

**9th  
ANNUAL REPORT  
2002 - 2003**

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**PEETI SECURITIES LIMITED**

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**PEETI SECURITIES LIMITED**

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**BOARD OF DIRECTORS**

SRI SANDEEP PEETI	:	Managing Director
SRI RAJESH PEETI	:	Executive Director
SRI PURUSHOTTAM PEETI	:	Director
SRI RAJ KUMAR S ADULKA	:	Director
SMT.NISHA PEETI	:	Director (Up to 01.10.2002)
SMT.SONIKA PEETI	:	Director (Up to 01.10.2002)
SRI AJAY GARG	:	Director ( w.e.f.01.10.2002)
SRI RAJEEV PEETI	:	Director ( w.e.f. 01.10.2002)

**AUDITORS** : M/s. MKA Associates  
7, 1st Floor, Surabhi Sharadha Block,  
Ahuja Estate, Beside Palace Heights,  
Abids, Hyderabad – 500 00.

**REGISTERED OFFICE** : 609,6th Floor, Swapnalok Complex,  
S.D.Road, Secunderabad – 500 003.

**BANKERS** : The Tamilnad Mercantile Bank Ltd.  
Chenoy Trade Centre, Secunderabad

**FACTORY** : Plot No:164, Road No:5,  
Kattedan, Hyderabad – 500 077

**LISTED** : The Hyderabad Stock Exchange  
The Stock Exchange, Mumbai

**NOTICE**

Notice is hereby given that the Ninth Annual General Meeting of the members of the Company will be held at Bhagyanagar Function Hall, L. B. Nagar, Hyderabad on Tuesday 30th September, 2003 at 10.00 A.M. to transact the following items of business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2003 and the Profit and Loss Account for the financial year ended on that date and the Report of Directors and the Auditors thereon.
2. To appoint a Director in place of Sri Purushottam Peeti, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:****4. APPOINTMENT OF THE SRI AJAY GARG AS DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:

"RESOLVED THAT Sri Ajay Garg, who was co-opted as an Additional Director of the Company by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956, until the date of the Annual General Meeting and in respect of whom the Company has received a notice in writing in compliance with the provisions of the Section 257 of the Companies Act, 1956 proposing his candidature for the office of a director be and is hereby appointed as director of the Company, liable to retirement by rotation"

**5. APPOINTMENT OF THE SRI RAJEEV PEETI AS DIRECTOR OF THE COMPANY**

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

"RESOLVED THAT Sri. Rejeev Peeti, who was co-opted as an Additional Director of the Company by the Board of Directors and who holds office under Section 260 of the Companies Act, 1956, until the date of the Annual General Meeting and in respect of whom the Company has received a notice in writing in compliance with the provisions of the Section 257 of the Companies Act, 1956 proposing his candidature for the office of a director be and is hereby appointed as director of the Company liable to retirement by rotation.

By Order of the Board

Place : Secunderabad  
Date : 25th August, 2003

**SANDEEP PEETI**  
Managing Director

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**NOTES:**

1. A Member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such a proxy need not be a member of the Company. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting.
2. An Explanatory Statement purpose to Section 173(2) of the Companies Act, 1956, in respect of the business under item no's 4&5 is annexed thereto.
3. The Register of Members and the Share Transfer Books will remain closed from 29th September, 2003 to 30th September, 2003, (both days inclusive)

**EXPLANATORY STATEMENT****(Pursuant to Section 173(2) of the Companies Act)****Item No.4**

The Board inducted Sri Ajay Garg as an Additional Director of the Company in order to broaden the Board with effect from 1st October, 2003. Pursuant to Section 260 of the Companies Act, 1956. Ajay Garg holds office of director upto the date of the ensuing Annual General Meeting.

Further, Mr. Ajay Garg is a graduate in Commerce. He is also the Managing Director of Swarna Polymers Limited. Due to his rich experience, the Board feels that he should be a director liable to retire by rotation. Further the Company has also received a special notice in writing from a member along with an amount of Rs. 500/- as per the provisions of Section 257 of the Companies Act, 1956. Since, the appointment of a director under Section 257 of the Companies Act, 1956 requires the approval of the members in their meeting the Board commends this resolution for your approval.

None of the Directors except Sri Ajay Garg is interested in this resolution.

**Item No.5**

The Board inducted Sri Rajeev Peeti as an Additional Director of the Company in order to broaden the Board with effect from 1st October, 2003. Pursuant to Section 260 of the Companies Act, 1956, Sri Rajeev Peeti holds office of director upto the date of the ensuing Annual General Meeting.

Mr. Rajeev Peeti is also a graduate in Commerce. Taking into consideration the services rendered by him since his appointment as an Additional Director, the Board feels that he should be a director liable to retire by rotation. Further the Company has received a special notice in writing from a member along with an amount of Rs. 500/- as per the provisions of Section 257 of the Companies Act, 1956. Since, the appointment of a director under Section 257 of the Companies Act, 1956 requires the approval of the members in their meeting the Board commends this resolution for your approval.

None of the Directors except Sandeep Peeti, Rajesh Peeti, Purushottam Peeti and Rajeev Peeti is interested in this resolution.

**ADDITIONAL INFORMATION ON DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT.**

Purushottam Peeti is a graduate in Commerce. He was engaged in the business of soap manufacturing from 1953-1973. He is also a director of Peeti Holdings Private Limited. He is a turf accountant of Hyderabad Race Club. He has played a active role in the operations of the Company.

By Order of the Board

Place : Secunderabad  
Date : 25th August, 2003

**SANDEEP PEETI**  
Managing Director

**DIRECTORS' REPORT**

To,  
The Members,

Your Directors have pleasure in presenting the **NINTH ANNUAL REPORT** together with the Audited Accounts of the company for the financial year ended 31<sup>st</sup> March, 2003.

**FINANCIAL RESULTS:**

(Rs In Lakhs)

	For the Financial Year 2002-2003	For the Financial Year 2001-2002
Income from operations	6.99	32.20
Other Income	18.45	21.45
Total Expenditure	23.69	21.86
Gross Profit before Interest/Depreciation and taxation	1.75	31.79
Interest	0.27	0.39
Depreciation	6.87	6.62
Provision for tax	0.14	2.55
Net Profit/ (Loss)	(5.53)	22.23
Paid up Equity Share Capital	375.04	375.04
Reserves & Surplus	Nil	Nil

**OPERATIONS:**

The total income earned by the company during the current financial year is Rs.25.44 Lacs when compared to last year's income of Rs. 53.65 Lacs. Your Company recorded operating loss of Rs 2.03 Lacs in the Securities division and an operating profit of Rs.9.02 Lakhs in the textiles division. Further, your Company recorded a Net Loss of Rs.5.53 Lacs for the financial year ending 31<sup>st</sup> March, 2003 when compared to a net profit of Rs.22.23 Lacs during the previous year.

However, the Board of your Company is making concrete efforts to improve the performance both in the Securities Division and Textile Division. Your directors are confident that once the position of the financial market improves, the performance of your Company would also improve.

**DIVIDEND:**

Due to absence of profits for the financial year ending 31<sup>st</sup> March, 2003, Directors express their inability to recommend any dividend for the said financial year. Directors regret the same, but are hopeful that the performance of the Company would improve in the years to come.

**PARTICULARS OF EMPLOYEES:**

Pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, as amended, no employee of your Company is in receipt of remuneration exceeding Rs.2,00,000/- per month or Rs.24,00,000/- per annum during the financial year.

## **PEETI SECURITIES LIMITED**

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### **DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors of your Company hereby report:

- (i) that in the preparation of Annual Accounts for the financial year ended 31<sup>st</sup> March, 2003, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any, there from;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31<sup>st</sup> March, 2003 and of the profit and loss of the company for that period;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
- (iv) that the directors have prepared the annual accounts on a going concern basis.

### **FIXED DEPOSITS:**

The company has neither accepted nor renewed any deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 from the public during the financial year.

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

A Statement giving details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, is set out in Form - 'A' and Form - 'B' which is enclosed as Annexure - A to this report.

### **MANAGEMENT DISCUSSION & ANALYSIS:**

The management is of the view that the textile industry is slowly and steadily on recovery path and expected to gain momentum in the next two years. The benefits of lifting of quota system in U S A and other European countries will immensely benefit the company to export furnishings in the post W T O pact. The possible competition from other similar companies may affect the opportunities of your companies.

Your company has two segments. Textile division and securities division. Due to sluggishness of securities market, your company is not aggressively pursuing investment division. However the management is pursuing reasonably good opportunities in Textile division with slow and steady recovery of securities market. The outlook of the Management will be changed with more investment decisions in primary and secondary markets and considering W T O impact and aggressive role in textile division.

**PEETI SECURITIES LIMITED**

The Financial performance of the company is not indicating the true potential of the company due to the sluggishness in Textile as well as securities market. However with positive developments of textile and capital markets, the company is expected to perform reasonably well in the years to come.

**CORPORATE GOVERNANCE:**

In terms of Clause 49 of the Listing Agreement, Corporate Governance is applicable to the Company from the current financial year and the company has implemented the same. A Separate Report on Corporate Governance is enclosed as Annexure-B to this report.

**DIRECTORS:**

Sri Purushottam Peeti, Director of your company retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Smt Usha Peeti and Smt Sonika Peeti, Directors of your Company resigned as directors of the company with effect from 1<sup>st</sup> October, 2002. The Directors of your Company place on record their sincere appreciation for the services rendered by them as director of the Company.

Sri Ajay Garg and Sri Rajeev Peeti were co-opted as additional directors on the Board of the Company in order to broad base the Board. As per the provisions of Section 260 of the Companies Act, 1956, they vacate the office as Additional Directors at the forthcoming Annual General Meeting and have been proposed by a member under Section 257 of the Companies Act, 1956 for appointment as director at the forthcoming Annual General Meeting.

**AUDITORS:**

M/s. MKA Associates, Chartered Accountants, the Statutory Auditors of the company retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**Explanation to Auditors observations:**

With regard to the observation made by Auditor's vide point no.17 to the Audit Report, the attention of members is drawn to the fact that due to clerical lapses the Employee State Insurance amount could not be deposited in time by your Company with the appropriate authorities. However, subsequently the same was deposited with the appropriate authorities by the Company.

**LISTING FEE:**

Your Company's shares are listed on the Hyderabad Stock Exchange and Mumbai Stock Exchange. Your company is regular in payment of listing fee.

**ACKNOWLEDGEMENTS:**

Your Directors would like to place on record their sincere appreciation and gratitude to the Company's Customers, Bankers, Shareholders for their support and co-operation. Your Directors express their heartfelt gratitude to the employees for their exceptional commitment and loyalty to the company.

FOR AND ON BEHALF OF THE BOARD

Place:  
Date :

**SANDEEP PEETI**  
Managing Director

**PURUSHOTTAM PEETI**  
Director

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**ANNEXURE – A****FORM - "A"**

**PARTICULARS UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1998.**

**A. CONSERVATION OF ENERGY**

- a. The Company has taken adequate steps to upgrade its technology and making sincere efforts to conserve energy during its operation
- b. Total energy consumption and energy consumption per unit of production:

	2002 –2003	2001-2002
Diesel Cost	Rs. 14,416/-	Rs.1,55,422/-
Purchased Units	1,45,415 units @ Rs 5.19 per unit	1,28,484 units @ Rs 4.45 per unit
Total Amount	Rs. 7,69,499/-	Rs. 7,24,040/-

**FORM - "B"**

- A. RESEARCH AND DEVELOPMENT (R&D) : Nil
- B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION : Nil
- C. FOREIGN EXCHANGE EARNINGS AND OUTGO : Nil

(There is no inflow or out flow of foreign exchange during the year)

**ANNEXURE – B****REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement)

Pursuant to the Schedule of implementation of the Clause 49 of the Listing Agreement the Code of Corporate Governance is applicable to your Company from this financial year 2002-2003. Accordingly, the Company presents its first report on Corporate Governance.

**1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE**

The directors of the company are of the firm belief that the company can reach to the peak of success only by following good managing principles and by implementing them in a systematic manner besides complying with all the statutory requirements as required under various laws, statutes, regulations, by- laws etc., which are applicable to the company from time to time. Further, it envisages that the code of Corporate Governance is a policy framework wherein the interests of the shareholders, employees and other constituents are well protected.