

**12th  
ANNUAL REPORT  
2005-2006**

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**PEETI SECURITIES LIMITED**

**PEETI SECURITIES LIMITED**

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## PEETI SECURITIES LIMITED

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### BOARD OF DIRECTORS

SRI PURUSHOTTAM PEETI	: Chairman
SRI SANDEEP PEETI	: Managing Director
SRI RAJESH PEETI	: Executive Director
SRI RAJ KUMAR S ADULKA	: Director
SRI AJAY GARG	: Director
SRI RAJEEV PEETI	: Director

### AUDITORS

: M/s. MKA Associates  
1st Floor, Surabhi Sharadha Block,  
Ahuja Estates, Abids,  
Hyderabad - 500 001.

### REGISTERED OFFICE

: 609, 6th Floor, Swapnalok Complex,  
S.D. Road, Secunderabad - 500 003.

### BANKERS

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

### ADMINISTRATIVE OFFICE

#### & WORKS

: 221/A, Tivoli Compound  
Bolton Road, Secunderabad - 500 003.

### REGISTRARS AND SHARE

#### TRANSFER AGENTS

: CIL Securities Limited  
II Floor, Raghava Ratna Towers,  
Chirag -ali-Lane, Hyderabad.

### LISTED AT

: The Hyderabad Stock Exchange,  
The Bombay Stock Exchange Ltd.,

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**NOTICE**

Notice is hereby given that the "Twelfth Annual General Meeting" of the members of the Company will be held at Bhagyanagar Function Hall, L. B. Nagar, Hyderabad on 30<sup>th</sup> September, 2006 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 31<sup>st</sup> March, 2006 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 Rajeev 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. To consider and if thought fit, to pass with or without modification (s) the following resolution as an Ordinary Resolution: "RESOLVED THAT pursuant to the provisions of Sections 198,269,309,311 and all other applicable provisions, if any, contained under the Companies Act,1956 read with Schedule XIII of the said Act, as amended from time to time , Mr.Rajesh Peeti be and is hereby re-appointed as the Executive Director of the Company with effect from 30<sup>th</sup> September, 2005 and shall be eligible for the following remuneration for a period of three years , as approved by the Remuneration Committee of the Board."

- |                 |   |
|-----------------|---|
| i) Salary       | : Rs.1,44,000/- per annum   |
| ii) Perquisites | : Rent free un-furnished residential accommodation will be provided with effect from 01 <sup>st</sup> October 2005. |

5. To consider and if thought fit, to pass with or without modification (s) the following resolution as an Ordinary Resolution: RESOLVED THAT in partial modification of the earlier resolution passed by the Board of Directors in their meeting held on 30<sup>th</sup> September 2005 and in accordance with the provisions contained under section 198, 269, 309, 310 and all other applicable provisions, if any, contained under the Companies Act, 1956, read with Schedule XIII of the said act as amended from time to time, remuneration payable to Mr.Rajesh Peeti, Executive Director of the Company be and is hereby revised with effect from 01<sup>st</sup> June 2006 for the remaining tenure of his appointment on the following terms and conditions as approved by the remuneration committee in their meeting held on 01<sup>st</sup> May 2006."

- |                      |                           |
|----------------------|---------------------------|
| Basic Pay            | : Rs.2,88,000/- per annum |
| House Rent Allowance | : Rs.1,44,000/- per annum |

6. To consider and if thought fit, to pass with or without modification (s) the following resolution as an Ordinary Resolution: RESOLVED THAT pursuant to provisions contained under section 198, 269, 309, 310 and all other applicable provisions, if any, contained under the Companies Act, 1956, read with Schedule XIII of the said act as amended from time to time, remuneration payable to Mr.Sandeep Peeti, Managing Director of the Company be and is hereby revised with effect from 01<sup>st</sup> June 2006 for the remaining tenure of his appointment on the following terms and conditions as approved by the remuneration committee in their meeting held on 01<sup>st</sup> May 2006."

- |                      |                           |
|----------------------|---------------------------|
| Basic Pay            | : Rs.3,60,000/- per annum |
| House Rent Allowance | : Rs.1,80,000/- per annum |

Place: Secunderabad  
Date: 02<sup>nd</sup> September, 2006

By order of the Board  
Sd/-

**SANDEEP PEETI**  
Managing Director

**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. The Register of Members and the Share Transfer Books will remain closed from 28<sup>th</sup> September, 2006 to 30<sup>th</sup> September, 2006 (both days inclusive).
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed to the notice.

## PEETI SECURITIES LIMITED

**EXPLANATORY STATEMENT** [ Pursuant to Section 173(2) of the Companies Act, 1956]

**Item No.4: Re-appointment of Mr.Rajesh Peeti as Executive Director of the Company:**

The tenure of Mr.Rajesh Peeti came to an end on 30<sup>th</sup> September, 2005. The Board of Directors in their meeting held on the same day re-appointed him for another term of 3 years without any change in the terms and conditions and the same has been approved by the Remuneration Committee. As the re-appointment is to be ratified by the members in the General Meeting, the aforesaid resolution is recommended for your approval.

None of the directors is interested in passing of the aforesaid resolution.

**Item No.5: Revision of remuneration payable to Mr.Rajesh Peeti, Executive Director of the Company:**

The Board of Directors of your Company in their meeting held on 30<sup>th</sup> May 2006 revised the remuneration of Mr.Rajesh Peeti for the balance period of his appointment. The revision in the terms of appointment is in accordance with the provisions of Section 269 of the Companies Act, 1956, read with Schedule XIII of the said act.

In compliance with the provisions of Sections 198, 269, 309 and 316 of the Companies Act, 1956, the terms of remuneration of Mr.Rajesh Peeti specified in the resolution are now placed before the members in the General Meeting for their approval.

None of the directors is interested in the passing of the aforesaid resolution.

**Item No.6: Revision of remuneration payable to Mr.Rajesh Peeti, Executive Director of the Company:**

The Board of Directors of your Company in their meeting held on 30<sup>th</sup> May 2006 revised the remuneration of Mr.Sandeep Peeti for the balance period of his appointment. The revision in the terms of appointment is in accordance with the provisions of Section 269 of the Companies Act, 1956, read with Schedule XIII of the said act.

In compliance with the provisions of Sections 198, 269, 309 and 316 of the Companies Act, 1956, the terms of remuneration of Mr.Rajesh Peeti specified in the resolution are now placed before the members in the General Meeting for their approval.

None of the directors is interested in the passing of the aforesaid 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**

Mr.Rajeev Peeti is a graduate in Commerce. He was appointed as the director on board of the company on 01.10.2002 taking into account his vast experience in stock markets, Finance business and to comply with the Corporate Governance requirements. He is presently member of the Audit committee. He is discharging his duties diligently as the member of Audit committee since his appointment.

Additional information about Mr.Rajesh Peeti and Mr.Sandeep Peeti:

Textile Industry and securities market:

Textile Industry is one of the oldest industry in India as well as Global Economy contributing about 195 billion US \$ annually. The annual Industry garment exports are around 5 to 6 billion US \$. It accounts for nearly 20% of the G D P of the Country. It is third largest employment generating sector after agriculture and railways. Today there is immense development in the Textile sector by the use of sophisticated technology which has led to mass production of wide varieties of textiles. When it comes to securities market, Indian capital market is registering all time highs with the SENSEX touching all time record.

On account of major ups and downs in the Securities market, company has reduced its activities in the securities market and concentrated more on textile division by producing multipurpose printed cloths used for interior decorations. Presently the company's share in Textile and Securities constitutes 75% and 25% respectively. Textile division has revenue fetching potentiality and contributed a lot in bringing down the accumulated losses year after the year.

Sri Rajesh Peeti is a graduate in commerce and holding Executive directorship right from the inception of the company and gained vast experience in Securities and textile business. apart from holding Executive Directorship in the company he does not hold any other directorships. Presently he is looking after the day-to-day activities of the company.

Sri Sandeep Peeti is a graduate in commerce and holding Managing Directorship right from the inception of the company. Apart from securities and textile industry, he gained vast experience in Real Estate business. He is currently involved in the textile division of the company.

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**DIRECTORS' REPORT**

To,

The Members,

Your Directors have pleasure in presenting the **TWELFTH ANNUAL REPORT** together with the Audited Accounts of the company for the financial year ended 31<sup>st</sup> March, 2006.

**FINANCIAL HIGHLIGHTS**

Particulars	(Rs.in lacs) Year ended 31.03.2006	(Rs.in lacs) Year ended 31.03.2005
Sales	377.07	472.59
Other income	13.74	11.86
Profit before depreciation and tax	8.83	37.49
Depreciation	4.31	5.84
Net Profit before tax	4.52	31.65
Provision for taxation		
a. Current tax	(1.10)	1.61
b. Deferred Tax	0.70	Nil
c. Fringe Benefit Tax	(0.45)	1.61
Profit after tax	3.66	30.03
Prior period adjustments	Nil	Nil
Total	3.66	30.03
Deficit brought forward from the previous year	27.65	(57.69)
Surplus/ (Deficit) carried to Balance Sheet	(23.99)	(27.65)

**OPERATIONS:**

During the year under review, your company has achieved a total income of Rs. 390.81 lakhs when compared to last year income of Rs. 484.49 Lakhs and recorded a net profit of Rs.4.52 Lakhs for the financial year ending 31<sup>st</sup> March, 2006 when compared to a net Profit of Rs. 31.65 Lakhs during the previous year. Though your company recorded lesser turnover compared to previous year, your company was able to bring down the deficit from 27.65 Lakhs to 23.99 Lakhs.

Lesser Turnover compared to previous year is due to lesser trading in securities market which resulted in reduction in turnover to the extent of Rs. 96.30 Lakhs and there is a slight increase of turnover in textile division to the extent of Rs. 0.78 Lakhs.

**DIVIDEND:**

Due to absence of distributable profits for the financial year ending 31<sup>st</sup> March, 2006, the Directors express their inability to recommend any dividend for the said financial year.

**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.

**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, 2006, 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, 2006 and of the profit and loss of the company for that period:

## PEETI SECURITIES LIMITED

- (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 - I** to this report.

### CORPORATE GOVERNANCE:

A separate report on Corporate Governance along with Auditor's Certificate on its compliance is enclosed as **Annexure - II** to this report.

### DIRECTORS:

The tenure of Mr. Rajesh Peeti, Executive Director of the company come to an end on 30<sup>th</sup> September, 2005. The Board of Directors has re-appointed him for another term of 3 years and the same is commended for your ratification. Remuneration of Sri Rajesh Peeti and Sri Sandeep Peeti, Executive Director and Managing Director respectively has been revised on 30<sup>th</sup> May 2006 taking into account their contribution in day-to-day activities of the Company and cost of living index. Sri Rajeev Peeti, Director of your company retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

### AUDITORS:

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

### LISTING FEE:

Your Company's shares are listed on the Hyderabad Stock Exchange and The Bombay Stock Exchange Limited. 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: Secunderabad  
Date: 02<sup>nd</sup> September 2006

**SANDEEP PEETI**  
Managing Director

**RAJESH PEETI**  
Executive Director

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**ANNEXURE – I  
Form – “A”****PARTICULARS UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE  
REPORT OF BOARD OF DIRECTORS) RULES 1998****A. CONSERVATION OF ENERGY**

1. The company has taken adequate steps to upgrade its technology and is making sincere efforts to conserve energy during its operation.
2. Total energy consumption and energy consumption per unit of production:

Particulars	2005-06	2004-05
Diesel cost	27,448	21,996
Purchased units	37,926 units @5.79 per unit	1,15,677 units @4.49 per unit
Total Amount	Rs.2,47,141	Rs,5,41,438/-

**FORM - “B”****PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

- RESEARCH AND DEVELOPMENT (R&D) : NIL
- TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION : NIL
- FOREIGN EXCHANGE EARNINGS AND OUTGO:**
  - FOREIGN EXCHANGE EARNINGS (FOB) : NIL
  - FOREIGN EXCHANGE OUTGO (CIF) : NIL

**ANNEXURE – II  
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 2003-04. Accordingly, the Company presents its second 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, bye- 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.



# PEETI SECURITIES LIMITED

## 2. BOARD OF DIRECTORS

### A. Composition

As on 31<sup>st</sup> March, 2006, the Board of Directors consists of Six Directors comprising of two promoter Executive Directors, four non-executive Directors.

Name of the Director	Category	No. of Other Director ships	No of Meetings Held	No. of Meeting sattended	Whether attended last AGM
Rajesh Peeti	Promoter Executive Director	1	8	8	Yes
Sandeep Peeti	Promoter Managing Director	1	8	8	No
Purushottam Peeti	Non-Executive Chairman	1	8	8	No
Raj Kumar S. Adukla	Non-Executive Independent Director	1	8	Nil	No
Rajeev Peeti	Non-Executive Director	--	8	8	No
Ajay Garg	Non-Executive Independent Director	1	8	8	No

### B. Date of Board Meetings

Board of Directors met 8 times during the financial year 2005-2006 on the following dates:

01-04-05	30-04-05	01-06-05	30-06-05
30-07-05	30-09-05	30-10-05	17-01-06

### Audit Committee:

#### ■ Brief description of terms of reference

The terms of reference as per Clause 49 of the Listing Agreement are as follows

- to review the results announcement and the report and accounts at the end of a quarter, half year and the full year before submission to the board, focusing particularly on:
  - Any changes in accounting policies and practices.
  - Compliance with accepted accounting standards.
  - Major Judgmental Decisions; etc.
- To consider appointment of Statutory Auditors, the Audit Fee, and any matter of resignation and dismissal.
- To discuss with the Statutory Auditor before the audit commences the nature and scope of the Audit.
- To review the effectiveness of the system of internal financial controls and discuss the same periodically with the statutory auditors.
- To discuss problems and reservations arising from the Statutory audit and any matters the statutory auditor may wish to discuss.
- To consider other topics as may be delegated by the board from time to time.

#### ■ Composition

The Audit Committee comprises of independent directors and composition of the committee is as follows:

Sri Raj Kumar S Adulka	-	Chairman
Sri Rajeev Peeti	-	Member
Sri Ajay Garg	-	Member