

**18<sup>th</sup>  
ANNUAL REPORT  
2011 - 2012**

**PEETI SECURITIES LIMITED**

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**BOARD OF DIRECTORS**

|                       |                                |
|-----------------------|--------------------------------|
| Sri Sandeep Peeti     | : Chairman & Managing Director |
| Sri Rajesh Pitty      | : Whole- time Director         |
| Sri Raj Kumar Agrawal | : Director                     |
| Sri Ajay Garg         | : Director                     |
| Sri Rajeev Peeti      | : Director                     |

**AUDITORS**

: M/s. MKA Associates  
1<sup>st</sup> 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.

Indian Bank  
Surat

**REGISTRARS AND SHARE  
TRANSFER AGENTS**

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

**LISTED AT**

: The BSE Limited

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**NOTICE**

Notice is hereby given that the **Eighteenth Annual General Meeting** of the members of the Company will be held on Tuesday the **30th October 2012** 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, 2012, 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 Ajay Garg 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.

Place: Hyderabad

Date: **20<sup>th</sup> September 2012**

**BY ORDER OF THE BOARD**

Sd/-

**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 Friday 26<sup>th</sup> October 2012 to Tuesday 30<sup>th</sup> October 2012 (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 Ajay Garg is commerce graduate and presently engaged in the manufacture of HDPE bags for the past 14 years. He has vast experience in accountancy and taxation matters. He is presently member of Audit Committee, Remuneration Committee and investors and shareholders grievance committee.

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**DIRECTORS' REPORT**

To,  
The Members,  
Your Directors have pleasure in presenting the EIGHTEENTH ANNUAL REPORT together with the Audited Accounts of the company for the financial year ended 31<sup>st</sup> March, 2012.

**FINANCIAL HIGHLIGHTS** (Rs. In Lakhs)

| <b>PARTICULARS</b>                             | <b>Year ended<br/>31.03.2012</b> | <b>Year ended<br/>31.03.2011</b> |
|--|----------------------------------|----------------------------------|
| Sales  | 534.58                           | 752.12                           |
| Other Income                                   | 0.50                             | 0.98                             |
| Profit before depreciation and tax             | 535.08                           | 18.47                            |
| Depreciation                                   | 4.98                             | 4.43                             |
| Net profit before tax                          | 530.01                           | 14.04                            |
| Prior period adjustments                       | 0.00                             | (0.18)                           |
| Net profit/loss before Tax                     | (12.42)                          | 13.86                            |
| Provision for taxation                         |                                  |                                  |
| a. Current                                     | NIL                              | (2.94)                           |
| b. Deffered Tax                                | 4.00                             |                                  |
| c. Fringe Benefit Tax                          |                                  |                                  |
| Profit after tax                               | (8.42)                           | 10.91                            |
| Deficit brought forward from the previous year | (14.63)                          | (25.24)                          |
| Surplus/ (deficit) carried to balance sheet    | (23.05)                          | (14.63)                          |

**OPERATIONS:**

During the year under review, your company has achieved a total income of Rs. 534.58 lakhs as against previous year's income of Rs. 752.12 Lakhs and recorded a net loss of Rs. 8.42 Lakhs for the financial year 2011-12 when compared to a net profit of Rs. 10.91 Lakhs during the previous year.

During the financial year under review the ongoing severe recession that the economy is witnessing in almost all the industries the company is able to achieve low turnover as compared to last financial year and due to low turnover and high expenditure the company has recorded nominal loss in the current financial year

The Company is hopeful that this fiscal the economy will witness upward trend and good business despite of huge competition in wholesale prices and doing trading with fewer margins to sustain in the market. 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 2011-2012 as the company has incurred loss in 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.5,00,000/- per month or Rs.60,00,000/- per annum during the financial year.

**DIRECTORS:**

Mr.Ajay Garg, Director of your company retires by rotation at the ensuing Annual General Meeting. Being eligible for the re-appointment, offers him 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, 2012, 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, 2012 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 2011-2012 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.

**POSTAL BALLOT:**

The Board of Directors in the meeting held on 20th September, 2012 has proposed an "Ordinary Resolution" under the provision of Section 293 (1) (a) of the Companies Act, 1956 and pursuant the provision Section 192A of the Companies Act, 1956 read with The Companies (Passing of Resolution by Postal Ballot) Rules, 2011, to sell, deal, negotiate, enter into joint venture, or dispose off the whole or part of land admeasuring 742.10 square yards situated at H.No. 6-3-252, Erramanzil, Hyderabad, Andhra Pradesh.

The Board of Directors has appointed Mr. Gamini Srilakshmi Narayana Gupta Company Secretary in practice Hyderabad as scrutinizer for conducting the postal ballot process in fair and transparent manner.

The result of the Postal Ballot will be announced by the Chairman at the ensuing 18th Annual General Meeting of the Company to be held on 30th October, 2012 at Bhagyanagar Function Hall, L B Nagar, Hyderabad.

**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.

**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**

Place :Hyderabad

Date :20<sup>th</sup> September 2012 Chairman & Managing Director

Sd/-

**RAJESH PITY**

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 the above R&D          | NIL |
| 3. 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<br>for future plans actions |     |

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

|                                      |         |         |
|--------------------------------------|---------|---------|
| Foreign exchange earnings and outgo: | 2011-12 | 2010-11 |
| Foreign exchange earnings            | NIL     | NIL     |
| Foreign exchange outgo               | NIL     | NIL     |

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

Since ancient times Indian Textile industry has been well known for her textile goods during the colonial regime the traditional textile industry of India was virtually decayed. However, in the early nineteenth century the modern textile industry took birth in India when the first textile mill was established at Fort Gloster near Calcutta in 1818. Next to Agriculture India mainly is into the Textile Sector. Indian Textile Industry is one of India's oldest industries and has a formidable presence in the national economy as it contributes to about 14% of manufacturing value-addition, accounts for around one-third of our gross export earnings and provides gainful employment to millions of people.

Indian Textile Industry has earned a unique place in our country. It is among one of the industries which were earliest to come into existence in India. It accounted for 14% of the total Industrial production, contributes to nearly 30% of the total exports and is the second largest employment generator after agriculture. This industry provides one of the most basic needs of people and holds importance; maintaining sustained growth for improving quality of life. It has an image of self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of processing which forms a major contribution to the country's economy. India textile industry is one of the leading in the world. Currently the Indian Textile Industry is estimated to be around US\$ 52 billion and is also projected to be around US\$ 115 billion by the year 2012. The current Indian domestic market of textile is expected to be increased to US\$ 60 billion by 2012 from the current US\$ 34.6 billion

**CHALLENGES FACED BY THE TEXTILE INDUSTRY**

Some of the major challenges that our textile industry faces today include organizational flaws in weaving and processing, a fragmented and scientifically backward textile processing sector, and infrastructural logjams in terms of power, road transport etc. After identifying the key issues troubling the industry, efforts were made to do away with them. The government came out with a number of schemes to upgrade textile production.

Modern equipment is essential for higher productivity from weaving machines and for minimising fabric defects due to yarn breakage or machine malfunctioning. Monitoring software can also help better data collection as well as inventory management functions.

**INDUSTRY OUTLOOK:**

The Indian Textile Industry of India is vast and growing with presence of several national and international brands. The main segments of the Indian textile industry are Man-made Textiles, Cotton Textiles including Handlooms, Silk Textiles, Woolen Textiles, Handicrafts, Coir, Readymade Garments, and Jute. Job opportunities are diverse in nature in the textile industry ranging from production, designing, distribution and sales. The need for manpower for the textile industry is growing to keep up with the growing demand; freshers are finding numerous job opportunities in the textile industry of India. The Indian textile industry offers opportunities to fresher's from various academic backgrounds as nature of job is diverse. A textile engineer must have an engineering background; either B.E. or B.Tech is preferred. The industry considers even the textile diploma for jobs. One more interesting demand for textile industry is the textile faculties which are in rise, for which a post graduate degree is mandatory. Textile sales executives is another opportunities required by the apparel stores where graduates are recruited from all disciplines. Textile designing requires the Knowledge of softwares like Photoshop, Corel Draw, etc

**Opportunities & Threats**

Your Company is engaged in trading, dying and designing of finished cloth 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.

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**Company Outlook**

The Board of Directors of your Company feel that in coming years our company will grow vastly in trading. The required measures have been taken in this regard.

**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.

The constitution of the Board is given below:

| Name of the Director | Category                             | Attendance at AGM held on 30.09.2011 | Attendance in Board Meeting |          | Other Boards  |                         |                       |
|----------------------|--------------------------------------|--------------------------------------|-----------------------------|----------|---------------|-------------------------|-----------------------|
|                      |                                      |                                      | Held                        | Attended | Director ship | Committee chairman ship | Committee member ship |
| Rajesh Pitty         | Promoter & Whole-time Director       | Yes                                  | 7                           | 7        | Nil           | Nil                     | Nil                   |
| Sandeep Peeti        | Promoter & Managing Director         | Yes                                  | 7                           | 7        | 1             | Nil                     | Nil                   |
| Rajkumar Agrawal     | Non-Executive & Independent Director | Yes                                  | 7                           | 5        | Nil           | Nil                     | Nil                   |
| Rajeev Peeti         | Non-Executive & Independent Director | Yes                                  | 7                           | 6        | Nil           | Nil                     | Nil                   |
| Ajay Garg            | Non-Executive & Independent Director | Yes                                  | 7                           | 5        | 1             | Nil                     | Nil                   |

**Date of Board Meetings**

During the financial year 2011-12, 7 (Seven) Board Meetings were held on the following dates:

|            |            |            |            |
|------------|------------|------------|------------|
| 30.04.2011 | 15.05.2011 | 30.07.2011 | 25.08.2011 |
| 30.09.2011 | 29.10.2011 | 30.01.2012 |            |

**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 2011-2012, the Audit Committee met five times on

|            |            |            |            |            |
|------------|------------|------------|------------|------------|
| 30.04.2011 | 15.05.2011 | 30.07.2011 | 29.11.2011 | 30.01.2012 |
|------------|------------|------------|------------|------------|

**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                      |