

19TH
ANNUAL REPORT
2012 - 2013

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
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.

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

NOTICE

Notice is hereby given that the **Nineteenth Annual General Meeting** of the members of the Company will be held on Monday the **30th September 2013** 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, 2013, 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 Raj Kumar Agrwal 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: 30th July, 2013

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 Thursday 26th September 2013 to Monday 30th September 2013 (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 Raj Kumar Agrawal is the member of Audit Committee, Remuneration Committee and the Investors Grievances Committee. He is a science graduate and a law graduate and presently he is engaged in packing business. He was former president of the Rotary Club of India.

DIRECTORS' REPORT

To,
The Members,
Your Directors have pleasure in presenting the NINETEENTH ANNUAL REPORT together with the Audited Accounts of the company for the financial year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

PARTICULARS	Year ended 31.03.2013	Year ended 31.03.2012
Sales	329.00	534.58
Other Income	58.13	0.50
Profit before depreciation and tax	12.34	(7.44)
Depreciation	4.45	4.98
Net profit before tax	7.89	(12.42)
Prior period adjustments	0.00	0.00
Net profit/loss before Tax	7.89	(12.42)
Provision for taxation		
a. Current	(2.02)	NIL
b. Differed Tax	(0.18)	4.00
Profit after tax	5.69	(8.42)
Deficit brought forward from the previous year	(23.05)	(14.63)
Surplus/ (deficit) carried to balance sheet	(17.36)	(23.05)

OPERATIONS:

During the year under review, your company has achieved a total income of Rs. 329.00 lakhs as against previous year's income of Rs. 534.58 Lakhs and recorded a net profit of Rs. 5.69 Lakhs for the financial year 2012-13 when compared to a net loss of Rs. 8.42 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, power problem. VAT tax implementation in the state of Andhra Pradesh, frequent strike due to Telangana and other factors beyond our control, 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 profits in the current financial year

The Company is hopeful that this fiscal the Company will achieve good turnover as 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.

DIVIDEND:

Your Directors do not recommend any Dividend for the financial year 2012-2013 as the company has nominal profit in the business operations.

PARTICULARS OF EMPLOYEES:

Pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 2011, 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.Rajkumar Agrawal, 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 31st March, 2013, 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, 2013 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 2012-2013 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 retires at the conclusion of ensuing Annual General meeting and being eligible, offer themselves for re-appointment.

POSTAL BALLOT

During the financial year under review the Company has conducted postal ballot under the provision of Section 293 (1) (a) of the Companies Act, 1956 and pursuant to the provision of 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 and the result of the Postal Ballot was announced by the Chairman at the 18th Annual General Meeting of the Company

LISTING FEE:

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

Sd/-

RAJESH PITY

Whole Time Director

Place :Hyderabad

Date :30th July, 2013

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 measures at clause (a) and (b) 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. Future Plans of Action | NIL |
| 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 : | NIL |
| c. Whether Technology fully absorbed : | NIL |
| d. If not fully absorbed, areas and reasons
for future plans actions | NIL |

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign exchange earnings and outgo:	2012-13	2011-12
Foreign exchange earnings	NIL	NIL
Foreign exchange outgo	NIL	NIL

FOR AND ON BEHALF OF THE BOARD

Sd/-

Place :Hyderabad
Date :30th July, 2013

SANDEEP PEETI
Chairman & Managing Director

Sd/-

RAJESH PITY
Whole Time Director

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

The textile industry continues to be the second largest employment generating sector in India. The sector contributes about 14% to industrial production, 4% to the Gross Domestic Product (GDP), and 17% to the country's export earnings. India's exports were worth \$32 billion in 2012-13. Global market share of Indian textiles rises to 4 per cent in 2012 from 3 per cent in 2002. India's competitiveness in the cotton textile sector has improved over the last decade against six competing countries including China, Bangladesh and Thailand, leading to a higher global market share.

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.

CHALLENGES FACED BY THE TEXTILE INDUSTRY:

The increasing competition and market demands are the major challenges to overcome to achieve success. Some of the other 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.

Modern equipment is essential for higher productivity from weaving machines and for minimizing 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 Eleventh Five Year Plan (2007-2012) outlay for the textiles and apparel sector has been fixed at US\$ 2.91 billion (INR 140 billion), which is almost four times the outlay fixed during the Tenth Plan – US\$ 0.74 billion (INR 35.8 billion). Along with the increasing exports in the Indian apparel sector in the country, Bangladesh is planning to set up two Special Economic Zones (SEZ) for attracting Indian companies and duty free trade between two countries. The two SEZs are intended to come up on 100 acre plots of land in Bangladesh.

India is the second largest producer of fibre in the world and the major fibre produced is cotton. Indian Textile Industry has earned a unique place in our country. Further, the government is set to launch US\$ 44.21 million mission for promotion of technical textiles. The Government has allowed 100% Foreign Direct Investment (FDI) in textiles under the automatic route.

OPPORTUNITIES & THREATS

The present Indian Textile and Apparel industry may grow from current level of US\$ 78Billion to US\$ 220 billion by 2020. This will open up lot of opportunities in future for the Company to grow. Beyond day to day use of textiles in home furnishing, apparels etc, a new segment of Technical Textiles is opening up and the growth of such textiles in sports, industry, buildings, defense, protection, agriculture, non woven's, and composite is increasing at highest rate in the emerging economies such as that of India and China.

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 is always a threat to the Company's business which may affect the growth and profitability of the Company. The Board is confident that the Company with its expertise and talented man power, innovative technology and its constant efforts will be able to sustain in the market inspite of heavy competition.

COMPANY OUTLOOK:

The Company has achieved good amount of profits during the financial year under review as against the loss during the last year. 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. Moreover, various programmes initiated by Government of India to promote textile industry will open many opportunities for the Company to excel and grow further in future. The management of your company is making all efforts in finding new markets for the Company's products.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The control system of the Company consists of standard practices and procedures, appropriate audit program and risk monitoring system. The Company is constantly engaged in making further improvements to the existing control systems of the Company.

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

HUMAN RESOURCES/ INDUSTRIAL RELATIONS:

Human resources are the backbone of any Company without whom nothing can be accomplished. Your Company has introduced various training and development programmes for its employees which will enable them to perform their functions more efficiently. 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)

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 30.10.2012	Attendance in Board Meeting		Other Boards		
			Held	Attended	Director ship	Committee chairman ship	Committee member ship
Sandeep Peeti	Promoter & Managing Director	Yes	5	5	1	Nil	Nil
Rajesh Pitty	Promoter & Whole-time Director	Yes	5	5	Nil	Nil	Nil
Rajkumar Agrawal	Non-Executive & Independent Director	Yes	5	5	Nil	Nil	Nil
Rajeev Peeti	Non-Executive & Independent Director	Yes	5	5	Nil	Nil	Nil
Ajay Garg	Non-Executive & Independent Director	Yes	5	5	1	Nil	Nil

Date of Board Meetings

During the financial year 2012-13, 5 (Five) Board Meetings were held on the following dates:

30.04.2012	30.07.2012	20.09.2012	30.10.2012	30.01.2013
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3. 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**

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 2012-2013, the Audit Committee met five times on

30.04.2012	30.07.2012	20.09.2012	30.10.2012	30.01.2013
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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