

17th
ANNUAL REPORT
2010 - 2011

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PEETI SECURITIES LIMITED

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PEETI SECURITIES LIMITED
Survey No: 71, Opp: BSNL Office,
Beside MP Hardware Lane, Old Kumool Road
Kamran, Hyderabad - 500077

BOARD OF DIRECTORS

Sri Sandeep Peeti	:	Chairman & Managing Director
Sri Rajesh Peeti	:	Whole- time Director
Sri Raj Kumar Agrawal	:	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 OFFICE & WORKS :

Survey No.71, Opp. BSNL Office,
Beside M.P.Hardware Lane,
Old Kurnool Road, Kattedan
Hyderabad - 500077

BANKERS

ING Vysya Bank LTD,
Shamshabad,
Hyderabad.

**REGISTRARS AND SHARE
TRANSFER AGENTS**

CIL Securities Limited
II Floor, 214, Raghava Ratna Towers
Chirag Ali Lane
Hyderabad – 500 001

LISTED AT

The Bombay Stock Exchange Ltd

NOTICE

Notice is hereby given that the **Seventeenth Annual General Meeting** of the members of the Company will be held on Friday the **30th September 2011** 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 31st March, 2011, 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 Rajesh 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

Place: Hyderabad

Date : 25th August 2011Sd/-
SANDEEP PEETI**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 27th September 2011 to 30th September 2011 (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 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.

DIRECTORS' REPORT

To, The Members,
Your Directors have pleasure in presenting the SEVENTEENTH ANNUAL REPORT together with the Audited Accounts of the company for the financial year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

PARTICULARS	(Rs. In Lacks) Year ended 31.03.2011	(Rs. In Lacks) Year ended 31.03.2010
Sales	752.12	632.35
Other Income	0.98	2.59
Profit before depreciation and tax	18.47	7.65
Depreciation	4.43	6.86
Net profit/(Loss) before tax	14.04	0.80
Prior period adjustments	(0.18)	(0.15)
	13.86	0.64
Provision for taxation		
a. Current	(2.94)	(0.19)
b. Deferred Tax	(2.94)	(0.19)
Profit/(Loss) after tax	10.91	0.45
Deficit brought forward from the previous Year	(25.54)	(26.00)
Surplus/ (Deficit) carried to balance sheet	(14.63)	(25.55)

OPERATIONS:

During the year under review, your company has achieved a total income of Rs. 753.10 Lakhs as against previous year's income of Rs. 634.94 Lakhs and recorded a net profit of Rs. 14.04 Lakhs for the financial year 2010-11. 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 2010-2011 as the profits are planned to be ploughed back into the business operations..

PARTICULARS OF EMPLOYEES:

None of the Employees of the Company is drawing remuneration exceeding limits prescribed U/s 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS:

Mr. Rajesh 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 31st March, 2011, 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, 2011 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 2010-2011 from Mr. B. L. Chandrasekhar Sarma Practising 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.

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/-

Sd/-

Place: Hyderabad

SANDEEP PEETI

RAJESH PEETI

Date : 25th August 2011

Chairman & Managing Director

Executive Director

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
2. Benefits derived as a result of above R&D 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:	2010-11	2009-10
Foreign exchange earnings	NIL	NIL
Foreign exchange outgo	NIL	NIL

MANAGEMENT DISCUSSION ANALYSIS REPORT

TEXTILE INDUSTRY OVERVIEW:

The Textile Sector in India ranks next to Agriculture. Textile is one of India's oldest industries and has a formidable presence in the national economy in as much as it contributes to about 14 per cent of manufacturing value-addition, accounts for around one-third of our gross export earnings and provides gainful employment to millions of people. The textile industry occupies a unique place in our country. One of the earliest to come into existence in India, it accounts for 14% of the total Industrial production, contributes to nearly 30% of the total exports and is the second largest employment generator after agriculture.

Textile Industry is providing one of the most basic needs of people and the holds importance, maintaining sustained growth for improving quality of life. It has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of processing, it is a major contribution to the country's economy. This paper deals with structure, growth and size of the Indian textile industry, role of textile industry in economy, key advantages of the industry, textile industry and global scenario and strength, weakness, opportunities and treats of the Indian textile industry.

GOVERNMENT INITIATIVES:

The new Textile Policy of 2000 set the ball rolling for policy reforms in the textile sector, dealing with removal of raw material price distortions, cluster approach for power looms, pragmatic exit of idle mills, modernization of outdated technology etc. The year 2000 was also marked by initiatives of setting up apparel parks; 2002 and 2003 saw a gradual reduction in excise duties for most types of fabrics while 2004 offered the CENVAT system on an optional basis. The Union Budget of 2005-2006 announced competitive progressive policies, whose salient features included:

- A major boost to the 1999-established Technology Upgradation Fund Scheme for its longevity through a Rs 4.35 bn allocation with 10% capital subsidies for the textiles processing sector
- Initiation of cluster development for handloom sector
- Availability of health insurance package to 0.2 mn weavers from 0.02 mn initially
- Reduction in customs duty from 20% to 15% for fibres, yarns, intermediates, fabrics and garments; from 20% to 10% on textile machinery and from 24% to 16% in excise duty for polyester oriented yarn/polyester yarn
- Reduction in corporate tax rate from 35% to 30% with 10% surcharge
- Reduction in depreciation rate on plant and machinery from 25% to 15%
- Inclusion of polyester texturisers under the optimal CENVAT rate of 8%

INDUSTRY OUTLOOK:

Expectations are high, prospects are bright, but capitalising on the new merging opportunities will be a challenge for textile companies. Some prerequisites to be included in the globally competing textile industry are:

1. Imbibing global best practices
2. Adopting rapidly changing technologies and efficient processes
3. Innovation
4. Networking and better supply chain management
5. Ability to link up to global value chains.

The Indian textile industry has established its supremacy in cotton based products, especially in the readymade garments and home furnishings segment. These two segments will be the key drivers of growth for Indian textiles. Readymade garment exports were worth US\$ 8 bn in FY06 and will cross US\$ 16 bn by the end of 2010, assuming a conservative growth of 15% per annum. According to estimates, investments in textiles are expected to touch US\$ 31 bn by 2011.

Opportunities & Threats

Opportunities:

1. End of quota regime Shift in domestic market to branded readymade garments
2. Increased disposable income
3. Emerging mall culture and retail expansion.

Treats:

1. Stiff competition from developing countries; especially China
2. Pricing pressure
3. Locational disadvantage
4. International labor and environmental laws

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.

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 30.09.2010
Rajesh Peeti	Promoter & Whole-time Director	—	6	6	Yes
Sandeep Peeti	Promoter & Managing Director	01	6	5	Yes
Rajkumar Agrawa	Non-Executive & Independent Director	—	6	5	Yes
Rajeev Peeti	Non-Executive & Independent Director	—	6	5	Yes
Ajay Garg	Non-Executive & Independent Director	—	6	5	Yes

Date of Board Meetings

During the financial year 2010-11, 6 (Six) Board Meetings were held on the following Dates:

30.04.2010	27.05.2010	30.07.2010
01.08.2010	30.10.2010	30.01.2011

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 2010-2011, the Audit Committee met five times on

30.04.2010	27.05.2010	30.07.2010	30.10.2010	30.01.2011
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ATTENDANCE

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