

**16<sup>th</sup>**  
**ANNUAL REPORT**  
**2009 - 2010**

**PEETI SECURITIES LIMITED**

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**BOARD OF DIRECTORS**

Sri Sandeep Peeti	:	Chairman & Managing Director
Sri Rajesh Peeti	:	Executive Director
Sri Raj Kumar Agrawal	:	Director
Sri Ajay Garg	:	Director
Sri Rajeev Peeti	:	Director

<b>AUDITORS</b>	:	M/s. MKA Associates 1 <sup>st</sup> Floor, Surabhi Sharadha Block, Ahuja Estate, Abids, Hyderabad – 500 001.
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<b>REGISTERED OFFICE &amp; WORKS :</b>	Survey No.71, Opp. BSNL Office, Beside M.P.Hardware Lane, Old Kurnool Road, Kattedan Hyderabad - 500077
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<b>BANKERS</b>	:	ING Vysya Bank LTD, Shamshabad, Hyderabad.
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<b>REGISTRARS AND SHARE TRANSFER AGENTS</b>	:	CIL Securities Limited II Floor, 214, Raghava Ratna Towers Chirag Ali Lane Hyderabad – 500 001
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<b>LISTED AT</b>	:	The Bombay Stock Exchange Ltd
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**NOTICE**

Notice is hereby given that the **Sixteenth Annual General Meeting** of the members of the Company will be held on Thursday the **30<sup>th</sup> September 2010** at **10.00 A.M.** at **Bhagyanagar Function Hall, L. B. Nagar, Hyderabad** 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, 2010, Profit and Loss Account for the financial year ended on that date and the Report of the Board 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 authorize Board of Directors to fix their remuneration.

**BY ORDER OF THE BOARD**

**Sd/-**

Place: Hyderabad

**SANDEEP PEETI**

Date : 01<sup>st</sup> August 2010

**CHAIRMAN & 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.
2. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting.
3. The Register of Members and the Share Transfer Books will remain closed from 28<sup>th</sup> September 2010 to 30<sup>th</sup> September 2010 (both days inclusive).
4. Members are requested to quote ledger folio number in all their correspondence to avoid delay in communication.
5. Members are advised to consolidate their ledger folios where they are holding shares in different folios in the same name / sequence of names.

**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 Rajeev Peeti, Director, Aged about 43 years. He has vast experience in stock markets, finance Business and to comply with the corporated governance requirements. His presence in company since 01-10-02. He is a member / Chairman off audit, remuneration and investor grievence committee.

**DIRECTORS' REPORT**

To,

The Members,

Your Directors have pleasure in presenting the SIXTEENTH ANNUAL REPORT together with the Audited Accounts of the company for the financial year ended 31<sup>st</sup> March, 2010.

**FINANCIAL HIGHLIGHTS**

<b>PARTICULARS</b>	<b>(Rs. In Lacks) Year ended 31.03.2010</b>	<b>(Rs. In Lacks) Year ended 31.03.2009</b>
Sales	632.35	396.38
Other Income	2.59	4.99
Profit before depreciation and tax	7.65	(2.64)
Depreciation	6.86	5.47
Net profit/(Loss) before tax	0.80	(8.11)
Prior period adjustments	0.15	0.13
	0.64	(8.24)
Provision for taxation		
a. Current	(0.19)	—
b. Deferred Tax	—	—
c. Fring Benefit Tax	— (0.19)	(0.54) (0.54)
Profit/(Loss) after tax	0.45	(8.78)
Deficit brought forward from the previous Year	(26.00)	(17.22)
Surplus/ (Deficit) carried to balance sheet	(25.55)	(26.00)

**OPERATIONS:**

During the year under review, your company has achieved a total income of Rs. 634.94 Lakhs as against previous year's income of Rs. 401.37 Lakhs and recorded a net profit of Rs. 0.80 Lakhs for the financial year 2009-10 when compared to a net loss of Rs. 8.11 Lakhs during the previous year. Although your company projected more turnover as against the previous year's turnover, your company recorded less profit on account of huge competition in wholesale prices and doing trading with less margin to sustain in the market and your company could not increase the selling price of the finished goods due to severe recession that the economy is witnessing in almost all the industries. However things are restoring to normalcy and the industry is recovering from the depression and your company would do better in the years to come.

**DIVIDEND:**

Your Directors do not recommend any Dividend for the Financial year 2009-2010 as the profits are planned to be ploughed back into the business operations..

**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:**

Mr. Rajeev Peeti, 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.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors of your Company hereby report:

- That in the preparation of Annual Accounts for the financial year ended 31<sup>st</sup> March, 2010, 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, 2010 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:**

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.

**MANAGEMENT DISCUSSION & ANALYSIS**

Pursuant to the provision of clause 49 of the listing agreement a report on Management Discussion & Analysis is set out as an **Annexure-II** to this report.

**CORPORATE GOVERNANCE:**

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

**COMPLIANCE CERTIFICATE**

Your Company has obtained the necessary Compliance Certificate as required in terms of Section 383A read with the Companies (Compliance Certificate) Rules 2001 of the Companies Act, 1956 for the financial year 2009-2010 from Mr.B L Chandrasekhar Sarma Practicing Company Secretary same is given in **ANNEXURE—IV**

**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.

**REVOCATION OF SUSPENSION**

Our Board of Directors with immense pleasure informs to the share holders that the trading in the Equity Shares of the Company is allowed in the Bombay Stock Exchange. The Company script is revoked from suspension from Bombay Stock Exchange Limited.

**LISTING FEE:**

Your Company's shares are listed on The Bombay Stock Exchange Limited. Your company is regular in payment of the listing fee to the Bombay Stock Exchange Limited.

**ACKNOWLEDGEMENTS:**

Your Directors place on record, their appreciation for the co-operation and support from the Bankers, Financial institutions, the Stockiest and distributors, supplier and customers. Your Directors would also like to place on record their sincere appreciation and gratitude to the Shareholders, Central and State Government agencies etc 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

Sd/-

**SANDEEP PEETI**

Chairman & Managing Director

Place: Hyderabad

Date : 01<sup>st</sup> August 2010

**ANNEXURE – I****CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY  
ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO**

Particulars pursuant to Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

**A) CONSERVATION OF ENERGY**

- a) Energy conservation measures taken :  
Proper control points are set up at all levels to identify the wastage in power & fuel consumption and to take/initiate corrective steps.
- b) Additional investments and proposals, if, any, being implemented for reduction of conservation of energy : NIL
- c) Impact of the clause (1) and (2) above the reduction of energy consumption and consequent impact on the production of goods : N.A

**B) TECHNOLOGY ABSORPTION****Research and Development (R&D)**

1. Specific areas in which R&D carried out by the Company	NIL
3. Future plans of action	
4. Expenditure on R&D	
Capital	NIL
Recurring	NIL
Total	NIL
Total R&D Expenditure as % of total turnover	NIL

**Technology Absorption, Adaptation and Innovation**

1. Efforts made towards technology absorption adaptation and innovation	NIL
2. Benefits derived as a result of above efforts	NIL
3. Information about imported technology	
a. Technology imported	NIL
b. Year of Import	
c. Whether Technology fully absorbed	
d. If not fully absorbed, areas and reasons for future plans actions	

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign exchange earnings and outgo:	<b>2009-10</b>	<b>2008-09</b>
Foreign exchange earnings	NIL	NIL
Foreign exchange outgo	NIL	NIL

**MANAGEMENT DISCUSSION ANALYSIS REPORT****TEXTILE INDUSTRY OVERVIEW:**

Global textile industry stands at US\$ 4,395 billion and the total global trade for textile and clothing is of US\$ 360 billion. The Indian textile industry is expected to be at US\$ 36 billion, which makes 27% of total foreign exchange earned by India. Out of this the export from textile is US\$17 billion. The Indian textile industry at global level has many products as cotton yarn and fabrics, synthetic yarns, man-made yarn, man-made fabrics, wool and silk fabrics and variety of garments.

For the period of three decades after independence there has been seen considerable growth in the Indian textile industry but the next decade has seen considerable growth. Moreover with the Economic Policy of 1991 and the Textile Policy of 1985, the liberalization of trade and economy came into existence that has given boost to the textile industry. So the growth in fourth and fifth decade is immense. Also India has the huge manufacturing base for the textile industry and immense production of raw material. In this Cotton textile is the base of Indian Textile Industry. Cotton's share in this industry is 60% whereas other man made fibers are at 25%.

**GOVERNMENT INITIATIVES:**

1. According to the Ministry of Textiles, investment under the Technology Up gradation Fund Schemes (TUFS) has been increasing steadily. During the year 2009-10, 1896 applications have been sanctioned at a project cost of US\$ 5.23 billion.

2. The cumulative progress as on December 31, 2009, includes 27,477 applications sanctioned, which has triggered investment of US\$ 45.5 billion and amount sanctioned under TUFS is US\$ 18.9 billion of which US\$ 16.4 billion has been disbursed so far till the end of April, 2010.

3. Moreover, in May 2010, the Ministry of Textiles informed a parliamentary panel that it proposes to allocate US\$ 785.2 million for the modernization of the textile industry.

4. The Scheme for Integrated Textile Park (SITP) was approved in July 2005 to facilitate setting up of textiles parks with world class infrastructure facilities. 40 textiles park projects

have been sanctioned under the SITP. According to the Minister of State for Textiles, Panabaaka Lakshmi, under the SITP, a cumulative expenditure of US\$ 204.3 million has been incurred against allocation of US\$ 220.7 million in the last three years.

**INDUSTRY OUTLOOK:**

The textile industry is mainly a labor intensive industry as it provides livelihood to the huge population, mainly consist of unskilled workers, and thus plays a pivotal role in the development of any economy. As this particular industry also comes under the basic necessities of human beings, it impacts a lot to the society as a whole. There has been increase in demand of textile products in last few decades globally, mainly due to rapidly changing social and economic structure of the countries worldwide.

**Opportunities & Threats**

Your Company is engaged in the dying and designing of Curtains and Bed Sheets which has enormous demand and it is a part of a growing sector that has potential to sustain in the market even during the economic depression that is prevailing in the global economy. The management of your company is making all efforts in finding new markets for the Company's products. Although there is great potential in textile industry, the increasing competition might affect the margins of the Company. We are sure that the current state of economy and particularly of our sector will greatly enhance the performance of the company in the years to come.

**Outlook**

The Board of Directors of your Company feel that growing domestic demand and increasing scope for exports provide a great chance for your Company to grow in years to come. Your Company is well positioned to take advantage of these opportunities. The coming financial year can be crucial in determining the destiny of your Company.



**Internal Control Systems and their adequacy**

The control system of the Company consists of standard practices and processes, appropriate audit program and risk monitoring system. The various initiatives taken by the Company has led to further improvement in the control systems of the Company.

The Board of Directors has been entrusted with the responsibility of reviewing the findings and to take necessary actions wherever required.

**Human Resources/ Industrial Relations**

The Company has realized the importance of right human resources and been aggressively investing in training and development of its personnel. The Company has further adopted various innovative HR policies to gear up to face future challenges and to create a performance driven innovative and flexible organization.

The Company has an excellent track record of maintaining cordial industrial relations right from its inception. This year too industrial relations in the Company were excellent.

**ANNEXURE – III****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 CORPORATE GOVERNANCE**

We believe that our company shall go beyond adherence to regulatory framework. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy. Transparency, accountability, fairness and intensive communication with stakeholders are integral to our functioning. We believe in system driven performance and performance oriented systems. We accord highest priority to these systems and protect the interests of all our shareholders, particularly the minority shareholders.

We have tried to blend growth and efficiency with governance and ethics. Our Board of Directors, guided by the mission statement, formulate strategies and policies having focus on optimizing value for various stakeholders like consumers, shareholders and the society at large.

**2. BOARD OF DIRECTORS****Composition**

The Board of Directors of your company consists of Two Executive and three Non Executive Independent Directors.

Name of the Director	Category	No. of Other Directorships	No. of Meetings Held	No. of Meetings attended	Whether AGM attended on 30.09.2009
Sandeep Peeti	Chairman & Managing Director	01	6	6	Yes
Rajesh Peeti	Promoter & Executive Director	—	6	6	Yes
Rajkumar Agrawal	Non-Executive & Independent Director	—	6	4	Yes
Rajeev Peeti	Non-Executive & Independent Director	—	6	4	No
Ajay Garg	Non-Executive & Independent Director	—	6	4	No

**Date of Board Meetings**

During the financial year 2009-10, 6 (Six) Board Meetings were held on the following Dates:

30.04.2009	30.07.2009	01.08.2009
30.10.2009	30.01.2010	30.03.2010

**3. Audit Committee:**
**♦ Brief description of terms of reference**

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

- a) 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:
  - (i) Any changes in accounting policies and practices.
  - (ii) Compliance with accepted accounting standards.
  - (iii) Major Judgmental Decisions; etc.
- b) To consider appointment of Statutory Auditors, the Audit Fee, and any matter of resignation and dismissal.
- c) To discuss with the Statutory Auditor before the audit commences the nature and scope of the Audit.
- d) To review the effectiveness of the system of internal financial controls and discuss the same periodically with the statutory auditors.
- e) To discuss problems and reservations arising from the statutory audit and any matters the statutory auditor may wish to discuss.
- f) To consider other topics as may be delegated by the board from time to time.

**♦ Composition**

Audit Committee of your company consists of following three Non-executive Independent Directors:

Sri Rajkumar Agrawal	Chairman
Sri Rajeev Peeti	Member
Sri Ajay Garg	Member

**♦ Meetings during the year**

During the Financial year 2009-2010, the Audit Committee met five times on

30.04.2009	30.07.2009	01.08.2009	31.10.2009	31.01.2010
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**ATTENDANCE**

NAME	No of meetings Held	No of meeting Attended
Sri Rajkumar Agrawal	5	4
Sri Rajeev Peeti	5	4
Sri Ajay Garg	5	4