the queries and complaints received during the financial year ended 31st March, 2015, were duly redressed and no complaints were pending at the year end.

All requests for dematerialization of shares were carried out within the stipulated time period and no share certificate was pending for dematerialization.

The no. of pending share transfers and pending request for dematerialization as on 31st March, 2015 were NIL. No investor grievances remained unattended pending for more than thirty days as on 31st March, 2015. There are no pending complaints during the period under review.

Investor grievances are being redressed on an on-going basis and reporting is done while releasing the quarterly financial results to the stock exchanges.

### 9. Corporate Social Responsibility Committee

#### a. Terms of reference

- ▼ To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- ▼ To recommend the amount of expenditure to be incurred on the activities for the above said purpose.
- ▼ To Monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Board has adopted The CSR Policy as formulated and recommended by the Committee. The same is displayed on the website of the Company. The Annual Report on CSR activities for FY2015 forms a part of the Directors' Report.

#### b. Composition and attendance during the year

| Name of the Member         | Category                               | No. of meetings |          |
|----------------------------|--|-----------------|----------|
|                            |  | held            | attended |
| Shri Sharad B Pitti        | Chairman<br>Non-Independent, Executive | 1               | 1        |
| Shri Akshay S Pitti        | Member<br>Non-Independent, Executive   | 1               | 1        |
| Shri Gummalla Vijaya Kumar | Member<br>Independent, Non-Executive   | 1               | 1        |

During the year the committee met on 24th April, 2015. The Company Secretary acts as the secretary to the Corporate Social Responsibility Committee.

### 10. Subsidiary Companies

The Company does not have any material non-listed Indian subsidiary as defined under Clause 49 of the Listing Agreement. The Company has formulated a policy for determining material subsidiaries and the policy is disclosed on the Company's website.

## 11. General Body Meetings

### a) Location, date and time of Annual General Meetings held during the last three years and special Resolutions passed:

| Day and Date                    | Location   | Time     | Special Resolutions   |
|---------------------------------|--|----------|---|
| Monday,<br>06th August, 2012    | West Minister Hall,<br>The Central Court Hotel,<br>6-1-71, Lakdikapool,<br>Hyderabad – 500 004 | 4.00 p.m | <ol style="list-style-type: none"> <li>1. Re-appointment and revision in remuneration of Shri Sharad B Pitti , Chairman &amp; Managing Director with effect from 01st May, 2012</li> <li>2. Revision of remuneration of Shri Akshay S Pitti, Vice-Chairman &amp; Managing Director with effect from 01st May, 2012</li> <li>3. Re-appointment and revision in remuneration of Shri Y B Sahgal, Executive Director with effect from 01st May, 2012</li> <li>4. Revision of remuneration of Shri Sanjay Srivastava, Executive Director with effect from 01st May, 2012</li> </ol> |
| Monday,<br>16th September, 2013 | West Minister Hall,<br>The Central Court Hotel,<br>6-1-71, Lakdikapool,<br>Hyderabad – 500 004 | 4.00 p.m | <ol style="list-style-type: none"> <li>1. Re-appointment of Shri Y B Sahgal for a period of five years</li> </ol>   |
| Monday,<br>22nd September, 2014 | West Minister Hall,<br>The Central Court Hotel,<br>6-1-71, Lakdikapool,<br>Hyderabad – 500 004 | 4.00 p.m | <ol style="list-style-type: none"> <li>1. Appointment of Shri GVSN Kumar as a Whole-time Director for a period of three years</li> <li>2. Approval of borrowing limits of the Company</li> <li>3. Approval for creation of charge on the assets of the Company</li> </ol>   |

All Resolutions moved at the last Annual General Meeting were passed by the requisite majority of shareholders.

### b) No Extra-ordinary General Meeting of the shareholders was held during the year.

## 12. Postal Ballot

During the fiscal 2015, the company passed the following Special Resolutions by postal ballot.

| Special Resolution  | Votes cast in favour<br>No. of votes, % | Votes cast against<br>No. of votes, % | Date of declaration<br>of results |
|---|---|---------------------------------------|-----------------------------------|
| Sub-division of 1 (one) Equity Share of face value of ₹ 10/- each into 2 (two) Equity Shares of face value of ₹ 5/- each. | 8178334<br>99.95%                       | 254<br>0.05%                          | 16th March, 2015                  |

The Company successfully completed the process of obtaining approval of its shareholders for Special Resolution on the item detailed above under postal ballot.

Shri S Chidambaram, Practising Company Secretary was appointed as scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

### a. Procedure for Postal ballot

In compliance with Clause 35B of the Listing Agreement and Sections 108, 110 and other applicable provisions

of the Companies Act, 2013, read with the related Rules, the Company provided electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engaged the services of CDSL for the purpose of providing voting facility to all its members. The members had the option to vote either by physical ballot or e voting.

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appeared on the register of members / list of beneficiaries as on

## REPORT ON CORPORATE GOVERNANCE

cut-off date. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights were reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e voting.

The scrutinizer submitted his report to the Chairman & Managing Director, after the completion of scrutiny, and the consolidated results of the voting by postal ballot were then announced by the Chairman & Managing Director. The results were also displayed on the website of the Company [www.pitti.in](http://www.pitti.in) besides being communicated to the stock exchanges.

The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

### 13. Disclosures

1. There were no materially significant related party transactions of the Company which have potential conflict with the interests of the Company at large. The Company has formulated a Related Party Transactions Policy and the same is displayed on the Company's website.
2. During the year, there were no materially significant related party transactions i.e. transaction of the Company of material nature with its promoters, the Directors or the management or relatives, etc that may have potential conflict with the interests of the Company at large. Declarations have been received from the senior management personnel to this effect.
3. The Company has complied with the requirements of the Stock Exchanges / SEBI and statutory authorities on all matters related to the capital markets during the last three years. No penalty or strictures were imposed on the Company by these authorities.
4. The Chairman & Managing Director and the Chief Financial Officer have certified to the Board in

accordance with Clause 49 IX of the Listing Agreement, pertaining to CEO / CFO certification for the financial year ended 31st March, 2015.

5. The Company periodically places before the Audit Committee and the Board, the key risks and the risk assessment and mitigation procedures followed by it.
6. The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethical policy. The policy provides for adequate safeguards against victimisation of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

### 14. Means of Communication

**Quarterly results:** Results have been published in Business Line (English) newspaper and in Andhra Prabha (Telugu) newspaper. The quarterly results and presentation are also displayed on the Company's website [www.pitti.in](http://www.pitti.in).

**Website:** The Company's website contains a dedicated section "News & Investors" which displays details / information to various stakeholders.

Presentations to institutional investors / analysts: Detailed presentations are made to institutional investors and analysts on a quarterly basis.

Green Initiative in Corporate Governance: To support the green initiative of the Government, the Company requests its members to register / update the e-mail Ids for communication purpose thereby contributing to the environment and it forms part of the notice.

### 15. General Shareholder Information

The Company is registered with the Registrar of Companies, Hyderabad, Telangana. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L29253TG1983PLC004141.

|   |   |
|---|---|
| <b>a. Annual General Meeting date, time and venue</b> | Monday, the 28th September, 2015 at 4.00 p.m at The West Minister Hall, The Central Court Hotel, 6-1-71, Lakdikapool, Hyderabad – 500 082, Telangana. |
| <b>b.. Financial Year</b>                             | April to March  |
| <b>c.. Financial Calendar</b>                         |   |
| <b>Tentative</b>                                      |   |
| <b>First quarter &amp; Limited review</b>             | Second week of August 2015  |
| <b>Second quarter &amp; Limited review</b>            | Second week of November 2015  |
| <b>Third quarter &amp; Limited review</b>             | Second week of February 2016  |
| <b>Audited Annual results (2014-15)</b>               | Mid May 2016  |
| <b>d. Date of book closure</b>                        | 22nd September, 2015 to 28th September, 2015  |
| <b>e. Dividend Payment Date</b>                       | 5th October, 2015   |
| <b>f. Listing on Stock Exchange</b>                   | BSE Ltd<br>National Stock Exchange of India Ltd   |

The Company has paid the listing fees to these Stock Exchanges for the financial year 2014-15

Stock Code on BSE Ltd : 513519  
 Stock Code on the National Stock Exchange of India Ltd : PITTILAM  
 Demat International Security Identification Number (ISIN) : INE450D01021

**g. Market Information**

High and low price of the scrip during each month in last financial year

| Months          | BSE               |                  |                         | NSE               |                  |                         |
|-----------------|-------------------|------------------|-------------------------|-------------------|------------------|-------------------------|
|                 | High price<br>(₹) | Low price<br>(₹) | No. of shares<br>traded | High price<br>(₹) | Low price<br>(₹) | No. of shares<br>traded |
| April, 2014     | 40.25             | 36.00            | 33113                   | 40.85             | 35.00            | 93239                   |
| May, 2014       | 54.65             | 35.55            | 54864                   | 53.90             | 35.65            | 158528                  |
| June, 2014      | 66.90             | 42.10            | 235304                  | 67.85             | 42.10            | 497868                  |
| July, 2014      | 63.80             | 57.40            | 60732                   | 65.70             | 57.15            | 198030                  |
| August, 2014    | 63.30             | 42.35            | 60170                   | 64.65             | 42.25            | 134856                  |
| September, 2014 | 68.35             | 43.50            | 404163                  | 66.95             | 43.50            | 323404                  |
| October, 2014   | 73.20             | 58.00            | 199817                  | 72.75             | 58.00            | 235679                  |
| November, 2014  | 64.45             | 52.25            | 200654                  | 63.90             | 52.30            | 178352                  |
| December, 2014  | 75.80             | 53.00            | 182625                  | 75.50             | 53.00            | 308877                  |
| January, 2015   | 116.00            | 71.00            | 806542                  | 116.00            | 71.00            | 1450697                 |
| February, 2015  | 125.00            | 100.05           | 738963                  | 125.15            | 100.05           | 1316503                 |
| March, 2015     | 130.00            | 104.10           | 360919                  | 128.00            | 106.15           | 630507                  |

## REPORT ON CORPORATE GOVERNANCE

### h. Distribution of shareholding as on 31st March, 2015

| Shareholdings of nominal value of<br>₹ | Shareholders |            | Share Amount     |               |
|--|--------------|------------|------------------|---------------|
|  | Nos.         | %          | ₹                | %             |
| Upto 5000                              | 8975         | 90.88      | 11620010         | 8.61          |
| 5001 – 10000                           | 422          | 4.27       | 3597370          | 2.67          |
| 10001 – 20000                          | 204          | 2.07       | 3132810          | 2.32          |
| 20001 – 30000                          | 84           | 0.85       | 2185290          | 1.62          |
| 30001 – 40000                          | 43           | 0.44       | 1546930          | 1.15          |
| 40001 – 50000                          | 33           | 0.33       | 1568870          | 1.16          |
| 50001 – 100000                         | 57           | 0.58       | 4157530          | 3.08          |
| 100001 and above                       | 58           | 0.58       | 107108190        | 79.39         |
|  | <b>9876</b>  | <b>100</b> | <b>134917000</b> | <b>100.00</b> |

### i. Shareholding pattern as on 31st March, 2015

| Category                  | No. of shares held | % of shareholding |
|---------------------------|--------------------|-------------------|
| Promoters                 | 8094690            | 60.00             |
| Banks & FIs               | 332099             | 2.46              |
| Bodies Corporate          | 768265             | 5.69              |
| Indian Public             | 4167006            | 30.89             |
| NRI / OCBs                | 111311             | 0.83              |
| Others (Clearing Members) | 18329              | 0.13              |
| <b>TOTAL</b>              | <b>13491700</b>    | <b>100.00</b>     |

### j. Performance in comparison to broad based indices with BSE Sensex

The performance of the company's scrip on the BSE as compared to the sensex is as under:-

|                                 | 01st April, 2014 | 31st March, 2015 | % of change |
|---------------------------------|------------------|------------------|-------------|
| Company's share price (closing) | 36.65            | 115.74           | 215.79      |
| Sensex (closing)                | 22446.44         | 27957.49         | 24.55       |

### k. Share Registrars and Transfer Agents (RTA)

M/s. XL Softech Systems Limited  
Plot No.3, Sagar Society  
Road No.2, Banjara Hills  
Hyderabad – 500034  
Telangana

### l. Share Transfer System

All shares transfers and related operations are processed by RTA and approved by authorised officials of the Company.

The Company, as required under Clause 47(f) of the Listing Agreement, has designated the following e-mail IDs, namely shares@pittilam.com for the purpose of registering complaints, if any, by the investors and expeditious redressal of their grievances.

Shareholders are therefore requested to correspond with the Share Transfer Agents for transfer / transmission of shares, change of address and queries pertaining to their shareholding and dividend.

### m. Unclaimed Securities Suspense Account

As per SEBI directive, outstanding share will be transferred to Unclaimed Securities Suspense Account and the voting rights on these shares will be frozen till the rightful owner claims such shares.

Shares arising out of the certificates that have been returned undelivered to the Company are lying in the unclaimed securities suspense account. In view of the same, shareholders shall approach the Company / Registrar and Share Transfer Agents (RTA) with proper supporting documents for claiming such shares.



**n. Secretarial Audit**

M/s. K Swamy & Co, Practising Company Secretaries have conducted a Secretarial Audit of the Company for FY2015. Their Audit Report confirms that the Company has complied with the applicable provisions of the Companies Act and Rules made there under, Listing Agreements with the Stock Exchanges, applicable SEBI Regulation and other laws applicable to the Company. The Secretarial Audit Report forms part of the Directors' Report.

**o. Dematerialisation of shares and liquidity**

The shares of the Company are compulsorily traded in dematerialized form and are available for trading on both the depositories of India – National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). As on 31st March 2015, 97.1% shares of the Company were held in dematerialized form.

Your Company confirms that the entire Promoter's holding are in electronic forms and the same is in line with the direction issued by SEBI.

Shareholders holding shares in physical form are requested to convert their physical holdings to demat / electronic form through any of the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held.

**p. Timely encashment of dividends:**

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation / losing their right of claim owing to transfer of unclaimed dividends beyond seven years to Investor Education and Protection Fund (IEPF).

As required by SEBI, shareholders are requested to furnish details of their bank account number, name and address of the bank to avoid wrong credits being obtained by unauthorized persons.

Shareholders, who have not encashed their dividend warrants, in respect of dividends declared for the year ended 31st March, 2008 and for any financial year thereafter may contact the Company and surrender their warrants for payment.

Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date

they first became due for payment, shall be transferred to IEPF in terms of Section 124 (5) of the Companies Act, 2013.

Information in respect of unclaimed dividends due for remittance into IEPF are given below:

**q. Particulars of unclaimed dividend of the Company**

| Financial Year | Date of declaration of dividend | Last date for claiming the dividend |
|----------------|---------------------------------|-------------------------------------|
| 2007-2008      | 01.09.2008                      | 30.08.2015                          |
| 2008-2009      | 23.09.2009                      | 22.09.2016                          |
| 2010-2011      | 11.08.2011                      | 10.08.2018                          |
| 2011-2012      | 06.08.2012                      | 05.08.2019                          |
| 2012-2013      | 16.09.2013                      | 15.09.2020                          |
| 2013-2014      | 22.09.2014                      | 21.09.2021                          |

**r. Plant location**

**Telangana (Plant I & II)**  
Nandigaon Village, Kottur Mandal  
Mahaboobnagar District  
Telangana – 590233

**Pune (Plant III)**  
Plot No. PAP – K – 11,  
Chakan Industrial Area, Phase – II,  
Village Khalumbre, Tal Khed,  
District Pune, Maharashtra

**s. Address for investor correspondence**

Pitti Laminations Ltd  
Secretarial Department  
6-3-648/401, IV Floor  
Padmaja Landmark  
Somajiguda  
Hyderabad – 500082  
Telangana  
Email: shares@pittilam.com  
Website: www.pitti.in

XL Softech Systems Limited  
Plot No.3, Sagar Society  
Road No.2, Banjara Hills  
Hyderabad – 500034  
Telangana  
Email: xlfield@gmail.com

**t. Name of the Compliance Officer**

Shri Satyabrata Padhi, Company Secretary

# AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Members  
Pitti Laminations Limited

We have examined the compliance of conditions of Corporate Governance by M/s.Pitti Laminations Limited, for the year ended March 31, 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended / pending for more than 30 days.

We further state such compliance is neither assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Laxminiwas & Co**

Chartered Accountants

Firm Registration number: 011168S

**Dayaniwas Sharma**

Partner

Membership No.216244

Place: Hyderabad

Date: April 24, 2015

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## DECLARATION

I hereby declare that all the members of the Board and Senior Management personnel of the company have affirmed due observance of the said code of conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2015.

**Sharad B Pitti**

Chairman & Managing Director

Place: Hyderabad

Date: 24th April, 2015

# CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To  
The Board of Directors  
Pitti Laminations Limited

We, the undersigned, in our respective capacities as Chairman & Managing Director and Executive Director & CFO of Pitti Laminations Limited ("the Company"), to the best of our knowledge and belief certify that:

- a) We have reviewed the financial statements and the cash flow statements for the financial year ended 31st March, 2015 and based on our knowledge and belief, we state that:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain any 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) We further state that to the best of our knowledge and belief, there are no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- d) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- e) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
  - i) significant changes, if any, in internal control over financial reporting during the year;
  - ii) significant changes, if any, in accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

**Sharad B Pitti**  
Chairman & Managing Director

**GVSN Kumar**  
Executive Director & CFO

Place: Hyderabad  
Date : 24th April, 2015

# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC REVIEW

### The Global Economy

The global economic growth in 2014-15, remained modest at 3.4%, helped by further strengthening in the growth of the advanced economies, primarily the US. The advanced economies grew by 2.4% during the year, up from 1.8% they achieved in 2013-14. The growth of most emerging markets and developing economies further slowed down during the year. The emerging markets and developing economies grew by 4.6% during the year compared to 5.0% they achieved in 2013-14.

The US economy grew by 2.4% during the year, up from 2.2% in the last year, while the Canada economy grew by 2.5% in 2014-15 up from 2.0% in 2013-14. Euro Area, after contracting for two consecutive years grew by 0.9% in 2014-15. The year also witnessed a sharp correction in most commodity prices, especially the crude. The correction will positively influence the economies of importing regions such as the US, Euro Area and India, while it will have a net negative impact on the economies of large exporters such as the Middle East region.

(Source: International Monetary Fund)

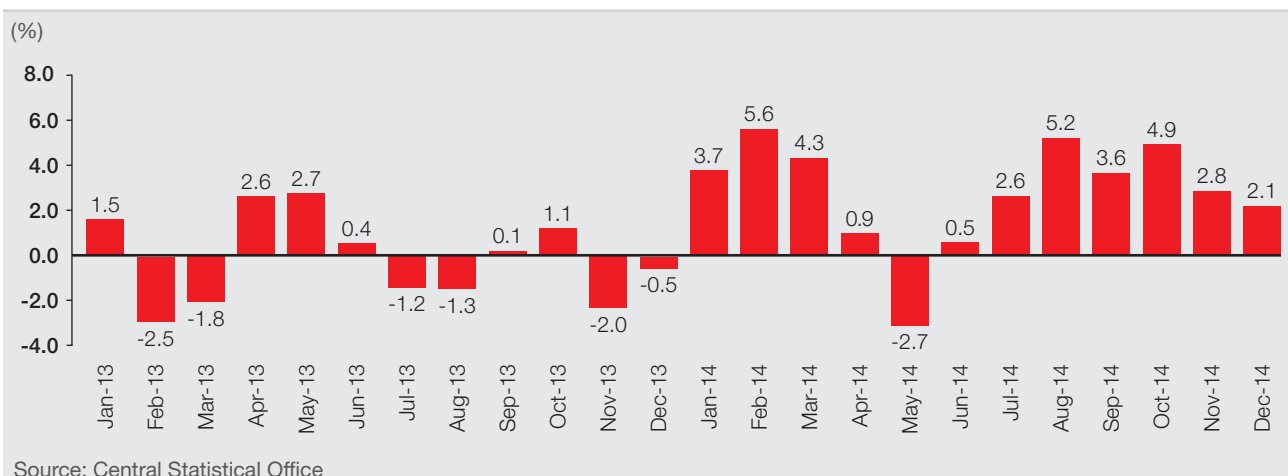
### Indian Economy

During 2014-15, the Indian economy witnessed gradual strengthening in its growth momentum. As per the first revised estimates, India economy expanded by 7.3% during the year, up from 6.9% in 2013-14, based on the new series. More importantly, the year saw a considerable stabilisation of key macroeconomic indicators such as inflation, current account deficit and fiscal deficit. The stability in these macroeconomic indicators is critical to revive the investment climate. Sector wise, while agriculture grew by sluggish 0.2%, manufacturing sector growth strengthened to 7.1% and services sector to 10.2% in 2014-15.

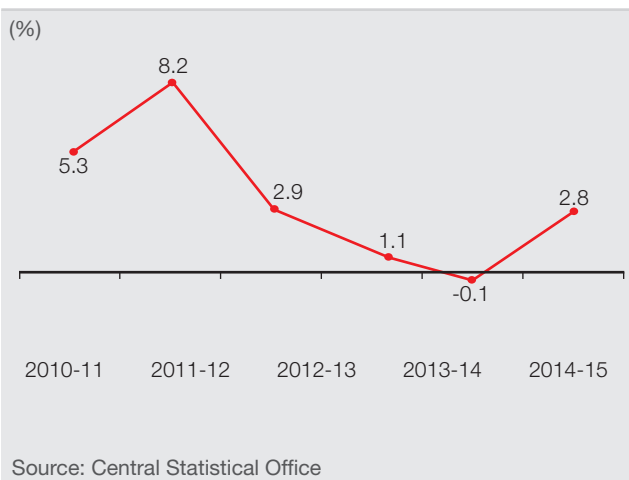
The improvement in Index of Industrial Production (IIP) highlighted the gradual recovery of industrial sector. After three years of growth reduction, including a decline in 2013-14, the IIP expanded by 2.8% during the year. In terms of sector wise break up, mining sector growth turned positive.

(Source: Central Statistical Office)

### Monthly IIP Growth YoY

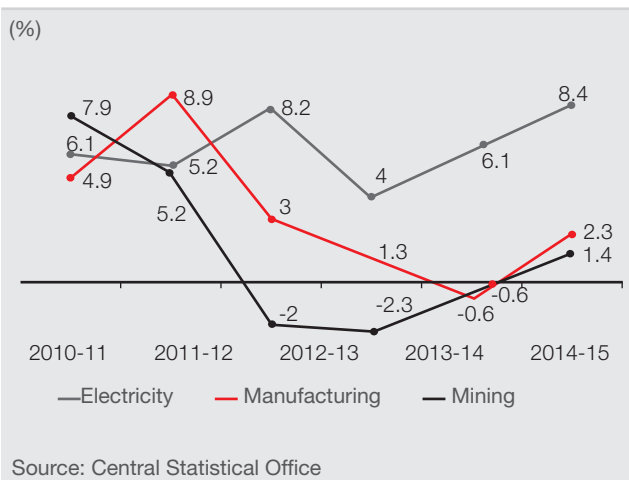


### IIP Growth YOY

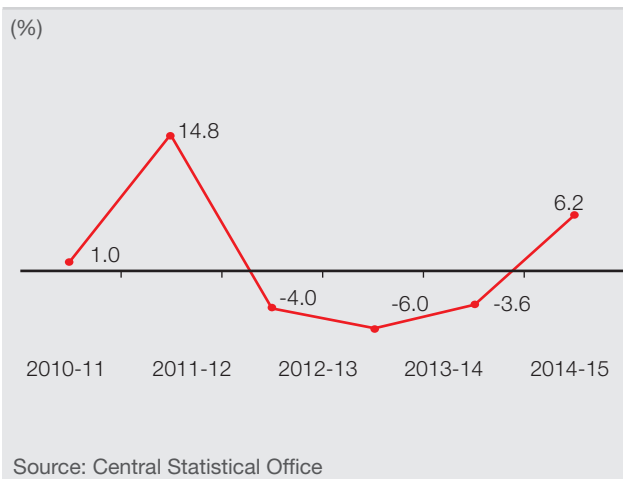


Manufacturing sector also grew by a modest 2.3% as compared to a decline of 0.8%, though the growth in the last five months of the financial year was much stronger. Electricity sector grew by 8.4% during the year, as compared to a growth of 6.1% in the previous year. The better growth was on the back of higher production by Coal India Limited and other captive mines, which resulted in higher thermal power generation.

### Sectoral IIP Growth YoY



### IIP Growth Capital Goods YoY



In use based category, capital goods output grew by 6.2% in 2014-15, after contracting for three consecutive years. The strong growth of capital goods, especially in the last five months of the financial year, highlights the possibility of recovery in capital expenditure in the near future.

## INDUSTRY OVERVIEW

### Power Generation

During 2014-15, the Indian power sector saw 8.4% build up in capacity to 267.64 GW. In the first three years of the 12th five year plan the total power generation capacity added has been around 61 GW, 69% of the targeted 88.5 GW to be added as per the plan. Around 51 GW of capacity was added in the entire 11th five year plan.

Of the total capacity of 267.64 GW, the private sector owns 98.15 GW, the Central Government owns around 72.52 GW and the State Government owns around 96.96 GW.

The overall power generation in 2014-15 increased by 8.4% to 1,048.4 billion units. Almost all of this net addition came from thermal power while hydro based power generation witnessed a de-growth during the year. Higher thermal power generation was largely due to improved domestic coal availability and increase in installed power capacity. The plant load factor (PLF) during the year reduced to 64.5% as compared to 65.6% in 2013-14.

## MANAGEMENT DISCUSSION AND ANALYSIS

The sector witnessed several reforms during the year, including reallocation of coal blocks through a transparent e-auction of 23 coal blocks, which is expected to result in a steady supply of coal. The Government also came out with a gas polling mechanism to increase the utilisation of power plants that were stranded due to unavailability of gas post a decline in gas production from the KG-D6 basin. The Government also proposed a new plug and play model for Ultra Mega Power Project (UMPP) projects. Through coal linkages and faster green clearances, the Government will ensure faster execution.

### Capital Goods / Engineering

The Indian engineering industry comprises of heavy engineering and light engineering. Heavy engineering industry contributes around 80% of the revenues to the sector, while the light engineering contributes the rest.

The growth of engineering industry is linked with the growth of manufacturing industry of a country. The engineering industry provides machinery and other critical inputs to industries such as power, infrastructure, mining, steel, automotive, oil and gas, refinery and consumer durables. The sector is critical also from an employment perspective as it provides job to approximately 14 million skilled and semiskilled workers.

In 2014-15, the engineering exports grew by 14.7% to USD 70.7 billion as compared to 61.6 billion in 2013-14. Within the segment, industrial machinery export grew by 14% to USD 11.4 billion as compared to 10.0 billion in 2013-14. Geographically, the US and Europe together account for about 60% of India's total engineering exports. During the year, exports to US grew by 26.8% to USD 7.8 billion and exports to European Union (EU) stood at USD 12.2 billion, our largest exports region.

### Operational Review

Pitti Laminations Ltd (PLL), is India's largest manufacturer of Electrical Steel Laminations, Motor Cores, Sub-Assemblies, Die-Cast Rotors and Press Tools. The Company is also the largest exporter of laminations from India.

PLL has diversified into manufacturing of castings, steel fabricated parts and machined components such as stator and rotor assemblies.

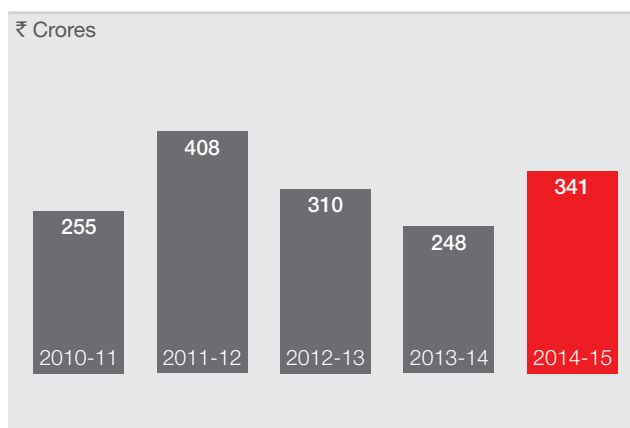
Despite an overall challenging macroeconomic environment, PLL sales volume grew by an impressive 42.24% to 21,414 metric tons as compared to 15,055 metric tons in 2013-14. This robust growth was primarily driven by improvement in the overall business sentiment and better industrial activities. The year witnessed the Company recording its highest ever domestic sales volume of 13,528 metric tons, a growth of 25.88% over 10,747 metric tons in 2013-14. The growth in demand was primarily driven by the power sector.

The export volumes also grew by an impressive 83.05% to 7,886 metric tons as compared to 4,308 metric tons during the previous financial year. The increase in exports was on account of gradual pick-up in the demand from North America.

### Key Operational Highlights

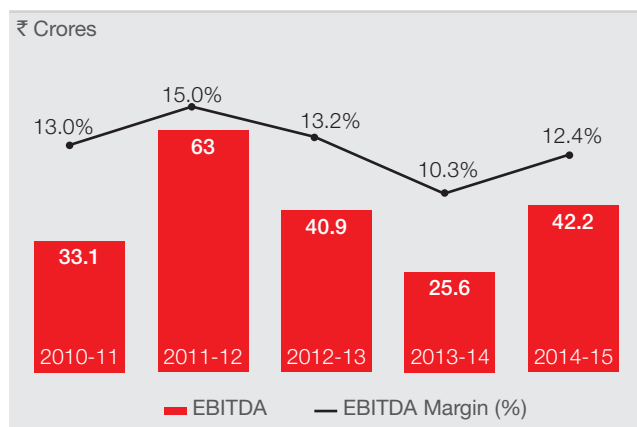
The sales of stator frames declined considerably during the first half of the year due to temporary postponement of orders. However, it improved significantly in the second half of the year. For 2014-15, the sales volume of stator frames stood at 294 units as compared to 501 units in the preceding financial year.

### Revenue



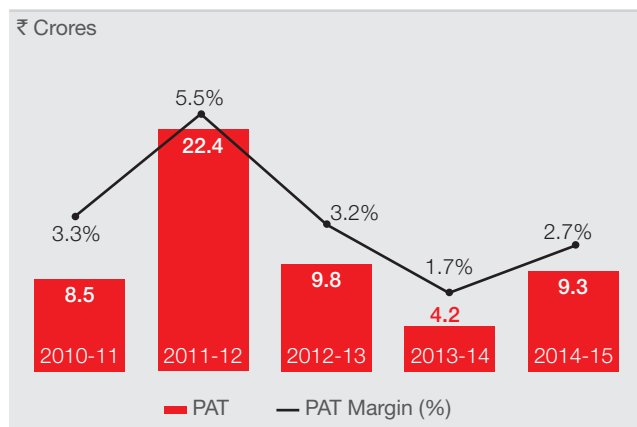
During the year, the overall revenues grew by 37.61% to ₹ 341.04 crores. Domestic revenues grew by 20.93% to ₹ 175.31 crores while exports registered a significant growth of 60.95% to reach ₹ 165.73 crores.

### EBITDA and EBITDA Margin



Our EBITDA during the year, aided by higher operating efficiency on the back of higher plant utilisation, grew by 64.6% to ₹ 42.2 crores. Net profit margins increased by 104 bps during the year and resulted in a much stronger 121.8% growth to reach ₹ 9.3 crores.

### PAT and PAT Margin



**Shareholders' Funds:** The shareholders' funds during the year increased by ₹ 5.7 crores to ₹ 117.3 crores due to increase in reserves and surplus on back of the profit retained during the year.

**Total Debt:** The debt during the year increased by 18.4% to ₹ 136.4 crores as compared to ₹ 115.2 crores in 2013-14. The increase in debt was primarily due to the increase

in the requirement of working capital required to support the growing sales volume.

**Cash and Cash Equivalents:** This constitutes balances with banks in current account, term deposits and balances in the unclaimed dividend account. It also includes cash in hand to manage the Company's petty expenses. The cash and bank balance as of March 31, 2015 was ₹ 15.3 crores as compared to ₹ 9.5 crores as of March 31, 2014.

### Opportunities and Strengths

**Economic Revival:** The steps taken by the RBI and the Government of India over the last year have helped to stabilise the macroeconomic environment. There are a few early signs of growth and investment revival in the country. Globally, the US economy has been steadily strengthening as visible through the consistent reduction in the country's unemployment rate. Furthermore, there has been strengthening of the growth momentum in the Euro region as well. PLL primarily caters to the core sectors of the economy. The growth of these industries and their demand outlook has a strong correlation with the prevailing investment climate. With the expected improvement in the investment climate, the demand from these industries is anticipated to grow.

**Geographical Diversification:** During the year, we shifted a part of our production capacity to Pune. This gives the Company a competitive advantage as over 60% of our domestic clients are located in Maharashtra. By locating ourselves closer to our clients, we can serve them more efficiently in a timely and cost effective manner.

**High Product Quality:** We maintain high product quality and service standards. General electric (GE) recognised us as the 'Best Supplier – Quality 2015' during the year and conferred us the 'Certificate of Excellence'. We also are the First commercial manufacturer of laminations in India to be certified by BVQI of UK for ISO 9002. Our rejection rates are marginal, and are a testimony to the quality focus we adhere to.

**Integrated Operations:** We are India's only end-to-end product and service provider in the electrical lamination segment with presence in tooling, casting, lamination and machining. The integrated presence helps us maintain complete control of the product quality, capture value at all stages of production. This also provides a great comfort for our clients as they don't have to deal with multiple suppliers. The integrated presence helps our customers rely on us to a greater extent.

## MANAGEMENT DISCUSSION AND ANALYSIS

**Strong client relationships:** We enjoy high retention and long association with most our domestic and international clients. Our association with Crompton Greaves is 27 years old, Siemens is 22 years old and GE is 12 years old.

**Process Innovation:** We have India's only indigenously developed tool room with a portfolio of over 3,400 tools. The tool room helps us create high quality products. We also are a pioneer for the manufacture of traction motor subassemblies in India.

**Wide range of Product Offerings:** We offer more than 3,000 different models of laminations to meet varied application needs of our clients.

**Professional Management Team:** PLL has a highly regarded and experienced management team with an average industry experience of over two decades. The team has a history of successfully managing various business processes with a proactive approach.

**Market positioning:** We are the market leaders for special purpose motors in India. We pioneered the manufacture of traction motor subassemblies in India.

### OUTLOOK

#### Global Economy

The global economy is expected to grow by 3.5% in 2014-15 and 3.8% in 2015-16. The growth in most advanced economies is expected to strengthen further to 2.4% in 2015-16. The growth in most emerging markets and developing economies is expected to weaken further in 2015-16 to 4.3% due to weak growth prospects in China and oil-exporting countries such as Saudi Arabia and Nigeria.

Source: International Monetary Fund

#### Indian economy

The Government over the last year has taken several critical initiatives to revive the investment climate in the country. The Government has increased its infrastructural investment and deferred the fiscal consolidation target by one year. The softness in global commodity prices, declining interest rate cycle and improving business confidence will also help in reviving the investment climate. The Indian economy is projected to grow by 7.8% in 2015-16 and 8.2% in 2016-17. (Source: Asian Development Bank)

#### Engineering Sector

The Indian Government has identified manufacturing as a

critical component of the economy and its one of the key focus areas. The Government targets to enhance sector's share from current 15% in GDP to 25% over the next decade and create 100 million jobs by 2022 through the sector. The government is also trying to revive the sector by unclogging the stalled projects. As per the data provided by Centre for Monitoring Indian Economy (CMIE), the government has commissioned projects worth ₹ 1.26 lakh crores including 50,000 crores in the manufacturing sector in Q1 2016.

India's technological capabilities and large pool of skilled, low cost labour has attracted many global players to outsource work related to engineering sectors to India also visible through the high share of the sector in overall exports.

The IIP remained positive for seven months in succession, underlying the gradual recovery in the industrial growth. The slowdown in China and sharp depreciation (against ₹) in the currency of a few trading nations have resulted in an increase in the imports of manufactured goods which have impacted the growth of the manufacturing sector. It also has impacted the competitiveness of India's goods in the global markets. The exports of engineering products declined by 5.85% in first two months of 2016 compared to same period last year. The decline in exports was also due to lower exports to oil producing nations such as UAE, the second largest importer of our engineering products.

#### Power Sector

Close to 45,000 MW of power generation capacity is estimated to be added between 2013-14 and 2016-17. The power supply is expected to grow at a CAGR of 8.2% between 2014-17E. For 2015-16, Central Electrical Authority (CEA) targets to produce 1,137.5 BU in FY2016, a growth of 8.5% from 1,048.4 BU produced in 2014-15.

Within power sector, the Government is incentivising the use of renewable energy. The solar segment is expected to witness strong growth over the next few years. As per CRISIL report, the wind based power generation capacity will grow from 21GW in 2013-14 to 40GW by 2019-20 and solar based power generation capacity will grow from 2.6 GW to 20 GW during the same period.

#### RISK MANAGEMENT

Risk is intrinsic to every business transaction. For a company like PLL, that has operations spread across multiple locations, clients located across different continents and deals in multiple currencies new risks can emerge or even their intensity can change over the period. At PLL, we try to



understand, analyse and mitigate all such risks to the extent possible that have a potential to impact normal business operations, productivity and our ability to create value for our stakeholders. Through an enterprise wide risk management framework, we have developed a systemic approach to manage different kind of risks that we may encounter as a part of our business operations. We have identified key risks and have empowered managers to take appropriate actions on real time basis. The senior management periodically reviews and updates all risks along with their mitigation plan as required to ensure the completeness and robustness of the framework and to ensure its ability to address emerging challenges in a dynamic environment.

Some of the risks that can potentially influence the performance of the Company are as follows

### **Economic Risk**

Description: The Company caters to industries such as engineering and capital goods most of which have a cyclical business model. Prevailing economic conditions generally have a considerable bearing on the growth and profitability of these industries. This in turn can influence the growth and profitability of PLL.

Mitigation Plan: PLL serves clients across different industries and different geographies and hence through diversification the risks have been diluted.

### **Cost Inflation Risk**

Description: The Company purchases its raw material from the market. An increase in the cost of basic raw materials can affect the Company's profitability.

Mitigation Plan: The Company for most of its contracts has 100% pass through on the price of raw material, which allows it to pass the risk of input price volatility to the client in too.

### **Competition Risk**

Description: The Company faces threat of increase in competitive intensity from the existing organised as well as unorganized players and from possible new entrants.

Mitigation Plan: Over the years, PLL has developed strong competitive advantages that position it favourably against the competition. The Company offers a wide portfolio of high quality products. PLL is the largest player in its focus segment and more than twice the size of the nearest competitor. The Company focuses on higher margin industrial business that has huge entry barriers. The Company over

the period has developed a strong trust and relations with its clients. PLL is also one of the few companies globally to have Laminations, Toolings, Machining and Castings under one roof. Many of PLL clients recognise the Company as their preferred supplier for its unmatched reliability and product quality.

### **Currency Risk**

Description: The Company sources a part of its raw material from global markets, while exports constitute a little less than half of the Company's net revenues. The volatility in the exchange rate can materially affect Company's profitability.

Mitigation Plan: In addition to the pass through clause discussed earlier, the Company undertakes appropriate hedging measures to minimise the effect of its foreign currency exposure.

### **Attrition Risk**

Description: The Company's operations are labour intensive. Loss of skilled manpower can result in productivity loss and slippages.

Mitigation Plan: The Company has taken several steps to train, nurture and retain its talented staff. The Company has put in place various incentives such as a well-defined career progression, periodic reward and recognition policies and various employee welfare schemes that help it to reduce attrition.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

As a business philosophy, management believes in growth with strong governance system. The Company has a proper and adequate system of internal controls commensurate with its size and business operation to ensure timely and accurate financial reporting in accordance with applicable accounting standards, safeguarding of assets against unauthorised use or disposition and compliance with all applicable regulatory laws and Company policies. Internal Auditors of the Company review the internal control systems on a regular basis for its effectiveness and necessary changes and suggestions which are duly incorporated into the system. Internal audit reports are also reviewed by the Audit Committee of the Board.

The Audit Committee will review the internal audit reports, the remedial measures taken by the concerned departmental heads in the light of audit observations. The Statutory Auditors of the Company also scrutinize the internal audit

## MANAGEMENT DISCUSSION AND ANALYSIS

reports as part of their statutory audit functions.

The Statutory Auditors also conduct the limited review as part of the listing obligations and the reports are placed before the Audit Committee and forwarded to the regulatory authorities. The observations of the Audit Committee with regard to the efficacy of audit report and the effective remedial measures that have been taken by the Company are placed before the Board for its consideration.

### HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

Pitti Laminations currently has a family of over 1,000 employees. The Company has an excellent track record of cordial and harmonious industrial relations and over the years not a single man-day has been lost on account of labour unrest.

The Company has a strong committed work force nurtured and backed up by its professional culture coupled with innovative HR process aimed at strategic alignment with the business objectives. The Company strives to create a performance driven environment where innovation is encouraged, performance is recognised and employees are motivated to realise their potential. PLL lays greater emphasis

on continuously evolving and aligning with the changing business requirements. This focus enables them to respond better to the needs of their customers and gain strategic advantage over its competitors.

### CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report section and elsewhere which seek to describe the Company's objectives, projections, estimates, expectations or predictions may be considered to be 'forward-looking statements' within the meaning of the applicable securities laws, or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand supply conditions, availability of raw materials, pricing of products, changes in governmental regulations, tax regimes, economic developments within India and countries with which the Company conducts business besides other unforeseen factors, such as litigations and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any such statements based on subsequent developments, information or events.

# INDEPENDENT AUDITORS' REPORT

To  
The Members of

## **PITTI LAMINATIONS LIMITED** **Report on Financial Statements**

1. We have audited the accompanying financial statements of Pitti Laminations Limited ("the Company") which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### **Management's Responsibility for the Financial Statements**

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards

on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
  - (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **7. Report on Other Legal and Regulatory Requirements**

1. As required by the companies (Auditor's Report)

2015 issued by Central Government in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the annexure a statement on the matters specified in paragraphs 3 and 4 of the order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

(e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

**For Laxminivas & Co**

Chartered Accountants  
Firm Registration No: 011168S

**Dayaniwas Sharma**

Place: Hyderabad  
Date: April 24, 2015

Partner  
Membership No. 216244

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

### PITTI LAMINATIONS LIMITED

- (i). a. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- b. All the assets have not been physically verified by the Management during the year but there is a phased programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such verification.
- (ii). a. The inventory has been physically verified by the management during the year except material lying with the third parties (which have substantially been confirmed by third party). In our opinion, the frequency of verification is reasonable.
- b. In our opinion, and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. According to the information and explanation given to us, the company is maintaining proper records of

inventory. The discrepancies noticed on verification between the physical stocks and the book/records were not material, nevertheless those have been dealt properly within the books of accounts.

- (iii). a. According to the information and explanations given to us, the Company has granted during the year, unsecured loan to one party, a sum of ₹ 7.15 crores entered in the register maintained under Section 189 of the Companies Act, 2013.
- b. According to the information and explanation given to us, the company is regular in repayment of principle and interest.
- c. There is no overdue amount more than Rs 1 lakh.
- (iv). In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- (v). In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- (vi). According to the information and explanation given by the company, the Central government has not specified maintenance of cost records under sub-section (1) of section 148 of Companies act 2013. However the company has informed that they are maintaining the cost records.
- (vii). a. According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Value added tax, Cess and any other statutory dues applicable to it as on 31.03.2015.
- b. According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Wealth Tax, Service tax, Customs duty, Excise duty, Value added tax and Cess which have not been deposited with the appropriate authorities on account of any dispute except as under:

| Particulars   | ₹ in Lacs           |                     |
|---|---------------------|---------------------|
|   | As at<br>31.03.2015 | As at<br>31.03.2014 |
| Claims against the Company not acknowledged as debts:   |                     |                     |
| i) Income Tax Liability in respect of the appeals preferred by the company with CIT (Appeals) and appeals preferred by the Department in the High Court of Judicature of A.P. Hyderabad, pending disposal. (Net of refund receivable) | 3.67                | 122.18              |
| ii) Service Tax liability for which appeal is pending with CESTAT Bangalore.  | 70.56               | 139.02              |

- c. According to information and explanation given to us and the records of the company examined by us, the company has transferred the required amount to Investor Education and Protection Fund in accordance with relevant provisions of the Companies Act' 1956 and the rules made thereafter has been transferred to such fund within time.
- (viii). In our opinion, the company has no accumulated losses as at 31.03.2015 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (ix). According to the information and explanation given to us, the company has not defaulted in repayment of dues to bank and financial institutions as at balance sheet date.
- (x). According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
- (xi). According to the information and explanations given to us, the term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which they were obtained.
- (xii). To the best of our knowledge and according to the information and explanation given to us, no fraud by the company and no material fraud on the company has been noticed or reported during the year nor have been informed of such case by the management.

**For Laxminiwas & Co**  
Chartered Accountants  
Firm Registration No: 011168S

**Dayaniwas Sharma**  
Partner  
Membership No. 216244

Place: Hyderabad  
Date: April 24, 2015

# BALANCE SHEET

As at 31st March, 2015

₹ in Lacs

| Particulars   | Note No | As at<br>31.03.2015 | As at<br>31.03.2014 |
|---|---------|---------------------|---------------------|
| <b>EQUITY AND LIABILITIES</b>                         |         |                     |                     |
| <b>Shareholders' funds</b>                            |         |                     |                     |
| Share Capital   | 2.1     | 1349.59             | 1349.59             |
| Reserves and Surplus                                  | 2.2     | 10375.51            | 9807.37             |
|   |         | <b>11725.10</b>     | <b>11156.96</b>     |
| <b>Non-current liabilities</b>                        |         |                     |                     |
| Long-term borrowings                                  | 2.3     | 2654.51             | 2114.81             |
| Deferred tax liabilities (net)                        | 2.4     | 581.12              | 724.31              |
| Long-term provisions                                  | 2.5     | 43.77               | 70.92               |
|   |         | <b>3279.40</b>      | <b>2910.04</b>      |
| <b>Current liabilities</b>                            |         |                     |                     |
| Short-term borrowings                                 | 2.6     | 10987.42            | 9409.13             |
| Trade payables  | 2.7     | 8497.94             | 5673.28             |
| Other current liabilities                             | 2.8     | 1196.59             | 1243.38             |
| Short-term provisions                                 | 2.9     | 1077.27             | 458.26              |
|   |         | <b>21759.22</b>     | <b>16784.05</b>     |
| <b>Total</b>  |         | <b>36763.72</b>     | <b>30851.05</b>     |
| <b>ASSETS</b>   |         |                     |                     |
| <b>Non-current assets</b>                             |         |                     |                     |
| <b>Fixed assets</b>                                   |         |                     |                     |
|   | 2.10    |                     |                     |
| Tangible assets                                       |         | 8631.37             | 8618.24             |
| Intangible Assets                                     |         | 67.57               | 117.24              |
| Capital work-in-progress                              |         | 954.96              | 585.13              |
| Non-current investment                                | 2.11    | 1641.00             | 408.00              |
| Long term loans and advances                          | 2.12    | 140.74              | 66.89               |
|   |         | <b>11435.64</b>     | <b>9795.50</b>      |
| <b>Current assets</b>                                 |         |                     |                     |
| Current investments                                   | 2.13    | 0.10                | 0.10                |
| Inventories   | 2.14    | 10592.90            | 9678.83             |
| Trade receivables                                     | 2.15    | 10258.47            | 6422.03             |
| Cash and bank balances                                | 2.16    | 1528.81             | 946.88              |
| Short-term loans and advances                         | 2.17    | 2517.23             | 3868.89             |
| Other current assets                                  | 2.18    | 430.57              | 138.82              |
|   |         | <b>25328.08</b>     | <b>21055.55</b>     |
| <b>Total</b>  |         | <b>36763.72</b>     | <b>30851.05</b>     |
| Significant accounting policies and notes on accounts | 1 & 2   |                     |                     |

The notes referred to above form an integral part of the accounts  
As per report of even date  
**for Laxminiwas & Co**  
Firm Registration No. 011168S  
Chartered Accountants

**Dayaniwas Sharma**  
Partner  
M.No. 216244

Place : Hyderabad  
Date : 24th April, 2015

For and on behalf of the Board

**Sharad B Pitti**  
Chairman & Managing Director

**G.Narayana Rao**  
Director

**Satyabrata Padhi**  
Company Secretary

**G.V.S.N. Kumar**  
Executive Director & CFO

# STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2015

₹ in Lacs

| Particulars   | Note No | 2014-15         | 2013-14         |
|---|---------|-----------------|-----------------|
| <b>REVENUE</b>  |         |                 |                 |
| Revenue from operations (Gross)                                     |         | 35999.42        | 26431.36        |
| Less: Taxes & duties  |         | (2320.25)       | (2089.14)       |
| <b>Revenue from operations (Net)</b>                                |         | <b>33679.17</b> | <b>24342.22</b> |
| Other Operating revenue   |         | 425.20          | 440.73          |
| <b>Total Revenue from Operations</b>                                | 2.19    | <b>34104.37</b> | <b>24782.95</b> |
| Other income  | 2.20    | 170.05          | 196.37          |
| <b>Total Revenue</b>  |         | <b>34274.42</b> | <b>24979.32</b> |
| <b>EXPENSES</b>   |         |                 |                 |
| Cost of materials consumed  | 2.21    | 23279.76        | 15950.53        |
| Changes in inventories of work-in-process, finished goods and scrap | 2.22    | (952.77)        | (678.73)        |
| Employee benefits expenses  | 2.23    | 3112.44         | 2567.68         |
| Finance costs   | 2.24    | 1126.56         | 1914.83         |
| Depreciation and amortization expenses                              | 2.10    | 1583.81         | 875.22          |
| Other expenses  | 2.25    | 4612.40         | 3672.63         |
| <b>Total Expenses</b>   |         | <b>32762.20</b> | <b>24302.16</b> |
| Profit before tax   |         | 1512.22         | 677.15          |
| <b>Tax expenses</b>   |         |                 |                 |
| (a) Current tax   |         | 722.85          | 206.64          |
| (b) Deferred tax  |         | (143.19)        | 49.98           |
| <b>Total Tax expenses</b>   | 2.26    | <b>579.66</b>   | <b>256.62</b>   |
| <b>Profit for the period</b>  |         | <b>932.56</b>   | <b>420.53</b>   |
| <b>Earnings per equity share:</b>                                   |         |                 |                 |
| (a) Basic   | 2.27    | 6.91            | 3.12            |
| (b) Diluted   |         | 3.46            | 3.12            |

The notes referred to above form an integral part of the accounts  
As per report of even date

**for Laxminiwās & Co**  
Firm Registration No. 011168S  
Chartered Accountants

**Dayaniwās Sharma**  
Partner  
M.No. 216244

Place : Hyderabad  
Date : 24th April, 2015

For and on behalf of the Board

**Sharad B Pitti**  
Chairman & Managing Director

**Satyabrata Padhi**  
Company Secretary

**G.Narayana Rao**  
Director

**G.V.S.N. Kumar**  
Executive Director & CFO

# CASH FLOW STATEMENT

For the Year Ended 31st March, 2015

₹ in Lacs

| Particulars   | Year ended<br>31.03.2015 | Year ended<br>31.03.2014 |
|---|--------------------------|--------------------------|
| <b>A CASH FLOW FROM OPERATING ACTIVITIES</b>                          |                          |                          |
| Net profit before tax   | 1512.22                  | 677.16                   |
| Adjusted for  |                          |                          |
| Depreciation  | 1583.81                  | 875.23                   |
| Bad debts written off   | -                        | 0.17                     |
| Loss / (Profit) on sale of fixed assets                               | 1.23                     | 4.67                     |
| Finance Costs   | 1126.55                  | 1914.83                  |
| Operating Profit before Working Capital changes                       | 4223.81                  | 3472.06                  |
| Working Capital changes adjusted for                                  |                          |                          |
| Trade & Other Receivables   | (2913.04)                | 2355.97                  |
| Inventories   | (914.08)                 | 429.42                   |
| Trade Payables  | 2824.66                  | 1287.07                  |
| Working Capital Borrowings  | 1578.28                  | (3644.39)                |
|   | <b>575.82</b>            | <b>428.07</b>            |
| Cash generated from operations  | 4799.63                  | 3900.13                  |
| Taxes Paid  | (301.03)                 | (522.82)                 |
| Cash Flow before extraordinary items                                  | 4498.60                  | 3377.31                  |
| <b>Net Cash Flow From Operating Activities - (A)</b>                  | <b>4498.60</b>           | <b>3377.31</b>           |
| <b>B CASH FLOW FROM INVESTING ACTIVITIES</b>                          |                          |                          |
| Purchase of Fixed Assets  | (1966.36)                | (1704.78)                |
| Proceeds from sale of fixed assets                                    | 3.07                     | 8.95                     |
| <b>Net Cash used in Investing Activities - (B)</b>                    | <b>(1963.29)</b>         | <b>(1695.83)</b>         |
| <b>C CASH FLOW FROM FINANCING ACTIVITIES</b>                          |                          |                          |
| Finance charges   | (1126.55)                | (1914.83)                |
| Dividend paid   | (279.27)                 | (156.80)                 |
| Increase in investment  | (1233.00)                | -                        |
| Term Loans  | 685.43                   | 706.11                   |
|   | <b>(1953.39)</b>         | <b>(1365.52)</b>         |
| <b>Net Cash used in Finance Activities - (C)</b>                      | <b>(1953.39)</b>         | <b>(1365.52)</b>         |
| Net Increase(Decrease) in Cash & Cash Equivalents (A+B+C)             | 581.93                   | 315.96                   |
| Opening Balance in Cash and Cash Equivalents (Cash and Bank balances) | 946.88                   | 630.92                   |
| Closing Balance in Cash and Cash Equivalents (Cash and Bank balances) | <b>1528.81</b>           | <b>946.88</b>            |

The notes referred to above form an integral part of the accounts  
As per report of even date  
**for Laxminiwas & Co**  
Firm Registration No. 011168S  
Chartered Accountants

**Dayaniwas Sharma**  
Partner  
M.No. 216244

Place : Hyderabad  
Date : 24th April, 2015

For and on behalf of the Board

**Sharad B Pitti**  
Chairman & Managing Director

**Satyabrata Padhi**  
Company Secretary

**G.Narayana Rao**  
Director

**G.V.S.N. Kumar**  
Executive Director & CFO



# NOTES TO THE FINANCIAL STATEMENTS

## 1. SIGNIFICANT ACCOUNTING POLICIES

### 01.1 BASIS OF ACCOUNTING

The financial statements of Pitti Laminations Limited (PLL or Company) have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the basis of a going concern with revenues recognized and expenses accounted on their accrual.

### 01.2 FIXED ASSETS

Fixed Assets are stated at historical cost. Expenditure which is of capital nature is capitalized. Such expenditure comprises of purchase price, import duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use. Depreciation is provided (except in the case of leasehold property which is being amortized over the period of lease). As per schedule II of Companies Act, 2013 on the carrying value of the assets as at April 1, 2014 on remaining useful life of assets and If the remaining

useful life of asset is nil as at April 1, 2014, then it allows to adjust carrying amount less residual value of assets to Reserve & Surplus account, instead of debiting to Profit and Loss account. Individual assets costing less than ₹ 5000/- are depreciated in full in the year of acquisition.

### 01.3 REVENUE / EXPENDITURE RECOGNITION

Revenue is recognized when it can be reliably measured and when all significant risks and rewards/ownership are transferred to the customer.

Expenditure is accounted for on accrual basis and provision is made for all known losses and obligations.

### 01.4 INVESTMENTS

Non-current investments are stated at cost, and provision is made when there is a decline other than temporary in the carrying value of such investments, determined separately in respect of each category of investment.

### 01.5 INVENTORIES

Inventories are valued as under:

| Sl No. | Particulars        | Basis of Valuation   |
|--------|--------------------|--|
| 1      | Raw Material       | Weighted average cost or net realizable value whichever is lower   |
| 2      | Work In Process    | Weighted average cost or net realizable value whichever is lower   |
| 3      | Finished Goods     | Weighted average cost or net realizable value whichever is lower   |
| 4      | Stores & Spares    | Weighted average cost or net realizable value whichever is lower   |
| 5      | Scrap              | At Realizable value  |
| 6      | Press Tools & Dies | Tools & Dies manufactured in the Company's in-house Tool Room are valued at cost on a consistent basis. Consumption of Tools is calculated on the actual wear and tear of these Tools & Dies. Obsolete tools and tools which have become more than three years old are written off net of salvage value. |

The cost of inventories comprises of all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present conditions.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

### 01.6 RETIREMENT BENEFITS

#### 01.6.1 Defined Contribution Plan:

Contribution as per Employee's Provident Funds and Miscellaneous Provisions Act, 1952 towards Provident Fund and Family Pension Fund are provided for and payments in respect thereof are made to the relevant authorities on actual basis.

# NOTES TO THE FINANCIAL STATEMENTS

## 01.6.2 Defined Benefit Plan

- a) **Gratuity:** In accordance with applicable Indian Laws, the company provides gratuity, a defined benefit retirement plan (the Gratuity Plan) covering all employees. The gratuity plan provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the company. Liability with regard to Gratuity Plan is accrued based on actuarial valuation at the Balance Sheet date.
- b) **Leave Encashment:** In accordance with applicable Indian Laws, the company provides Encashment of Leave, a defined benefit plan (Leave Encashment Plan) covering all employees. Liability with regard to Leave Encashment Plan is accrued based on actuarial valuation at the Balance Sheet date.

## 01.7 BORROWING COSTS

Borrowing costs attributable to the acquisition / construction of qualifying fixed assets are capitalized for the eligible period. Other borrowing costs are expensed in the period they occur.

## 01.8 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the exchange rates prevailing on the dates when the relevant transactions took place. Exchange difference arising settled foreign currency transactions during the year and translation of

assets and liabilities at the yearend are recognized in the statement of profit and loss.

Difference between the forward exchange contract rate and the exchange rate as at the date of transaction is recognized as income or expense over the life of the said contract.

## 01.9 LEASES

Assets acquired by way of finance lease are capitalized at the lower of the fair value and the present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between finance charge and reduction of the lease liability based on the implicit rate of return. Finance charges are recognized as finance costs in the Statement of Profit and Loss. Lease rentals paid in respect of operating leases are recognized as an expense in the statement of Profit and Loss.

## 01.10 TAXATION

### 01.10.1) Income Tax

The provision for taxation is based on assessable profits of the company as determined under the Income Tax Act, 1961.

### 01.10.2) Deferred Tax

The company is providing and recognizing deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.

## 2.0 NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2.1 SHARE CAPITAL

| Particulars   | ₹ in Lacs           |                     |
|---|---------------------|---------------------|
|   | As at<br>31.03.2015 | As at<br>31.03.2014 |
| <b>Authorised Capital</b>   |                     |                     |
| 15000000 (Previous year 15000000) Equity Shares of ₹ 10/- each  | <b>1500.00</b>      | <b>1500.00</b>      |
| <b>Issued, Subscribed and Paid up 13491700 ( Previous year 13491700) Equity shares of ₹ 10/- each</b> | 1349.17             | 1349.17             |
| Shares forfeited (8300 Shares of ₹ 5/- each)  | 0.42                | 0.42                |
| <b>Total</b>  | <b>1349.59</b>      | <b>1349.59</b>      |

# NOTES TO THE FINANCIAL STATEMENTS

## Reconciliation of equity shares

₹ in Lacs

| Particulars   | 2014 - 15       |                | 2013 - 14       |                |
|---|-----------------|----------------|-----------------|----------------|
|   | No of shares    | Value (₹)      | No of shares    | Value (₹)      |
| Issued, subscribed and paid-up capital                    |                 |                |                 |                |
| At the beginning of the period                            | 13491700        | 1349.17        | 13491700        | 1349.17        |
| Issued during the period - (Shares on Preferential basis) | -               | -              | -               | -              |
| <b>At the closing of the period</b>                       | <b>13491700</b> | <b>1349.17</b> | <b>13491700</b> | <b>1349.17</b> |

The Board of Director has fixed 17th April' 2015 as the record date for the purpose of splitting of Equity Shares from ₹ 10/- to ₹ 5/- each

## Details of shareholders holding more than 5% shares in the Company

| Name of the shareholder            | As at 31.03.2015 |              | As at 31.03.2014 |              |
|------------------------------------|------------------|--------------|------------------|--------------|
|                                    | %                | No of shares | %                | No of shares |
| Shri Sharad B Pitti                | 15.85            | 2137780      | 15.85            | 2137780      |
| Shri Akshay S Pitti                | 11.70            | 1579100      | 11.70            | 1579100      |
| Smt Madhuri S Pitti                | 5.79             | 781100       | 5.79             | 781100       |
| Pitti Electrical Equipment Pvt Ltd | 25.87            | 3490000      | 25.87            | 3490000      |

## NOTE 2.2 RESERVES AND SURPLUS

₹ in Lacs

| Particulars   | As at           |                |
|---|-----------------|----------------|
|   | 31.03.2015      | 31.03.2014     |
| <b>Securities Premium Reserve</b>                           |                 |                |
| At the beginning of the year                                | 3799.79         | 3799.79        |
| Add: during the period - (Shares on Preferential basis)     | -               | -              |
| <b>At the closing of the period</b>                         | <b>3799.79</b>  | <b>3799.79</b> |
| <b>General Reserve</b>                                      |                 |                |
| At the beginning of the year                                | 805.00          | 780.00         |
| Less: adjustment as per Schedule -II of Companies Act, 2013 | (40.64)         | -              |
| Add: Transferred from P&L Account during the year           | 60.00           | 25.00          |
| <b>Total</b>  | <b>824.36</b>   | <b>805.00</b>  |
| <b>Surplus in the Statement of Profit and Loss</b>          |                 |                |
| At the beginning of the year                                | 5202.58         | 4964.90        |
| Add :Profit for the period                                  | 932.56          | 420.53         |
| Less : Interim & Proposed dividend (inclusive of tax)       | (323.78)        | (157.85)       |
| Less: Transferred to general reserve during the year        | (60.00)         | (25.00)        |
| Net Surplus in the Statement of Profit and Loss             | <b>5751.36</b>  | <b>5202.58</b> |
| <b>Total</b>  | <b>10375.51</b> | <b>9807.37</b> |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 2.3 LONG-TERM BORROWINGS

₹ in Lacs

| Particulars                           | As at<br>31.03.2015 | As at<br>31.03.2014 |
|---------------------------------------|---------------------|---------------------|
| <b>A. Secured Loans</b>               |                     |                     |
| Term Loans from Banks (Refer Note a)  | 1123.81             | 1378.46             |
| Term Loans from others (Refer Note b) | 1248.38             | 454.03              |
| Other loans from Bank (Refer Note c)  | -                   | -                   |
| <b>Total - A</b>                      | <b>2372.19</b>      | <b>1832.49</b>      |
| <b>B. Unsecured loans</b>             |                     |                     |
| Sales Tax Deferral (Refer Note c)     | 282.32              | 282.32              |
| Inter Corporate Deposit               | -                   | -                   |
| <b>Total - B</b>                      | <b>282.32</b>       | <b>282.32</b>       |
| <b>Total - (A+B)</b>                  | <b>2654.51</b>      | <b>2114.81</b>      |

### Notes:

- a i) Term loans from scheduled bank - Oriental Bank of Commerce is secured by equitable mortgage of movable and immovable properties and first charge on the present and future fixed assets of the company situated at Plant I and Plant II Nadigaon, Mahaboobnagar district, Telangana and Plant III, Chakan MIDC, Pune District. Further these are secured by a second charge on the present and future current assets of the company and personal guarantee provided by the Chairman and Managing Director & Vice Chairman and Managing Director. (Refer Note 2.8 (a) for terms of repayment)
- ii) Term loans from scheduled bank - State Bank of India is secured by equitable mortgage of movable and immovable properties and first charge on the present and future fixed assets of the company situated at Plant I and Plant II Nadigaon, Mahaboobnagar district, Telangana and Plant III, Chakan MIDC, Pune District. Further these are secured by a second charge on the present and future current assets of the company and personal guarantee provided by the Chairman & Managing Director and Vice Chairman & Managing Director and their relative.
- b) The above term loan (equipment finance) from others is secured by exclusive charge on the machinery purchased to the extent funded and personal guarantee provided by the Chairman & Managing Director and Vice Chairman & Managing Director. (Refer Note 2.8 (a) for terms of repayment)
- c) Represents 14 years interest free sales tax deferment loan received from State Government. Repayment commences from January 2018 based on the deferment availed in the respective years.

## NOTE: 2.4 DEFERRED TAX LIABILITIES (NET)

₹ in Lacs

| Particulars                  | As at<br>31.03.2015 | As at<br>31.03.2014 |
|------------------------------|---------------------|---------------------|
| At the beginning of the year | 724.31              | 674.33              |
| Provision for the year       | (143.19)            | 49.98               |
| <b>Closing balance</b>       | <b>581.12</b>       | <b>724.31</b>       |

## NOTE: 2.5 LONG-TERM PROVISIONS

₹ in Lacs

| Particulars            | As at<br>31.03.2015 | As at<br>31.03.2014 |
|------------------------|---------------------|---------------------|
| Provision for Gratuity | 43.77               | 70.92               |
| <b>Total</b>           | <b>43.77</b>        | <b>70.92</b>        |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE: 2.6 SHORT-TERM BORROWINGS

₹ in Lacs

| Particulars                                     | As at           | As at          |
|---|-----------------|----------------|
|   | 31.03.2015      | 31.03.2014     |
| Working capital borrowings from Banks (Secured) | 10987.42        | 9409.13        |
| <b>Total</b>                                    | <b>10987.42</b> | <b>9409.13</b> |

### Note:

Working capital facilities from State Bank of India, Indian Overseas Bank, Allahabad Bank and Kotak Mahindra Bank are secured on a pari passu first charge basis against hypothecation of stocks, Tools & Dies, Spares & consumables, book debts and all other current assets both present and future. Further these are secured by second charge on fixed assets of the Company both present and future, apart from the personal guarantees of the Chairman & Managing Director and Vice Chairman & Managing Director and their relative.

## NOTE: 2.7 TRADE PAYABLES

₹ in Lacs

| Particulars    | As at          | As at          |
|----------------|----------------|----------------|
|                | 31.03.2015     | 31.03.2014     |
| Trade payables | 8497.94        | 5673.28        |
| <b>Total</b>   | <b>8497.94</b> | <b>5673.28</b> |

### Note:

Out of the said amount ₹ 104.22 lacs (previous year ₹ 28.67 lacs ) pertains to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. The information has been given in respect of such vendors to the extent they could be identified as Micro and Small enterprises on the basis of information available with the company on records.

## NOTE: 2.8 OTHER CURRENT LIABILITIES

₹ in Lacs

| Particulars   | As at          | As at          |
|---|----------------|----------------|
|   | 31.03.2015     | 31.03.2014     |
| Unclaimed Dividend  | 29.80          | 30.19          |
| Interest accrued but not due on loans                           | 17.48          | 8.46           |
| Term loan instalments due less than 12 months (Refer note a)    | 675.34         | 528.27         |
| Vehicle loan instalments due less than 12 months (Refer note b) | -              | 1.34           |
| Other Liabilities   | 473.97         | 675.12         |
| <b>Total</b>  | <b>1196.59</b> | <b>1243.38</b> |

### Notes:

- a) Terms of repayment are given below:
  - i) Loan taken from Oriental Bank of Commerce is repayable in quarterly instalments of ₹ 68.75 lacs each till January, 2016.
  - ii) Loan taken from TATA Capital Financial Service Ltd., is repayable in monthly instalments of ₹ 11.36 lacs each till April, 2017
  - iii) Loan taken from L & T Finance Ltd., is repayable in monthly instalments of ₹ 11.15 lacs each till June'2016
  - vi) Loan taken from TATA Capital Financial Service Ltd., is repayable in monthly instalments of ₹ 12.80 lacs each till March, 2019
- b) Terms of repayment are given below:
  - i) Loan taken from Axis Bank is repaid by way of monthly instalments of ₹ 0.17 lacs each up to November, 2014 and the loan has been cleared in full during the current year.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE: 2.9 SHORT-TERM PROVISIONS

₹ in Lacs

| Particulars                              | As at<br>31.03.2015 | As at<br>31.03.2014 |
|--|---------------------|---------------------|
| <b>Provision for employee benefits :</b> |                     |                     |
| Provision for Gratuity                   | 34.72               | 17.36               |
| Provision for Bonus                      | 43.00               | 20.08               |
| Provision for Leave encashment           | 75.80               | 58.11               |
| <b>Other Provisions :</b>                |                     |                     |
| Proposed Dividend ( Incl. Tax)           | 202.37              | 157.85              |
| Provision for taxation                   | 721.38              | 204.86              |
| <b>Total</b>                             | <b>1077.27</b>      | <b>458.26</b>       |

## NOTE: 2.10 FIXED ASSETS

₹ in Lacs

| Particulars              | Gross Block         |                |              |                   | Depreciation        |                 |                 |              |                   | Net Block         |                     |
|--------------------------|---------------------|----------------|--------------|-------------------|---------------------|-----------------|-----------------|--------------|-------------------|-------------------|---------------------|
|                          | As at<br>01.04.2014 | Additions      | Adjustments  | As at<br>31.03.15 | As at<br>01.04.2014 | For the<br>Year | For<br>Reserves | Adjustments  | As at<br>31.03.15 | As at<br>31.03.15 | As at<br>31.03.2014 |
| <b>Tangible Assets:</b>  |                     |                |              |                   |                     |                 |                 |              |                   |                   |                     |
| Land                     | 233.27              | -              | -            | 233.27            | -                   | -               | -               | -            | -                 | 233.27            | 233.27              |
| Factory Building         | 1592.89             | 1.11           | -            | 1594.00           | 358.83              | 48.94           | -               | -            | 407.77            | 1186.23           | 1234.06             |
| Lease hold Property      | 821.05              | 34.90          | -            | 855.95            | 356.26              | 43.21           | -               | -            | 399.47            | 456.48            | 464.79              |
| Plant & Equipment        | 10171.29            | 1380.88        | -            | 11552.17          | 3999.86             | 1272.47         | 0.68            | -            | 5,273.01          | 6279.16           | 6171.43             |
| Office Equipment         | 129.31              | 76.24          | 6.28         | 199.27            | 45.58               | 16.89           | 24.23           | 4.56         | 82.14             | 117.13            | 83.74               |
| Furniture & Fixtures     | 185.91              | 10.22          | 0.06         | 196.07            | 89.94               | 37.13           | 0.13            | 0.06         | 127.14            | 68.93             | 95.97               |
| Other -Computers         | 405.10              | 79.73          | 20.72        | 464.11            | 303.77              | 47.21           | 7.22            | 20.32        | 337.88            | 126.23            | 101.33              |
| Vehicles                 | 445.44              |                | 5.25         | 440.19            | 211.79              | 65.84           | 1.69            | 3.07         | 276.25            | 163.94            | 233.65              |
| <b>Sub Total</b>         | <b>13984.26</b>     | <b>1583.08</b> | <b>32.31</b> | <b>15535.03</b>   | <b>5366.03</b>      | <b>1531.69</b>  | <b>33.95</b>    | <b>28.01</b> | <b>6903.66</b>    | <b>8631.37</b>    | <b>8618.24</b>      |
| <b>Intangible Assets</b> |                     |                |              |                   |                     |                 |                 |              |                   |                   |                     |
| Computer Software        | 341.14              | 9.14           | -            | 350.28            | 223.90              | 52.12           | 6.69            | -            | 282.71            | 67.57             | 117.24              |
| <b>Sub Total</b>         | <b>341.14</b>       | <b>9.14</b>    | <b>-</b>     | <b>350.28</b>     | <b>223.90</b>       | <b>52.12</b>    | <b>6.69</b>     | <b>-</b>     | <b>282.71</b>     | <b>67.57</b>      | <b>117.24</b>       |
| <b>Total</b>             | <b>14325.40</b>     | <b>1592.22</b> | <b>32.31</b> | <b>15885.31</b>   | <b>5589.93</b>      | <b>1583.81</b>  | <b>40.64</b>    | <b>28.01</b> | <b>7186.37</b>    | <b>8698.94</b>    | <b>8735.47</b>      |
| Previous Year            | 13175.49            | 1200.40        | 50.49        | 14325.40          | 4751.56             | 875.22          | -               | 36.87        | 5589.92           | 8735.48           | 8423.91             |
| Capital Work In Progress |                     |                |              |                   |                     |                 |                 |              |                   | 954.96            | 585.13              |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE: 2.11 NON-CURRENT INVESTMENT

₹ in Lacs

| Particulars   | As at<br>31.03.2015 | As at<br>31.03.2014 |
|---|---------------------|---------------------|
| <b>Trade investment</b>   |                     |                     |
| <b>Investment in associate</b>  |                     |                     |
| <b>Investment with Pitti Castings Private Ltd (Unquoted)</b>  |                     |                     |
| a. Equity Shares<br>(3570000 equity shares at face value ₹ 10/-each)  | 357.00              | 357.00              |
| b. Redeemable Preferential shares<br>(12330000 Preferential shares (non-cumulative non-participative redeemable) at face value ₹ 10/- each) | 1233.00             | -                   |
| c. Share warrants<br>(510000 share warrants at face value ₹ 10/- each)  | 51.00               | 51.00               |
| <b>Total</b>  | <b>1641.00</b>      | <b>408.00</b>       |

## NOTE 2.12 LONG TERM LOANS AND ADVANCES

₹ in Lacs

|                                   | As at<br>31.03.2015 | As at<br>31.03.2014 |
|-----------------------------------|---------------------|---------------------|
| <b>Unsecured, considered good</b> |                     |                     |
| <b>Deposits:</b>                  |                     |                     |
| Rent                              | 93.69               | 20.46               |
| With suppliers                    | 0.82                | 0.70                |
| With Govt. bodies                 | 46.23               | 45.73               |
| <b>Total</b>                      | <b>140.74</b>       | <b>66.89</b>        |

## NOTE 2.13 CURRENT INVESTMENTS

₹ in Lacs

|   | As at<br>31.03.2015 | As at<br>31.03.2014 |
|---|---------------------|---------------------|
| 1000 Equity Shares of Development Credit Bank Ltd., at ₹ 10/- each (Quoted) | 0.10                | 0.10                |
| Market Value ₹ 111250/- (previous year ₹ 60950/-)                           |                     |                     |
| <b>Total</b>  | <b>0.10</b>         | <b>0.10</b>         |

## NOTES : 2.14 INVENTORIES

₹ in Lacs

|  | As at<br>31.03.2015 | As at<br>31.03.2014 |
|--|---------------------|---------------------|
| (At lower of cost or Net realisable value) |                     |                     |
| Raw material                               | 3317.77             | 3319.19             |
| Work in process                            | 2082.00             | 1473.10             |
| Finished goods                             | 3344.36             | 3082.06             |
| Stores and spares                          | 273.85              | 269.80              |
| Press tools & dies                         | 1459.22             | 1500.54             |
| Scrap                                      | 115.70              | 34.14               |
| <b>Total</b>                               | <b>10592.90</b>     | <b>9678.83</b>      |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTES: 2.15 TRADE RECEIVABLES

₹ in Lacs

|   | As at<br>31.03.2015 | As at<br>31.03.2014 |
|---|---------------------|---------------------|
| <b>(Unsecured, considered good)</b>           |                     |                     |
| Outstanding for a period exceeding six months | 66.49               | 253.29              |
| Others  | 10191.98            | 6168.74             |
| <b>Total</b>                                  | <b>10258.47</b>     | <b>6422.03</b>      |

## NOTE 2.16 CASH AND BANK BALANCES

₹ in Lacs

|  | As at<br>31.03.2015 | As at<br>31.03.2014 |
|--|---------------------|---------------------|
| <b>Cash and cash equivalents</b>           |                     |                     |
| <b>Balances with banks</b>                 |                     |                     |
| Current Accounts                           | 8.12                | 61.38               |
| Unclaimed dividend account (Refer note a ) | 29.80               | 30.19               |
| Cash on Hand                               | 4.19                | 2.61                |
| <b>Other bank balances</b>                 |                     |                     |
| Term Deposit Accounts (Refer note b )      | 1486.70             | 852.70              |
| <b>Total</b>                               | <b>1528.81</b>      | <b>946.88</b>       |

### Note:

- a) An amount of ₹ 581489/- for the year 2006-07 (final dividend) was transferred to Investor Education and Protection Fund (IEPF)  
 b) Term Deposits are held as Margins for LC/BGs

## NOTE 2.17 SHORT-TERM LOANS AND ADVANCES

₹ in Lacs

|  | As at<br>31.03.2015 | As at<br>31.03.2014 |
|--|---------------------|---------------------|
| <b>(Unsecured and considered good)</b> |                     |                     |
| <b>Advances to:</b>                    |                     |                     |
| Material suppliers/contractors         | 272.04              | 1311.15             |
| Related parties                        | 715.00              | 1233.00             |
| Central excise, Sales tax etc.,        | 1067.11             | 1054.45             |
| Income Tax and other taxes             | 318.29              | 196.72              |
| Employees                              | 17.98               | 13.38               |
| Prepaid expenses                       | 126.81              | 60.19               |
| <b>Total</b>                           | <b>2517.23</b>      | <b>3868.89</b>      |

## NOTE 2.18 OTHER CURRENT ASSETS

₹ in Lacs

|                              | As at<br>31.03.2015 | As at<br>31.03.2014 |
|------------------------------|---------------------|---------------------|
| Export Incentive Receivables | 373.44              | 114.82              |
| Interest Accrued on Deposits | 57.13               | 24.00               |
| <b>Total</b>                 | <b>430.57</b>       | <b>138.82</b>       |



# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 2.19 REVENUES FROM OPERATIONS

₹ in Lacs

|  | As at<br>31.03.2015 | As at<br>31.03.2014 |
|--|---------------------|---------------------|
| <b>A. Sales &amp; Services:</b>            |                     |                     |
| Sale of Stampings                          | 30859.72            | 21968.44            |
| Sale of Scrap                              | 4221.40             | 3214.27             |
| Sale of Tools                              | 307.84              | 487.42              |
| Job work Income                            | 610.46              | 761.23              |
| <b>Gross Sales &amp; Services</b>          | <b>35999.42</b>     | <b>26431.36</b>     |
| Less: Taxes & Duties                       | (2320.25)           | (2089.14)           |
| <b>Net Sales &amp; Services</b>            | <b>33679.17</b>     | <b>24342.22</b>     |
| <b>B. Other Operating revenue:</b>         |                     |                     |
| Export incentives and others               | 425.20              | 440.73              |
| <b>Total</b>                               | <b>425.20</b>       | <b>440.73</b>       |
| <b>Total Revenue from Operations (A+B)</b> | <b>34104.37</b>     | <b>24782.95</b>     |

## NOTE 2.20 OTHER INCOME

₹ in Lacs

|                         | As at<br>31.03.2015 | As at<br>31.03.2014 |
|-------------------------|---------------------|---------------------|
| Interest on Deposits    | 123.94              | 187.63              |
| Profit on Sale of Asset | 0.82                | 1.26                |
| Other Misc. Receipts    | 45.29               | 7.48                |
| <b>Total</b>            | <b>170.05</b>       | <b>196.37</b>       |

## NOTE 2.21 COST OF MATERIALS CONSUMED

₹ in Lacs

| Particulars         | As at<br>31.03.2015 | As at<br>31.03.2014 |
|---------------------|---------------------|---------------------|
| Opening stock       | 3319.18             | 4418.48             |
| Add: Purchases      | 23278.34            | 14851.23            |
| Less: Closing stock | (3317.76)           | (3319.18)           |
| <b>Consumption</b>  | <b>23279.76</b>     | <b>15950.53</b>     |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 2.22 CHANGES IN INVENTORIES OF WORK-IN-PROCESS FINISHED GOODS AND SCRAP

₹ in Lacs

|   | As at<br>31.03.2015 | As at<br>31.03.2014 |
|---|---------------------|---------------------|
| <b>A. Opening stocks:</b>                     |                     |                     |
| Work-in-process                               | 1473.10             | 1373.47             |
| Finished goods                                | 3082.06             | 2454.31             |
| Scrap   | 34.14               | 82.79               |
| <b>Total - A</b>                              | <b>4589.30</b>      | <b>3910.57</b>      |
| <b>B. Closing stocks:</b>                     |                     |                     |
| Work-in-process                               | 2082.00             | 1473.10             |
| Finished goods                                | 3344.36             | 3082.06             |
| Scrap   | 115.71              | 34.14               |
| <b>Total - B</b>                              | <b>5542.07</b>      | <b>4589.30</b>      |
| <b>C. Increase/(Decrease) in stocks (B-A)</b> | <b>952.77</b>       | <b>678.73</b>       |

## NOTE 2.23 EMPLOYEE BENEFIT EXPENSE

₹ in Lacs

|                                      | As at<br>31.03.2015 | As at<br>31.03.2014 |
|--------------------------------------|---------------------|---------------------|
| Employees remuneration and benefits  | 2548.22             | 2067.59             |
| Contribution to PF/ESI               | 167.66              | 139.35              |
| Gratuity expenses                    | 78.49               | 56.58               |
| Remuneration to Managerial personnel | 186.51              | 200.78              |
| Staff welfare expenses               | 131.56              | 103.38              |
| <b>Total</b>                         | <b>3112.44</b>      | <b>2567.68</b>      |

## NOTE 2.24 FINANCE COSTS

₹ in Lacs

|                             | As at<br>31.03.2015 | As at<br>31.03.2014 |
|-----------------------------|---------------------|---------------------|
| Interest on Term Loans      | 177.52              | 177.74              |
| Interest on Working Capital | 714.98              | 676.28              |
| Bank Charges                | 227.39              | 154.28              |
| Forex Loss/(Gain) (net)     | 6.67                | 906.53              |
| <b>Total</b>                | <b>1126.56</b>      | <b>1914.83</b>      |

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE 2.25 OTHER EXPENSES

₹ in Lacs

|   | As at<br>31.03.2015 | As at<br>31.03.2014 |
|---|---------------------|---------------------|
| Consumption of Stores, Spares, Tools & Dies | 798.99              | 732.31              |
| Power & fuel                                | 336.32              | 315.83              |
| Job Work Charges                            | 90.79               | 180.07              |
| Repairs & Maintenance :                     |                     |                     |
| Plant                                       | 131.69              | 48.95               |
| Building                                    | 7.19                | 14.92               |
| Vehicles                                    | 23.18               | 43.42               |
| Other Assets                                | 77.33               | 59.03               |
| Discounts to Customers                      | 562.80              | 330.88              |
| Other selling & Distribution expenses       | 190.86              | 214.92              |
| Packing Cost                                | 626.38              | 394.75              |
| Carriage outwards                           | 303.26              | 245.77              |
| Travelling & Conveyance                     | 431.86              | 382.83              |
| Insurance                                   | 58.40               | 53.61               |
| Rent  | 236.55              | 124.63              |
| Rates & Taxes ( Excluding Taxes on Income ) | 134.85              | 59.16               |
| Board Meeting Expenses                      | 4.18                | 2.37                |
| Remuneration to auditors :                  |                     |                     |
| Audit Fee                                   | 9.00                | 7.00                |
| Tax Audit Fee                               | 3.00                | 1.00                |
| Certification Fee /Taxation matter          | 5.30                | 0.48                |
| Communication Expenses                      | 50.49               | 45.15               |
| Professional consultancy                    | 147.61              | 132.02              |
| CSR Expenses                                | 41.48               | -                   |
| Miscellaneous Expenses                      | 340.89              | 283.53              |
| <b>Total</b>                                | <b>4612.40</b>      | <b>3672.63</b>      |

## NOTE 2.26 TAX EXPENSES

₹ in Lacs

|                             | As at<br>31.03.2015 | As at<br>31.03.2014 |
|-----------------------------|---------------------|---------------------|
| <b>Current tax expenses</b> |                     |                     |
| Current tax                 | 722.85              | 206.64              |
| Deferred (credit)/expenses  | (143.19)            | 49.98               |
| <b>Total</b>                | <b>579.66</b>       | <b>256.62</b>       |

# NOTES TO THE FINANCIAL STATEMENTS

## 2.27 EARNINGS PER SHARE (EPS)

The computation of EPS is set out below:

| Particulars  | 2014-15  | 2013-14  |
|--|----------|----------|
| <b>Earnings</b>  |          |          |
| Net profit for the period (₹ In lakhs)                                 | 932.56   | 420.53   |
| <b>Shares</b>  |          |          |
| Number of shares at the beginning of the period                        | 13491700 | 13491700 |
| Add: Shares issued during the period                                   | -        | -        |
| Total number of equity shares outstanding at the end of the period     | 13491700 | 13491700 |
| Weighted average number of equity shares outstanding during the period | 13491700 | 13491700 |
| <b>Earnings per share of par value ₹ 10/- Basic (Rs)</b>               | 6.91     | 3.12     |
| <b>Earnings per share of par value ₹ 5/- Diluted (Rs)</b>              | 3.46     | -        |

On splitting of Equity shares from the Face value of ₹ 10/- to ₹ 5/- per share with record date of 17th April, 2015.

## 2.28 CONTINGENT LIABILITIES NOT PROVIDED FOR

| Particulars  | ₹ in Lacs           |                     |
|--|---------------------|---------------------|
|  | As at<br>31.03.2015 | As at<br>31.03.2014 |
| A) Claims against the Company not acknowledged as debts:   |                     |                     |
| i) Income Tax Liability in respect of appeals preferred by the company with CIT (Appeals)  | -                   | 118.51*             |
| ii) Income Tax Liability in respect of appeal preferred by the Department in the H'ble High Court, A.P. Hyderabad, pending disposal. | 3.67 *              | 3.67*               |
| iii) Service Tax liability for which appeals preferred by the company is pending with CESTAT, Bangalore.                             | 68.55*              | 137.01*             |
| iv) Service Tax liability for which appeal preferred by the Department is pending with H'ble High Court, A.P. Hyderabad.             | 2.01*               | 2.01*               |
| B) Commitments / Contingent Liabilities:   |                     |                     |
| i) Estimated amount of contracts remaining to be executed on Capital accounts  | 45.51               | 290.23              |
| ii) Bank guarantees  | 8.5                 | 265.32              |

\* No provision is considered necessary since the Company expects favorable decision.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.29 EMPLOYEE BENEFIT PLANS

i) A summary of the Gratuity & Leave Encashment plans are as follows

### Assumptions:

|   | Gratuity Plan |         | Leave Encashment Plan |         |
|---|---------------|---------|-----------------------|---------|
|   | 2014-15       | 2013-14 | 2014-15               | 2013-14 |
| Discount Rate   | 7.80%         | 9.15%   | 7.80%                 | 9.15%   |
| Rate of increase in Compensation levels                       | 2% p.a.       | 2% p.a. | 2% p.a.               | 2% p.a. |
| Rate of Return on Plan Assets                                 | 8%            | 8%      | 0%                    | 0%      |
| Expected Average remaining working lives of employees (years) | 22 Yrs        | 22 Yrs  | 22 yrs                | 22 yrs  |

### Table Showing Changes in Present Value of Obligations

|   | 2014-15     |             | 2013-14     |             |
|---|-------------|-------------|-------------|-------------|
|   | 2014-15     | 2013-14     | 2014-15     | 2013-14     |
| Present Value of Obligation as at the beginning of the year | 2,47,67,122 | 2,00,94,505 | 58,11,187   | 48,60,306   |
| Interest Cost   | 22,66,192   | 16,47,749   | 5,31,724    | 3,98,545    |
| Current Service Cost  | 37,10,657   | 32,89,791   | 17,68,667   | 9,50,881    |
| Benefits paid   | (49,09,650) | (22,18,773) | (50,05,061) | (35,51,622) |
| Actuarial (gain)/ loss on obligations                       | 27,02,935   | 19,53,850   | 44,73,337   | 31,53,077   |
| Present Value of Obligation as at the end of the year       | 2,85,37,256 | 2,47,67,122 | 75,79,854   | 58,11,187   |

### The amount to be recognized in Balance Sheet and Statement of Profit And Loss

|   | 2014-15     |             | 2013-14     |             |
|---|-------------|-------------|-------------|-------------|
|   | 2014-15     | 2013-14     | 2014-15     | 2013-14     |
| Present Value of Obligation as at the end of the year | 2,85,37,256 | 2,47,67,122 | 75,79,854   | 58,11,187   |
| Fair Value of Plan Assets as at the end of the year   | 2,06,88,401 | 1,59,39,280 | -           | -           |
| Funded Status   | (78,48,855) | (88,27,842) | (75,79,854) | (58,11,187) |
| Net Asset / (Liability) Recognized in Balance Sheet   | (78,48,855) | (88,27,842) | (75,79,854) | (58,11,187) |

### Expenses Recognized in the statement of Profit and Loss

|   | 2014-15    |             | 2013-14   |           |
|---|------------|-------------|-----------|-----------|
|   | 2014-15    | 2013-14     | 2014-15   | 2013-14   |
| Current Service Cost                                  | 37,10,657  | 32,89,791   | 17,68,667 | 9,50,881  |
| Past Service Cost                                     | -          | -           | -         | -         |
| Interest Cost   | 22,66,192  | 16,47,749   | 5,31,724  | 3,98,545  |
| Expected Return on Plan Assets                        | (8,30,298) | (12,33,129) | -         | -         |
| Net actuarial (gain)/ loss recognized in the year     | 27,02,935  | 19,53,850   | 44,73,337 | 31,53,077 |
| Expenses Recognized in the Statement of Profit & Loss | 78,48,855  | 56,58,261   | 67,73,728 | 45,02,503 |

## 2.30 DETAILS OF CONSUMPTION OF RAW MATERIALS

| Description                 | Value           |                   |
|-----------------------------|-----------------|-------------------|
|                             | 2014-15         | 2013-14           |
| Imported ( Silicon Steel )  | 9822.93         | (6179.31)         |
| Indigenous (Silicon Steel ) | 11210.97        | (8258.48)         |
| Others                      | 2245.86         | (1512.74)         |
| <b>Total</b>                | <b>23279.76</b> | <b>(15950.53)</b> |

Note: Figures in brackets represent previous year's figures.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.31 DETAILS OF MANUFACTURED GOODS

₹ in Lacs

| Description  | Sales Values                  | Closing Inventory           | Opening Inventory           |
|--------------|-------------------------------|-----------------------------|-----------------------------|
| Stampings    | 30859.73<br>(21968.44)        | 3344.36<br>(3082.06)        | 3082.06<br>(2454.31)        |
| Others       | 5139.69<br>(4462.92)          | -                           | -                           |
| <b>Total</b> | <b>35999.42</b><br>(26431.36) | <b>3344.36</b><br>(3082.06) | <b>3082.06</b><br>(2454.31) |

Note: Figures in brackets represent previous year's figures.

## 2.32 DETAILS OF WORK IN PROCESS

₹ in Lacs

| Description  | WIP                         |
|--------------|-----------------------------|
| Stampings    | 2082.00<br>(1473.10)        |
| <b>Total</b> | <b>2082.00</b><br>(1473.10) |

Note: Figures in brackets represent previous year's figures.

## 2.33 CIF VALUE OF IMPORTS

₹ in Lacs

| Particulars       | 2014-15         | 2013-14         |
|-------------------|-----------------|-----------------|
| Raw Materials     | 8,079.43        | 4,989.84        |
| Stores and Spares | 78.56           | 43.59           |
| Capital goods     | 741.95          | 1,123.81        |
| <b>Total</b>      | <b>8,899.94</b> | <b>6,157.24</b> |

## 2.34 EARNINGS IN FOREIGN CURRENCY

₹ in Lacs

| Particulars          | 2014-15   | 2013-14   |
|----------------------|-----------|-----------|
| FOB value of Exports | 16,341.38 | 10,111.39 |

## 2.35 EXPENDITURE IN FOREIGN CURRENCY

₹ in Lacs

| Particulars           | 2014-15 | 2013-14 |
|-----------------------|---------|---------|
| Travelling and others | 146.99  | 163.81  |

## 2.36 SEGMENT REPORTING

### a) Primary Segment Reporting

The Company has identified "Manufacture of Electrical Stampings & Die Cast Rotors" as the only primary reportable segment.

### b) Secondary Segment (by Geographical Segment)

₹ in Lacs

| Sl. No       | Segment Revenue (Net) | Year Ended 2014 - 15 | Year Ended 2013 - 14 |
|--------------|-----------------------|----------------------|----------------------|
| a)           | India                 | 17,106.41            | 14,045.26            |
| b)           | Outside India         | 16,572.76            | 10,296.96            |
| <b>Total</b> |                       | <b>33,679.17</b>     | <b>24,342.22</b>     |

# NOTES TO THE FINANCIAL STATEMENTS

Total carrying amount of segment assets by geographical location of assets, for each geographical segment whose assets are 10% or more of the total assets of all geographical segments and the additions to the same are as under.

₹ in Lacs

| Sl. No. | Segment Assets | Carrying amount of assets as on |                  | Additions to Fixed Assets during the year |               |                 |               |
|---------|----------------|---------------------------------|------------------|---|---------------|-----------------|---------------|
|         |                | 31.03.2015                      | 31.03.2014       | 2014-15                                   |               | 2013-14         |               |
|         |                |                                 |                  | Put to use                                | CWIP          | Put to use      | CWIP          |
| a)      | India          | 29,827.19                       | 27,789.05        | 1,592.22                                  | 954.96        | 1,200.40        | 585.13        |
| b)      | Outside India  | 6,936.53                        | 3,062.01         | -   | -             | -               | -             |
|         | <b>TOTAL</b>   | <b>36,763.72</b>                | <b>30,851.06</b> | <b>1,592.22</b>                           | <b>954.96</b> | <b>1,200.40</b> | <b>585.13</b> |

## 2.37 RELATED PARTY DISCLOSURES

Related parties where control exists or where significant influence exists and with whom transactions have taken place during the year:

### A. List of Related parties:

#### I) Directors / Relatives

Shri Sharad B Pitti  
 Shri Akshay S Pitti  
 Smt Shanti B Pitti  
 Smt Madhuri S Pitti  
 Smt Radhika A Pitti  
 Shri Y B Sahgal  
 Shri Sanjay Srivastava \*  
 Shri GVSN Kumar

\* Shri Sanjay Srivastava, Executive Director has resigned with effect from 3rd May'2014 from the Board of the Company.

#### II) Directors' interest

1) Pitti Castings Private Limited,  
 2) Pitti Electrical Equipment Pvt. Ltd.,  
 3) Pitti Components Limited  
 4) Pitti Holdings Private Limited  
 5) Badrivishal Pannalal Pitti Trust

# NOTES TO THE FINANCIAL STATEMENTS

## B. Transactions/balances outstanding with related parties

₹ in Lacs

| Sl No | Transactions / Outstanding balances        | Directors / Relatives | Director's interest in firm / company | Total   |
|-------|--|-----------------------|---------------------------------------|---------|
| 1     | Remuneration                               | 200.63                | -                                     | 200.63  |
| 2     | Rent / Lease                               | 147.73                | -                                     | 147.73  |
| 3     | Rent deposit                               | 26.40                 | -                                     | 26.40   |
| 4     | Interest paid                              | -                     | 16.02                                 | 16.02   |
| 5     | Interest received                          | -                     | 12.76                                 | 12.76   |
| 6     | Purchases                                  | -                     | 1777.71                               | 1777.71 |
| 7     | Sales                                      | -                     | 212.94                                | 212.94  |
| 8     | ICDs - accepted                            | -                     | 475.00                                | 475.00  |
| 9     | ICDs - refunded                            | -                     | 475.00                                | 475.00  |
| 10    | ICDs - received back                       | -                     | 525.00                                | 525.00  |
| 11    | Unsecured Loan - given                     | -                     | 715.00                                | 715.00  |
| 12    | Unsecured Loan - transferred to Investment | -                     | 1233.00                               | 1233.00 |
| 13    | Investment - Preferential Equity           | -                     | 1233.00                               | 1233.00 |
| 14    | Deposit to propose the Director - received | 6.00                  | -                                     | 6.00    |
| 15    | Deposit to propose the Director - returned | 6.00                  | -                                     | 6.00    |
| 16    | Donations paid                             | -                     | 64.54                                 | 64.54*  |
| 17    | Job work charges earned                    | -                     | 46.36                                 | 46.36   |
| 18    | Amount payable at the year end             | 20.15                 | 140.78                                | 160.93  |
| 19    | Amount receivable at the year end          | 39.81                 | -                                     | 39.81   |

\* Including CSR expenses of ₹ 41.48 lacs

## 2.38 OPERATING LEASE: (AS A LESSEE)

₹ in Lacs

| Sl. No | Particulars                     | Future Payments  |                  |
|--------|---------------------------------|------------------|------------------|
|        |                                 | As at 31.03.2015 | As at 31.03.2014 |
| 1      | Within one year                 | 218.37           | 112.20           |
| 2      | Between one year and five years | 470.53           | 84.56            |
| 3      | Above five years                | 550.84           | 194.50           |

## 2.39 DEFERRED TAX

₹ in Lacs

| Sl No | Particulars   | Deferred Tax (Liability)/ Asset as at 01.04.2014 | Current Year charge (Debit) | Deferred Tax (Liability)/ Asset as at 31.03.2015 |
|-------|---|--|-----------------------------|--|
| 1     | Difference between Depreciation as per Co's Act. & as per IT Act. | (778.33)   | 130.15                      | (648.18)   |
| 2     | Others  | 54.02  | 13.04                       | 67.06  |
|       | <b>Deferred Tax Net</b>   | <b>(724.31)</b>                                  | <b>143.19</b>               | <b>(581.12)</b>                                  |



# NOTES TO THE FINANCIAL STATEMENTS

**2.40** The Company has provided for Cess as specified in section 441 A of the Companies Act, 1956 and in the absence of any notification by the Central Govt. the company could not deposit the same with the appropriate authority.

**2.41** No asset is impaired during the year as the assets are having recoverable value which is more than the carrying amount.

## **2.42 MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED)**

Disclosure required as per section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act.) as at 31.03.2015.

|       |   | ₹ in Lacs |         |
|-------|---|-----------|---------|
| Sl No | Particulars   | 2014-15   | 2013-14 |
| 1     | Principal amount due to suppliers under MSMED   | 104.22    | 28.67   |
| 2     | Interest accrued and due to suppliers covered under MSMED on the above amount ,unpaid               | 1.66      | 0.66    |
| 3     | Payment made to suppliers (With Interest) beyond the appointed day during the year.                 | 306.43    | 204.78  |
| 4     | Payment made to suppliers ( Other than interest ) beyond the appointed day during the previous year | -         | -       |
| 5     | Interest paid to suppliers covered under MSMED  | 14.29     | 8.40    |
| 6     | Interest due & Payable to suppliers covered under MSMED Act., towards payments already made.        | -         | -       |

The information has been given in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with company.

**2.43** Letters have been written for confirmation of debit and credit balances pertaining to debtors and creditors and reply from the parties is awaited.

## **2.44 FINANCIAL AND DERIVATIVE INSTRUMENTS**

|                   | As on 31st March, 2015 | As on 31st March, 2015 |
|-------------------|------------------------|------------------------|
| Forward contracts | ₹ 2,086.70 lacs        | ₹ 1,364.86 lacs        |

All financial and forward contracts entered into by the company are for hedging purpose only.

# NOTES TO THE FINANCIAL STATEMENTS

**2.45** The Company has prepared these financial statements as per the format prescribed by schedule III to Companies Act, 2013 issued by Ministry of Corporate Affairs.

Previous year's figures have been regrouped/ rearranged wherever necessary to confirm to current year's grouping/ classification.

As per report of even date  
**for Laxminiwas & Co**  
Firm Registration No. 011168S  
Chartered Accountants

**Dayaniwas Sharma**  
Partner  
M.No. 216244

Place : Hyderabad  
Date : 24th April, 2015

For and on behalf of the Board

**Sharad B Pitti**  
Chairman & Managing Director

**G.Narayana Rao**  
Director

**Satyabrata Padhi**  
Company Secretary

**G.V.S.N. Kumar**  
Executive Director & CFO







## PITTI LAMINATIONS LIMITED

Corporate Identity No: L29253TG1983PLC004141

Registered Office: 6-3-648/401, IV Floor Padmaja Landmark, Somajiguda, Hyderabad- 500 082, Telangana, INDIA

Ph: 040 – 23312774, Fax No.: 040 – 23393985 Email: shares@pittilam.com, website: www.pitti.in

### Form No.MGT-12

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1)(c) of the Companies (Management and Administration) Rules, 2014]

### Ballot Paper

| Sl. No. | Particulars  | Details |
|---------|--|---------|
| 01.     | Name of the First Named Shareholder (In block letters)   |         |
| 02.     | Postal address   |         |
| 03.     | Registered folio no. / * Client ID No.<br>(*Applicable to investors holding shares in dematerialized form) |         |
| 04.     | Class of share   |         |

I hereby exercise my vote in respect of Ordinary / Special Resolution enumerated below by recording my assent or dissent to the said Resolution in the following manner:

| Sl. No.                  | Item No.   | No. of shares held by me | I assent to the Resolution | I dissent to the Resolution |
|--------------------------|--|--------------------------|----------------------------|-----------------------------|
| <b>Ordinary Business</b> |  |                          |                            |                             |
| 1.                       | Adoption of audited financial statement of the Company for the financial year ended 31st March, 2015 |                          |                            |                             |
| 2.                       | Declaration of dividend on the equity shares   |                          |                            |                             |
| 3.                       | Re-appointment of Shri Y B Sahgal as Director of the Company   |                          |                            |                             |
| 4.                       | Ratification of appointment of statutory auditors  |                          |                            |                             |
| <b>Special Business</b>  |  |                          |                            |                             |
| 5.                       | Appointment of Shri S Thiagarajan as Independent Director of the Company                             |                          |                            |                             |
| 6.                       | Ratification of appointment of Cost auditor for the FY 2015-16                                       |                          |                            |                             |

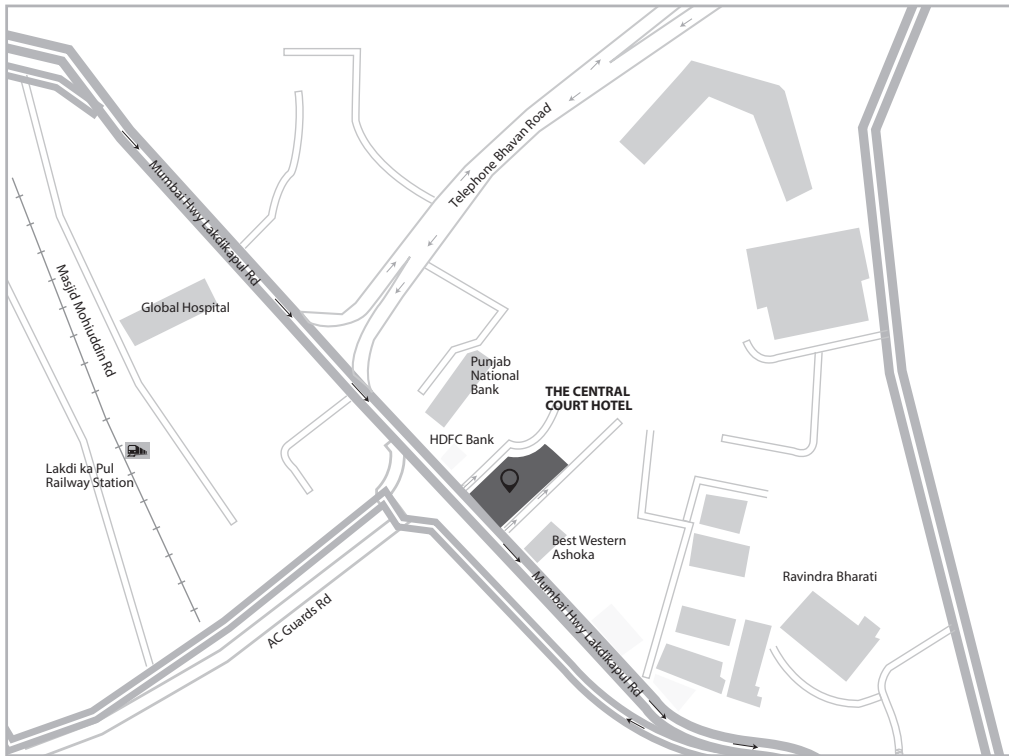
Place : \_\_\_\_\_

Date : \_\_\_\_\_

\_\_\_\_\_

(Signature of the shareholder)

# ROUTE MAP





## PITTI LAMINATIONS LIMITED

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### ATTENDANCE SLIP

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_

Name of the Member(s): \_\_\_\_\_ Signature \_\_\_\_\_

Name of the Proxy holder \_\_\_\_\_ Signature \_\_\_\_\_

1. Only Member / Proxy holder can attend the meeting
2. Member / Proxy holder should bring his / her copy of the Annual Report for reference at the meeting.







## PITTI LAMINATIONS LIMITED

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### Form No.MGT-11 PROXY FORM

Name of the Member (s) \_\_\_\_\_

Registered address \_\_\_\_\_

E-mail ID \_\_\_\_\_

Folio No / DP ID – Client ID \_\_\_\_\_

I/we, being the Member(s) of PITTI LAMINATIONS LIMITED holding \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_

Signature : \_\_\_\_\_ or failing him

2. Name : \_\_\_\_\_

Address : \_\_\_\_\_

E-mail ID : \_\_\_\_\_

Signature : \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on Monday, the 28th September, 2015 at 4.00 P.M at the West Minister Hall, The Central Court Hotel, 6-1-71, Lakdikapool, Hyderabad and at any adjournment thereof in respect of such Resolutions as are indicated below:

| Resolution No.           | Resolutions  |
|--------------------------|--|
| <b>Ordinary Business</b> |  |
| 1.                       | Adoption of audited financial statement of the Company for the financial year ended 31st March, 2015 |
| 2.                       | Declaration of dividend on the equity shares   |
| 3.                       | Re-appointment of Shri Y B Sahgal as Director of the Company   |
| 4.                       | Ratification of appointment of statutory auditors  |
| <b>Special Business</b>  |  |
| 5.                       | Appointment of Shri S Thiagarajan as Independent Director of the Company                             |
| 6.                       | Ratification of appointment of Cost auditor for the FY 2015-16                                       |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of the Shareholder \_\_\_\_\_

Signature of the Proxy holder(s) \_\_\_\_\_

Affix Rs.1/-  
Revenue  
Stamp

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Shri Sharad B Pitti

Chairman & Managing Director

### Shri Akshay S Pitti

Vice-Chairman & Managing Director

Shri Y B Sahgal, Executive Director

Shri GVSN Kumar, Executive Director & CFO

Shri N R Ganti, Director

Shri Gummalla Vijaya Kumar, Director

Shri M Gopalakrishna, IAS (Retd), Director

Ms. Gayathri Ramachandran, IAS (Retd), Director

Shri S Thiagarajan, Director

Shri Satyabrata Padhi, Company Secretary

## BANKERS

### State Bank of India

Industrial Finance Branch

Rajbhavan Road, Somajiguda,

Hyderabad – 500 082

Telangana

### Indian Overseas Bank

Adarshnagar Branch

5-9-305A, Paigah Plaza

Basheerbagh,

Hyderabad – 500 029

Telangana

### Kotak Mahindra Bank

Jewel Pavani Towers

Rajbhavan Road, Somajiguda

Hyderabad – 500 082

Telangana

### Allahabad Bank

Industrial Finance Branch

6-3-850/3, I Floor

Ameerpet Main Road

Hyderabad – 500 016

Telangana

### Oriental Bank of Commerce

156/1, SMR Sartaj Plaza

Sikh Road, Bowenpally

Secunderabad – 500 009

Telangana

## AUDITORS

Laxminiwas & Co

Chartered Accountants

402, IV Floor

Moghal's court, Basheerbagh

Hyderabad – 500 001

Telangana

## COST AUDITORS

Sagar & Associates

Cost Accountants

206, II Floor

Raghava Ratna Towers

Chirag Ali Lane, Abids

Hyderabad – 500 001

Telangana

## REGISTERED OFFICE

6-3-648/401, IV Floor

Padmaja Landmark

Somajiguda

Hyderabad – 500 082

Telangana

## FACTORY

### Plant I & II

Nandigaon Village, Kottur Mandal

Mahaboobnagar District

Telangana – 590233

### Plant III

Plot No. PAP – K – 11,

Chakan Industrial Area, Phase – II,

Village Khalumbre, Tal Khed,

District Pune

Maharashtra

## SHARE TRANSFER AGENTS

XL Softech Systems Ltd

Plot No.3, Sagar Society

Road No.2, Banjara Hilla

Hyderabad – 500 034

Telangana



**PITTI LAMINATIONS LIMITED**  
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