

**13th
ANNUAL REPORT
2006 - 2007**

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PEETI SECURITIES LIMITED

PEETI SECURITIES LIMITED

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BOARD OF DIRECTORS

| | |
|------------------------|--------------------------------|
| Sri Purushottam Peeti | : Chairman (Upto 07.05.07) |
| Sri Sandeep Peeti | : Chairman & 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 Estate, Abids,
Hyderabad – 500 001.

**REGISTERED &
WORKS OFFICE**

: 221/A, Tivoli Compound
Behind Lamba Cinema Hall
Bolton Road, Secunderabad - 500 003.

BANKERS

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

**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 **Thirteenth Annual General Meeting** of the members of the Company will be held at **Bhagyanagar Function Hall, L. B. Nagar, Hyderabad** on **29th September, 2007 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, 2007 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 **Şri Rajkumar S Adukia** , 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.

BY ORDER OF THE BOARD

Sd/-

SANDEEP PEETI

MANAGING DIRECTOR

Place: Secunderabad

Date: 02nd September, 2007

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 27th September 2007 to 29th September 2007 (both days inclusive).

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

Sri Rajkumar S Adukia is a Chartered Accountant and practicing in mumbai since 1982. He is on the board of the Company since its inception. He has vast experience in taxation, finance and Company affairs. Considering his rich experience, he was made Chairman of the Audit Committee.

PEETI SECURITIES LIMITED**DIRECTORS' REPORT**

To,
The Members,

Your Directors have pleasure in presenting the **THIRTEENTH ANNUAL REPORT** together with the Audited Accounts of the company for the financial year ended 31st March, 2007.

FINANCIAL HIGHLIGHTS

| Particulars | (Rs. in Lacs) Year ended 31.03.2007 | (Rs. in lacs) Year ended 31.03.2006 |
|--|---|---|
| Sales | 319.90 | 377.07 |
| Other income | 13.17 | 13.74 |
| Profit before depreciation and tax | 15.03 | 8.83 |
| Depreciation | 4.06 | 4.31 |
| Net Profit before tax | 10.97 | 4.52 |
| Provision for taxation | | |
| a. Current tax | (2.36) | (1.10) |
| b. Deferred Tax | 0.58 | 0.72 |
| c. Fringe Benefit Tax | (0.51) | (0.45) |
| Profit after tax | 8.68 | 3.66 |
| Prior period adjustments | 0.05 | Nil |
| Total | 8.63 | 3.66 |
| Deficit brought forward from the previous year | (23.99) | (27.65) |
| Surplus/ (Deficit) carried to Balance Sheet | (15.35) | (23.99) |

OPERATIONS:

During the year under review, your company has achieved a total income of Rs. 333.07 lakhs when compared to last year income of Rs. 390.81 Lakhs and recorded a net profit of Rs.10.97 Lakhs for the financial year ending 31st March, 2007 when compared to a net Profit of Rs. 4.52 Lakhs during the previous year. Slight slump in the turnover is on account of sluggish market in the industry and tightening of credit policy to control the Bad Debts.

DIVIDEND:

Due to absence of distributable profits for the financial year ending 31st March 2007, 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 31st March, 2007, 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 31st March, 2007 and of the profit and loss of the company for that period:

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- (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:

Your 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:

Sri Purushottam Peeti, Chairman of your company passed away on 07th May 2007 due to ill health. Board of Directors in their meeting has expressed deep condolence of his sudden demise and taken on record their sincere appreciation towards the services rendered by him during his tenure as the Chairman of the Company. , Mr.Rajkumar S Adukia, Director of your company retires by rotation at the ensuing Annual General Meeting, Being eligible for the re-appointment, offers himself for the re-appointment.

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: 02nd September 2007

SANDEEP PEETI
Managing Director

RAJESH PEETI
Executive Director

PEETI SECURITIES LIMITED**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 | 2006-07 | 2005-06 |
|--------------------|----------------------------------|--------------------------------|
| Diesel cost | 28,284/- | 27,488/- |
| Purchased units | 17,505 units @ Rs. 9.20 per unit | 37,926 units @Rs.5.79 per unit |
| Total Amount | Rs.1,89,501 | Rs.2,47,141 |

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

- A. RESEARCH AND DEVELOPMENT (R&D) : NIL
- B. TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION : NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. FOREIGN EXCHANGE EARNINGS : NIL
2. FOREIGN EXCHANGE OUTGO : NIL

ANNEXURE - II**REPORT ON CORPORATE GOVERNANCE****(Pursuant to Clause 49 of the Listing Agreement)**

Pursuant to Clause 49 of the Listing Agreement, the company presents its report on Corporate Governance.

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance is aimed at assisting the top management of the company in the efficient conduct of the business and in meeting its obligation to stakeholders, and is guided by a strong emphasis on transparency, accountability and integrity. Company believes in sharing the entire information about its operations with the investors. Since several years, company is committed to values and ethical business conduct. This includes its corporate and other structure, its culture its policies and the manner in which it deals with its stakeholders. Accordingly timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company, is an important part of corporate Governance. This improves public understanding of the structure, activities and policies of the organization; consequently, the organization is able to enhance the trust and confidence of the Stakeholders.

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2. BOARD OF DIRECTORS

A. Composition

As on 31st March, 2007, the Board of Directors consists of Six Directors comprising of two promoter Executive Directors, four non-executive Directors. Due to death chairman Sri Purushottam Peeti, as on the date of report, the Board consists of five directors out of which two are promoter executive directors and three non-executive directors.

| Name of the Director | Category | No. Other Director ships | No. Meetings Held | No. Meetings attended | Whether Attended last AGM |
|-------------------------------------|------------------------------------|--------------------------|-------------------|-----------------------|---------------------------|
| Rajesh Peeti | Promoter Executive Director | - | 7 | 7 | Yes |
| Sandeep Peeti | Promoter Managing Director | - | 7 | 7 | Yes |
| Purushottam Peeti (upto 07.05.2007) | Non-Executive Chairman | - | 7 | 7 | No |
| Raj Kumar S. Adukla | Non-Executive Independent Director | - | 7 | Nil | No |
| Rajeev Pittie | Non-Executive Independent Director | - | 7 | 7 | Yes |
| Ajay Garg | Non-Executive Independent Director | - | 7 | 7 | No |

B. Date of Board Meetings

Board of Directors met 7 times during the financial year 2006-07 on the following dates and the gap between two board meetings did not exceed four months.

| | | | |
|-----------------------------|----------------------------|----------------------------|----------------------------|
| 20 th April 2006 | 30 th May 2006 | 31 st July 2006 | 02 nd Sep, 2006 |
| 31 st Oct, 2006 | 30 th Nov, 2006 | 31 st Jan, 2007 | |

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 Adukla | - | Chairman |
| Sri Rajeev Peeti | - | Member |
| Sri Ajay Garg | - | Member |

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❖ Meetings during the year

During the Financial year 2006-07, the Audit Committee met on five times on

| | | | | |
|------------|------------|------------|------------|------------|
| 30-04-2006 | 30-06-2006 | 31-07-2007 | 31-10-2006 | 31-01-2007 |
|------------|------------|------------|------------|------------|

Remuneration Committee:

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

| | | |
|------------------------|---|-----------|
| Sri.Raj Kumar S Adukia | - | Chairman. |
| Sri Rajeev Peeti | - | Member |
| Sri Ajay Garg | - | Member |

Details of remuneration to all the directors for the year.

| Name of Director | Sitting Fees | Salary & Perks | TOTAL |
|------------------|--------------|----------------|----------|
| Sandeep Peeti | Nil | 4,72,500 | 4,72,500 |
| Rajesh Peeti | Nil | 3,68,850 | 3,68,850 |

No sitting fee is paid either for Board Meetings or for Committee Meetings.

Name & Designation of the Compliance Officer:

| | |
|-------------|--------------------|
| Name | : S.N.V.Prasad |
| Designation | : Accounts officer |

The Company received no complaints during the financial year ending 31st March 2007.

Investors and Shareholders Grievance Committee:

❖ Brief description of terms of reference:

To look into various affairs relating to the shareholders with regard to redressal of complaints in relation to transfer of shares, non-receipt of share certificates, balance sheets, dividends etc.,

❖ Composition

The Committee comprises of the following non-executive independent directors:

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

6. GENERAL BODY MEETINGS

Annual General Meeting of the Company for the past 3 years has been held at the following venues at the time specified against them.

| Year | AGM | Venue | Day & Date | Time |
|---------|----------------------|--|-----------------------------|------------|
| 2005-06 | 12 th AGM | Bhagyanagar Function Hall, L.B.Nagar, Hyderabad. | 30 th Sept, 2006 | 10.00 A.M. |
| 2004-05 | 11 th AGM | Bhagyanagar Function Hall, L.B.Nagar, Hyderabad. | 30 th Sept, 2005 | 10.00 A.M. |
| 2003-04 | 10 th AGM | Bhagyanagar Function Hall, L.B.Nagar, Hyderabad. | 30 th Sept, 2004 | 10.00 A.M. |

No Special Resolutions were passed through postal ballot at the last Annual General Meeting (A G M) and no Special Resolutions were proposed through postal ballot at the ensuing Annual General Meeting.