

BOARD OF DIRECTORS

14 th
ANNUAL REPORT
2007-2008



AUDITORS

REGISTERED OFFICE & WORKS

AGENTS

REGISTRARS AND SHARE
TRANSFER AGENTS

PEETI SECURITIES LIMITED

LISTED AT

PRINTED BY PER
TROP
ANNUAL REPORT
INDEX
2007-2008

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PEETI SECURITIES LIMITED

PEETI SECURITIES LIMITED
12/1, Indira Compound
12/1, Indira Cinema Hall,
12/1, Indira Road, Secunderabad - 500 003

PEETI SECURITIES LIMITED**BOARD OF DIRECTORS**

Sri Sandeep Peeti	: Chairman & Managing Director
Sri Rajesh Peeti	: Executive Director
S Rajkumar Adukia	: Director (Upto 01.01.08)
Raj Kumar Agrawal	: Director (From 17.01.08)
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

221/A, Tivoli Compound
Behind Lamba Cinema Hall
Bolton Road,
Secunderabad – 500 003

BANKERS

The Tamilnad Mercantile Bank Ltd.
Cheroy 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

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the members of the Company will be held at Bhagyanagar Function Hall, L. B. Nagar, Hyderabad on Tuesday 30th September, 2008 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, 2008, 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 fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions contained under section 198, 269, 309 and all other applicable provisions, if any, contained under the Companies Act, 1956 read with Schedule XIII of the said act as amended from time to time and in supersession of the resolution passed in the Board of Directors meeting held on 31st January 2005 Mr.Sandeep Peeti be and is hereby re-appointed as the Managing Director of the Company with effect from 01.01.2008 for a period of 5 years and shall be eligible for the following remuneration for the said period of 5 years as approved by the remuneration committee of the Board.

- | | | |
|--------------------------|---|-------------------------|
| i) Salary | : | Rs.7,20,000/-per annum |
| ii) House Rent Allowance | : | Rs.3,60,000/- per annum |

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions contained under section 198, 269, 309 and all other applicable provisions, if any, contained under the Companies Act, 1956 read with Schedule XIII of the said act as amended from time to time and in supersession of the resolution passed in the Board of Directors meeting held on 30th May 2006 Mr.Rajesh Peeti be and is hereby re-appointed as the Executive Director of the Company with effect from 01.01.2008 for a period of 5 years and shall be eligible for the following remuneration for the said period of 5 years as approved by the remuneration committee.

- | | | |
|-----------------------------|---|---|
| i) Salary | : | Rs.5,76,000/- per annum |
| ii) Rent Free Accommodation | : | Company will provide a rent free Accomodation and the rent will be borne by the company |

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr.Rajkumar Agarawal who was appointed as an Additional Director by the Board of Directors of the Company and

who holds office as such only up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with a deposit of Rs.500/- from a member signifying his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

BY ORDER OF THE BOARD

Sd/-

SANDEEP PEETI
MANAGING DIRECTOR

Place: Secunderabad
Date: 02nd September, 2008

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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed to this report.
3. The Register of Members and the Share Transfer Books will remain closed from 28th September 2008 to 30th September 2008 (both days inclusive).

EXPLANATORY STATEMENT

[Pursuant to Section 173(2) of the Companies Act, 1956]

Item No.4:

Mr.Sandeep Peeti was re-appointed as the Managing Director of the Company in the Board Meeting held on 31st January 2005. Taking into account his seniority and experience in the field of textile and the inflationary conditions that are prevailing in the country, Board of Directors decided to supersede the resolution passed earlier and to re-appoint him afresh for the period of 5 years with effect from 01st January 2008 on terms and conditions as specified in the resolution. As the re-appointment requires the ratification of members in the General Meeting, the aforesaid resolution is commended for your approval.

None of the directors except Mr.Sandeep Peeti is interested in passing the aforesaid resolution.

Item No.5:

Mr.Rajesh Peeti was re-appointed as an Executive Director on 30.05.2006. He was actively taking part in day-to-day affairs of the Company. taking into account his untired efforts in the company's activities and taking into account his seniority and the inflationary conditions that are prevailing in the country, Board of Directors decided to supersede the resolution passed earlier and to re-appoint him afresh for the period of 5 years with effect from 01st January 2008 on terms and conditions as specified in the resolution. As the appointment requires the ratification of members in the General Meeting, the aforesaid resolution is commended for your approval.

None of the directors except Mr Rajesh Peeti is interested in passing the aforesaid resolution.

Item No.6:

Mr.Rajkumar Agrawal was appointed as an Additional Director in the Board Meeting held on 17th January 2008 considering his knowledge in the field of textiles. He will hold the office upto the conclusion of the ensuing Annual General Meeting. He has been inducted on the Board of the Company as an independent Director. The resolution as set out in Item No.6 of this notice is accordingly commended for your acceptance consequent to a notice received by the company from a member along with a deposit of 500/- signifying his candidature for the post of director.

None of the directors except Mr.Rajkumar Agrawal is interested in passing the aforesaid resolution.

BY ORDER OF THE BOARD

Sd/-

Place: Secunderabad
Date: 02nd September, 2008

SANDEEP PEETI
MANAGING DIRECTOR

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.

Sri Sandeep Peeti is a graduate in commerce and holding Managing Directorship right from the incorporation of the Company. Apart from securities and textile industry, he gained vast experience in Real Estz.te business. He is currently involved in textile division of the Company.

Sri Rajkumar Agrawal was appointed as an additional director on board of your company consequent to resignation of Sri Rajkumar S Adukia. Presently he 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 in packing business. He was former president of the Rotary Club of India.

Sri Ajay Garg is a commerce graduate and presently engaged in the manufacture of HDPE bags for the past 10 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.

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the **FOURTEENTH ANNUAL REPORT** together with the Audited Accounts of the company for the financial year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS

Particulars	Year ended 31.03.2008	Year ended 31.03.2007
Sales	365.80	319.90
Other Income	1.51	13.17
Profit before depreciation and tax	10.88	15.03
Depreciation	4.34	4.06
Net profit before tax	6.54	10.97
Prior period adjustments	7.97	---
Provision for taxationa.	(1.44)	10.94
a.) Current	(2.77)	(2.36)
b.) Deferred Tax.	3.16	0.58
c.) Fringe Benefit Tax	(0.44)	(0.51)
	-----	-----
Profit after tax	(0.04)	(23.99)
Deficit brought forward from the previous year	(1.48)	(15.35)
Surplus/ (deficit) carried to balance sheet	(15.35)	(2.28)
	(17.22)	8.69

OPERATIONS:

During the year under review, your company has achieved a total income of Rs. 367.31 lakhs as against previous year's income of Rs. 333.07 Lakhs and recorded a net profit of Rs.6.54 Lakhs for the financial year ending 31st March, 2008 when compared to a net Profit of Rs. 10.97 Lakhs during the previous year. During the year under review, management has put in lot of efforts to increase the turnover and they were successful in their efforts and the turn over increased by 45.90 Lakhs. Though there is increase in Turnover, your company could not record more net profit due to inflation that prevailed in the country and the input costs have shoot up in the second half of the financial year.

DIVIDEND :

Due to absence of distributable profits for the financial year ending 31st March 2008, 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, 2008, 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, 2008 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.

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:

Mr. Rajkumar S Adukia resigned on 01.01.2008 from the board of your company due to personal reasons and Mr. Rajkumar Agrawal was inducted on board in his place with effect from 17.01.2008. Sri 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.

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:

The Directors of Your Company 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 2008

SANDEEP PEETI
Managing Director

RAJESH PEETI
Executive Director

PEETI SECURITIES LIMITED

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ANNEXURE - I Form - "A"

PARTICULARS UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1998

A. Power and fuel consumption:

1. Electricity

a. Purchased	2007-08	2006-07
Units	25,594	17,505
Total Amount	1,96,778	1,89,501

Rate per unit

6.02	9.20
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b. Own generation

i) Through diesel generator	42,795/-	28,284/-
ii) Through steam turbine/ generator		
Units	Nil	Nil
Units per litre of fuel oil/gas	Nil	Nil
Cost / unit	Nil	Nil

2. Coal

i) Quantity (tons)	Nil	Nil
Total cost	Nil	Nil
Average rate	Nil	Nil

3. Furnace Oil

i) Quantity (K. Ltrs)	Nil	Nil
Total Amount	Nil	Nil
Average rate	Nil	Nil

4. Other's/ Internal peberation .

i) Quantity	Nil	Nil
Total cost	Nil	Nil
Average rate	Nil	Nil

The company has taken adequate steps to upgrade its technology and is making sincere efforts to conserve energy during its operation.

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.

2. BOARD OF DIRECTORS

A. Composition

As on 31st March, 2008, the Board of Directors consists of Five Directors comprising of two promoter Executive Directors, three non-executive Directors. Sri Rajkumar S.Adukia resigned from the board of your company with effect from 01.01.2008 and in his place, Sri Rajkumar Agrawal was appointed on 17.01.2008.

Name of the		No. of Other Director	No Meetings		
Rajesh Peeti	Promoter Executive Director	—	7	7	Yes
Sandeep Peeti	Promoter Managing Director	—	7	7	Yes
Rajkumar Agrawal (w.e.f.17.01.2008)	Non-Executive Director	—	7	1	No
Raj Kumar S. Adukia (upto 01.01.2008)	Non-Executive Independent Director	—	7	Nil	No
Rajeev Pittie	Non-Executive Independent Director	—	7	7	No
Ajay Garg	Non-Executive Independent Director	—	7	7	No

B Date of Board Meetings

Board of Directors met 7 times during the financial year 2007-2008 on the following dates and the gap between two board meetings did not exceed four months.

30.04.2007	02.07.2007	30.07.2007	02.09.2007
30.10.2007	17.01.2008	30.01.2008	

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:
- Any changes in accounting policies and practices.
 - Compliance with accepted accounting standards.
 - 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

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

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

❖ Meetings during the year

During the Financial year 2007-08, the Audit Committee met on five times on

30-04-2007	30-07-2007	02-09-2007	30-10-2007	30-01-2008
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Remuneration Committee:

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

Sri.Raj Kumar Agrawal	-	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	6,75,000-	6,75,000-
Rajesh Peeti	Nil	4,82,694-	4,82,694-
Sri Rajeev Peeti	Nil	Nil	Nil
Sri Ajay Garg	Nil	Nil	Nil
Sri Rajkumar Agrawal	Nil	Nil	Nil

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

PEETI SECURITIES LIMITED

The Company received no complaints during the financial year ending 31st March 2008

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 Adukia	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
2006-07	13 th AGM	Bhagyanagar Function Hall, L.B.Nagar,Hyderabad.	29 th September, 2007	10.00 A.M
2005-06	12 th AGM	Bhagyanagar Function Hall, L.B.Nagar,Hyderabad	30 th September, 2006	10.00 A.M.
2004-05	11 th AGM	Bhagyanagar Function Hall, L.B.Nagar, Hyderabad.	30 th September 2005	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.

7. DISCLOSURES

i. Materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large – *The Information with respect to related party transactions is provided in point No. 9 in the Notes to Accounts which form part of the Annual Report. However such transactions have no potential conflict with the interest of the Company.*

ii. Details on non-compliance by the company, penalties and strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years - **NIL**

8. MEANS OF COMMUNICATION:

- Quarterly Financial Results are furnished to Hyderabad Stock Exchange and the Mumbai Stock Exchange as per clause 41 of the Listing Agreement.
- The Quarterly Unaudited Financial Results of the Company are published in Business Standard and Andhrabhoomi Hyderabad editions.
- Management Discussion and Analysis forms part of the Directors' Report.

9. GENERAL SHAREHOLDER INFORMATION :

Annual General Meeting:	30 th September, 2008 at 10.00 A.M.
Day, Date and time	Bhagyanagar Functional Hall,
Venue	L. B. Nagar, Hyderabad.

Financial Calendar

Event	Dates :
First quarter un-audited (Provisional) financial results	Last Week of July, 2007
Second quarter un-audited (Provisional) financial results	Last Week of Oct, 2007
Third quarter un-audited (Provisional) financial results	Last Week of Jan, 2008
Fourth quarter un-audited (Provisional) financial results	Last Week of April, 2008

Book Closure Date	: 28 th September to 30 th September, 2008 (both days inclusive)
Listing on Stock Exchanges	: The shares of the company are listed on The Hyderabad Stock Exchange Limited and The Bombay Stock Exchange Limited.
Stock Code	: HSE Code – 784 BSE Code – 531352
Market Price Data	: Not Quoted
Registrar and Share Transfer Agents	: CIL Securities Limited 214, Raghav Ratna Towers, Chirag-allane Abids, Hyderabad-500 001 Phone : 040 -23203155/23202465 Fax : 040 - 23203028

Share Transfer System :

All the physical share transfers received are processed by the Share Transfer agents, M/s CIL Securities Limited, Hyderabad. The Company's shares are being traded in compulsory Demat form. The Company has entered into agreement with both NSDL and CDSL to dematerialise its shares, which enable the company's shares to be transferred electronically through Depositories System.

Share Holding Pattern:

Shareholding pattern as or. 31st March, 2008

Sl.No.	Category	No.of shares held	% of Shareholding
1.	Promoters Holding	12,57,550	33.53
2.	Mutual Funds & U T I	Nil	Nil
3.	Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-Govt. Institutions)	65,500	1.75
4.	FII's	Nil	Nil
5.	Private Corporate Bodies	3,89,250	10.38
6.	Indian Public	20,38,100	58.20
7.	NRI's/ OCB's	Nil	Nil
8.	Others	Nil	Nil
	Total	37,50,400	100

Distribution of Shareholding:Distribution of Shareholding as on 31st March, 2008

Sl. No.	Category From - To Rs. - Rs.	N. of Holders	% of Holders	N. of Shares	% of Shares
1.	Upto - 5000	1800	95.09	1,17,04,000	31.21
2.	5001 - 10000	52	2.75	37,64,000	10.04
3.	10001 - 20000	20	1.05	27,14,000	7.24
4.	20001 - 30000	6	0.32	13,86,000	3.70
5.	30001 - 40000	0	0.00	-	-
6.	40001 - 50000	1	0.05	5,00,000	1.32
7.	50001 - 100000	8	0.42	62,17,000	16.58
8.	10000 and above	6	0.32	1,12,19,000	29.91
	Total	1893	100.00	3,75,04,000	100.00

Dematerialization of shares and liquidity: Since the Company has already entered into an agreement with both the depositories, viz. NSDL and CDSL for dematerialization of its shares, the shareholders are free to dematerialize their shares and keep them in dematerialized form with any depository participant.

Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity - Nil

Address for correspondence :

CIL Securities Limited
214, Raghav Ratna Towers
Chirag-ali-lane
Abids, Hyderabad - 500 001.
Ph : 040 -2320315523202465
Fax: 040 - 23203028

DECLARATION OF THE MANAGING DIRECTOR ON COMPLIANCE WITH CODE OF CONDUCT AND ETHICS

Peeti Securities Limited has adopted a code of Business conduct and ethics (The Code) which applies to all employees and Directors of the Company. Under Code, it is the responsibility of all employees and directors to familiarize themselves with the code and comply with its standards.

I hereby certify that the Board members and senior management personnel of the Company have affirmed compliance with the code for the financial year 2007-08.

Sandeep Peeti

Chairman cum managing Director

MANAGEMENT DISCUSSION ANALYSIS REPORT

Industry Structure and Developments:

Your Company has two divisions: Textiles segment and Securities segment.

Textiles : The Indian Textile Industry is growing at 20% and accounts for 4% of India's GDP. It contributes 14% to the Industrial Production and employs about 35 million people. It accounts for 21% of India's Gross Export Earning. Foreign direct Investment (FDI) During 2005-06, the Share of textile exports, including handicrafts, jute and coir, in country's total exports was 16.63%. The textile exports have registered strong

growth in the post quota, increasing US \$ 14.03 billion in 2004-05 to US \$ 17.08 billion in 2005-06, recording a growth of 21.76%. Therefore, the Govt. has fixed a higher target of US \$ 19.73 billion for 2006-07. India contributes 2.8% share in the total share of the global textile market. The momentum has sustained in 2006-07, and as per provisional figures of DGCI & S, the textile experts during April October 06, are up by 6.47% in dollar terms over exports during the corresponding period of the previous year.

Indian Textile Exports Consists of:-

- Cotton yarn and Fabrics
- Man-made yarn and Fabrics
- Wool and Silk Fabrics
- Made-ups and a variety of garments, Knitwear
- Woven and Silk besides handmade.

Exports from the country will touch 8.75 billion in 2007-08, up from 15 billion expected in the fiscal just ended 2006-07.

Major exports destination for Indias textile and apparel products are the US and EU, which together account for over 75% of demand. Exports to the US have further increased since 2005, post the termination of the MFA (Multi Fibre Agreement). Analysis of trade figures by the US census Bureau Shows that post MFA, imports from India into the US have been nearly 27% higher than in the corresponding period in 04-05.

Securities : The Securities Market has witnessed ups and downs due to various reasons like political instability, credit policies announced by the Reserve Bank, inflation steep hike in crude oil prices in the open market and so on. SENSEX which crossed 20,000 mark is now showing downtrend and in the past 2 months, it has registered ups and downs. Keeping in mind the volatility of the Capital Market, the Directors of your Company has decided to totally do away with the core securities business and concentrate on the textile business which has good growth potential.

Opportunities & Threats

Your Company is a part of a growing sector that has potential to reach unparalleled heights. The management feels that the coming year shall be a year of opportunities and challenges. 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.

PEETI SECURITIES LIMITED

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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.

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Members
PEETI SECURITIES LTD
SECUNDERABAD

We have examined the compliance of conditions of Corporate Governance of PEETI SECURITIES LTD for the year ended 31st March 2008 as stipulated in Clause 49 of the Listing Agreement of the company with Stock Exchanges.

The Compliance of the conditions of the corporate governance is the responsibility of the management. Our examinations were limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor expression of the opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievances were pending for the period exceeding one month against the Company as per the records maintained by the company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For MKA ASSOCIATES.
Chartered Accountants.

MANOJ KUMAR AGARWAL
(Partner)

Place: Hyderabad
Date : 1st Aug, 2008

AUDITOR'S REPORT

To
The Members,
PEETI SECURITIES LIMITED

1. We have audited the attached Balance Sheet of PEETI SECURITIES LIMITED as at 31st March, 2008 and related Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Statement on Companies (Auditor' Report) Order, 2003 issued by the Central Government of India in terms of sub-section 4A of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
- 4 Further to our comments in Annexure referred to in Paragraph 3 above , we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit;
 - b) In our opinion, proper books of accounts as required by law, have been kept by the Company, so far as appear from our examination of these books;
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors as on 31st March, 2008 and taken on records, none of the Directors of the company is, prima-facie, as at 31st March, 2008 disqualified from being appointed as Director of the Company under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles, generally accepted in India.
 - i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008and:
 - ii) In so far as it relates to Profit and Loss Account of the Profit of the Company for the year ended as on that date.
 - iii) In the case of Cash Flow statement, of the Cash Flow Statement for the year ended on that date.

Place: Hyderabad
Date : 1st Aug, 2008

For MKA ASSOCIATES.
Chartered Accountants.
MANOJ KUMAR AGARWAL
(Partner)
Membership No. 201740

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date on the accounts for the year ended 31st March, 2008 of PEETI SECURITIES LIMITED).

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As explained to us that the management has physically verified the major fixed assets of the company in a phased manner, designed to cover all assets over a period of three years, which in our opinion is reasonable having regard to the size of the company and nature of the assets. No material discrepancies were noticed on such verification.
- c) As per the information and explanations given to us no substantial part of the fixed assets have been disposed off during the year, which affect the ability of the company to continue as a going concern.
- (ii) a) The stock of Finished Goods and Raw Material lying in the factory have been Physically verified by the management during/at the year-end. In our opinion and according to information and explanations given to us the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of its inventories and the discrepancies noticed on such physical verification between the physical and book stock were not material and have been adequately dealt with in the books of accounts.
- (iii) In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weaknesses in the internal controls.
- (v) a) In our opinion and according to the information and explanations given to us, the Company has not transacted any transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- b) Sub-clause (b) is not applicable.
- (vi) According to the information and explanations given to us, the company has not accepted any deposits from public during the year within the meaning of section 58 A of the Companies Act, 1956 and the rules framed thereunder.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us maintenance of cost records has not been prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956, for any of the activities of the Company.

- (ix) a) According to the information and explanations given to us, and the Company has been regular in depositing undisputed statutory dues such as Employee's State insurance, income tax, sales tax, excise duty, cess and other material statutory dues applicable to it with appropriate authorities during the year.
- b) As explained to us there were no undisputed arrears of the statutory dues as at 31-03-2008 for a period more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of income tax, wealth-tax, sales tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a bank.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures and other securities and timely entries have been made therein. The investments are held by the company in its own name or held with valid transfer deeds.
- (xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from a bank or financial institution.
- (xvi) The company has not obtained any term loans; accordingly, the question of reporting on its application does not arise.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the question of reporting on whether the price at which such shares have been issued is prejudicial to the interest of the company does not arise.
- (xix) The company has not issued any debentures. Accordingly, the question of creating a security for such debentures does not arise.
- (xx) The company has not raised any money by public issues during the year. Accordingly, the question of disclosure of end use of such monies does not arise.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Hyderabad
Date : 1st Aug, 2008

For MKA ASSOCIATES,
Chartered Accountants.

MANOJ KUMAR AGARWAL
(Partner)
Membership No. 201740

BALANCE SHEET AS ON 31ST MARCH, 2008

	SCH No.	AS ON 31.03.2008 AMOUNT (RS.)	AS ON 31.03.2007 AMOUNT (RS.)
I SOURCES OF FUNDS:			
1. Share Hoider'S Funds:			
Share Capital	1	37,504,000	37,504,000
2. Secured Loans	2	2,059,698	-----
3. DEFERRED TAX LIABILTY (NET)		511,761	828,075
TOTAL		40,075,459	38,332,075
II APPLICATION OF FUNDS :			
1. Fixed Assets			
a) Gross Block	3	17,744,687	5,262,762
b) Less Depreciation		3,459,697	3,025,298
Net Stock		14,284,991	2,237,465
2. INVESTMENTS	3A	—	40,000
3. Current Assets, Loans and Advances			
a) inventories	4	6,897,277	4,711,914
c) Sundry Debtors	5	6,147,150	4,525,741
d) Cash & Bank Balances	6	570,504	2,755,170
e) Loans & Advances	7	14,349,985	24,633,556
		27,964,916	36,626,381
3. Less: Current Liabilities & Provisions	8	3,896,139	2,107,004
Net Current Assets		24,068,777	34,519,377
4. Profit & Loss Account			
(Debit Balance to the extent not adjusted)			
TOTAL :		1,721,692	1,535,234
Significant Accounting Policies & Notes on Accounts	15	40,075,459	38,332,075

As per our Audit Report of even date.

For and on behalf of the Board.

For MKA ASSOCIATES
Chartered AccoUntantsSANDEEP PEETI
Managing Director.MANOJ KUMAR AGARWAL
PartnerRAJESH PEETI
Executive Director.Place:Hyderabad.
Date : 1st August, 2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	SCH No.	AS ON 31.03.2008 AMOUNT (RS.)	AS ON 31.03.2007 AMOUNT (RS.)
I. INCOME			
Sales	9	36,579,741	31,989,537
Other Income	11	150,729	1,316,987
Accretion/(Decretion) to Stock	10	797,861	279,899
TOTAL : (A)		37,528,331	33,586,423
II. EXPENDITURE			
Raw Material Consumed/Purchases	12	23,425,799	21,726,799
Manufacturing Expenses	13	10,012,386	7,287,196
Operating & Other Expenses	14	2,754,080	3,046,433
Interest & Financial Charges		248,143	22,519
Depreciation	3	434,399	406,320
TOTAL : (B)		36,874,807	32,489,266
Profit/(Loss) for the year (A-B)		653,524	1,097,157
Less: Prior Year Adjustments Towards Gratuity		797,077	-
		(143,553)	1,097,157
LESS: Provision for Income tax			
Current Tax	(276,900)		(235815)
Deferred Tax (Liability)/Assets	316,314		58085
Frindge Benefit Tax	(43,883)		(50570)
Taxes of Earlier Years	(38,436)	(42,905)	(4952)
			(233252)
Profit/(Loss) after Tax		(186,458)	863,905
Deficit brought forward from Previous year		(1,535,234)	(2,399,139)
Surplus/ (Deficit) Carried to Balance Sheet		(1,721, 692)	(1,535,234)
Basic and Diluted Earning Per Share		0.17	0.23

As per our Audit Report of even date.

For and behalf of the Board.

For **MKA ASSOCIATES**
Partner**MANOJ KUMAR AGARWAL**
Partner**SANDEEP PEETI**
Managing Director.**RAJESH PEETI**
Executive Director.Place: Hyderabad.
Date : 1st August, 2008

PEETI SECURITIES LIMITED
SCHEDULES FORMING PART OF ACCOUNTS

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.04.2007	Additions During the year	Deletion Made During the year	Upto 31/03/2007	For the year 2007-08	Deletion for the year 2007-08	W.D.V.As on 31-03-2008	W.D.V.As on 31-03-2007
		Total	Total					
Land	12,351,600.00	-	-	-	22,271.00	-	12,351,600.00	64,152.00
Computers	75,870.00	76,800.00	-	11,718.00	8,255.00	-	118,681.00	71,664.00
Vehicles(Scooter)	86,892.00	-	-	15,228.00	22,697.00	-	63,409.00	420,527.50
Office Equipment	477,841.50	-	-	57,314.00	193,733.00	-	411,278.00	605,011.00
Vehicles (Cars)	2,039,298.00	-	-	1,434,287.00	169,924.00	-	697,518.00	829,667.00
Plant & Machinery	2,271,587.51	37,755.00	-	1,441,920.51	9,366.00	-	102,505.00	96,121.00
Furniture & Fixture	139,639.00	15,750.00	-	43,518.00	8,153.00	-	142,169.00	150,322.00
Air Conditioners	171,634.00	-	-	21,312.00	434,399.00	-	14,284,990.50	2,237,464.50
Total	5,262,762.01	12,481,925.00	-	3,025,297.51	406,320.00	256,158.00	2,237,464.50	3,183,574.50
Previous year	5,307,720.01	409,667.00	1,205,615.00	2,875,135.51	406,320.00	256,158.00	2,237,464.50	3,183,574.50

SCHEDULES FORMING PART OF ACCOUNTS

	AS ON 31.03.2008 AMOUNT (RS.)	AS ON 31.03.2007 AMOUNT (RS.)
SCHEDULE - 1		
SHARE CAPITAL	45,000,000	45,000,000
AUTHORISED	=====	=====
45,00,000 Equity Share of RS. 10/- each		
Issued, Subscribed & Paid up Capital	37,504,000	37,504,000
37,50,400 Equity Shares of RS. 10/- each fully Paid up	=====	=====
SCHEDULE - 2		
SECURED LOANS		
Cash Credit from Tamilnad Merchantile Bank Ltd	2,059,698	-
	<u>2,059,698</u>	<u>-</u>
SCHEDULE - 3A		
INVESTMENT		
Current Investments (Quoted)		
INVESTMENT IN UNITS OF MUTUAL FUNDS		
Franklin India Flexi Cap Fund	-	20,000
SBI Magnum Contra Fund	-	20,000
	<u>-</u>	<u>40,000</u>
SCHEDULE - 4		
INVENTORIES		
(As Certified by the Management)		
(At lower of cost or net realisable Value)		
Raw material	3,005,209	1,617,707
Finished Goods :		
Finished Cloth	3,633,322	2,700,366
Realisable Waste	37,046	13,986
Stock of Shares & Other Securities	221,700	379,855
	<u>6,897,277</u>	<u>4,711,914</u>
SCHEDULE - 5		
SUNDRY DEBTORS		
(Un-secured but considered good)		
Outstanding for more than six months	101,774	137,221
Others considered good	6,045,376	4,388,520
	<u>6,147,150</u>	<u>4,525,741</u>
SCHEDULE - 6		
CASH & BANK BALANCES		
Cash on hand	548,860	279,016
Balance with Schedule Banks		
in Current Accounts	21,644	2,476,154
	<u>570,504</u>	<u>2,755,170</u>

	AS ON 31.03.2008 AMOUNT (RS.)	AS ON 31.03.2007 AMOUNT (RS.)
SCHEDULE - 7		
LOANS & ADVANCES		
Intercorporate Loans- (Un-secured but considered good)	11,075,440	10,072,074
Other Loans & Advances (Recoverable in Cash or in kind for value to be received un-secured considered good) Deposits	550,000	1,150,000
Advance Tax / T.D.S / FBT	837,291	477,291
VAT	310,392	121,691
Advance for purchase of Property	6,143	-
Advances to Suppliers	1,500,000	12,780,000
Prepaid Insurance	1,504	-
Other Current assets	13,225	-
	55,990	32,500
	<u>14,349,985</u>	<u>24,633,556</u>

SCHEDULE - 8		
CURRENT LIABILITIES AND PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors	1,510,805	935,489
Outstanding Liabilities	2,064,551	885,130
	<u>3,575,356</u>	<u>1,820,619</u>
B. PROVISIONS :		
Current Tax	276,900	235,815
Fringe Benefit tax	43,883	50,570
	<u>320,783</u>	<u>286,385.00</u>
	<u>3,896,139</u>	<u>2,107,004</u>

SCHEDULE - 9		
SALES		
Sales - Taxies	36,579,741	31,979,762
Sales of Shares & Securities	-	9,775
	<u>36,579,741</u>	<u>31,989,537</u>

SCHEDULE - 10		
ACCRTION/(DECRETION) IN STOCK		
Opening Stock of Shares & Other Securities	379,855	389,630
Closing Stock of Shares & Other Securities	221,700	379,855
	<u>(158,155)</u>	<u>9,775</u>
A		

	AS ON 31.03.2008 AMOUNT (RS.)	AS ON 31.03.2007 AMOUNT (RS.)
Opening Stock of Textiles Items	2,714,352	2,424,678
Closing Stock of Textiles Items	3,670,368	2,714,352
B	956,016	289,674
Total (A+B)	797,861	279,899

**SCHEDULE - 11
OTHER INCOME**

Dividend	700	45,710
Others	838	1,941
Interest on loans & Deposits	67,500	520,263
Write offs / Discounts	-	27,498
Job Charges Received	40,393	38,075
Profit on Sale of Investments	41,298	-
Provision for Doubtful debt. written back	-	683,500
	150,729	1,316,987

**SCHEDULE - 12
RAW MATERIAL CONSUMED**

Opening Stock	1,617,707	975,410
Purchase-Synthetic yarn	7,066,738	7,081,211
Purchase of Grey Cloth	9,903,171	3,963,959
Carriage Inward	48,220	96,953
	18,635,836	12,117,533
	3,005,209	1,617,707
LESS : Closing Stock		
Raw Material Consumed	15,630,627	10,499,826
Purchase of Finished Cloth	7,795,172	11,226,973
	23,425,799	21,726,799

PEETI SECURITIES LIMITED

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SCHEDULE - 13 MANUFACTURING EXPENSES	AS ON 31.03.2008 AMOUNT (RS.)	AS ON 31.03.2007 AMOUNT (RS.)
Consumables	29,273	-
Wages & Other Benefits to Employees	828,035	671,435
Electricity Charges	196,778	198,420
Weaving Charges	2,054,690	1,849,385
Job Work Dyeing & Printing Man made Fabrics	6,003,566	3,790,645
Packing Material	405,790	246,942
Excise Duty	-	-
Factory Rent	449,140	503,165
Repairs to Plant & Machinery	45,114	27,204
	10,012,386	7,287,196
SCHEDULE - 14 OPERATING & OTHER EXPENSES		
Auditor's Fee	28,060	28,060
Bad Debts Written off	118,328	683,500
Carraige out wards	74,872	67,059
General Expences	30,444	17,576
Insurance	9,463	5,537
Listing Fees	19,188	18,980
Loss on sale of assets	-	119,591
Postage, Telegrams & Telephones	153,031	184,870
Printing & Stationery	90,944	51,808
Professional Fees	103,967	94,058
Rent, Rates & Taxes	132,727	250,852
Repairs & Maintenance (Vehicles)	27,739	40,522
Sales Commission	261,458	217,412
Travelling & Conveyance	306,765	265,320
Provision for Gratuity	66,000	-
Workmen Compensation	75,520	-
Managerial Remuneration	1,035,000	724,500
Misc assets Written off	-	36,376
Miscellaneous Expenses	220,575	240,412
	2,754,080	3,046,433
SCHEDULE - 15 PRIOR PERIOD ITEMS		
Sale Tax	21,916	-
Income Tax	13,400	4,701
Frindge Benefits Tax Expenses	3,120	251
Gratuity	797,077	-
	835,513	4,952

SCHEDULE-15**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES :****a) Accounting Assumption :**

The Accounts have been prepared under the historical cost convention on the basis of a going concern, with revenues recognized and expenses accounted on their accrual, including provision/adjustments for committed obligations and amounts determined as payable or receivable during the year.

b) Fixed Assets and Depreciation :

- i) Fixed Assets are stated at historical cost less accumulated depreciation. The cost of the Assets includes Purchase price, freight, installation cost, duties, taxes and other direct incidental expenses for bringing the assets to working condition.
- ii) Depreciation has been provided on straight-line method on pro-rata basis at the rates prescribed in Schedule XIV of the Companies Act, 1956.

c) Inventories.

Stock of Shares is valued at lower of Cost or Estimated Net realizable Value. In case realizable value is not ascertainable due to non-availability of Quotation in the Stock Markets, the value of such Shares is adopted at Rs.0.10 np per Share.

The Raw materials & Work in progress is valued at cost. Finished goods are valued at lower of Cost or Estimated Net realizable Value. The Cost is based on the 'First in First out method'.

d) Revenue Recognition :

- i) Revenue is recognized on sale of yarn, grey cloth and finished cloth on dispatch of goods from the factory. Sales are recorded net of rebate, trade discounts and returns but include excise duty.
- ii) Dividend is accounted on an accrual basis when the right to receive the dividend is established.
- iii) Interest income on loans advances is recognized in the profit & loss account as it accrues.

e) Retirement Benefits :

Gratuity: During the year provision has been made towards retirement gratuity for the Employees who in the opinion of the Board are eligible for the same.

f) Income Tax:

Provision for current tax is made on the basis of Estimated Taxable Income of the Current Accounting Year in accordance with Income Tax Act, 1961. The Deferred Tax liability/asset for timing difference between the book and tax profits for the year is accounted for, based on current tax Rates.

g) Investments:

Long term investments are carried at cost less provision for permanent diminution in value of such investments. Current investments are carried at lower of cost and fair value. Unit of mutual funds held as current investments and are valued at cost.

2. NOTES ON ACCOUNTS :

Contingent Liabilities:

- a) Claims against Company not acknowledged as debts : Nil
- b) Liability on partly paid-up shares : Nil
- c) Contracts Remaining to be Executed on Capital Accounts : NIL (Previous Year, NIL)
- 2. Value of imports on CIF basis : NIL NIL
- 3. Expenditure in Foreign Currency : NIL NIL
- 4. Earnings in Foreign Currency : NIL NIL
- 5. Quantity Particulars as required Under Part II of Schedule VI of the Companies Act, 1956.

Capacity & Production	Production	
Class of Product	31.03.2008	31.03.2007
Texturising of Yarn (in KGS)	-Nil-	-Nil-
Grey cloth (in Mtrs) (Production Thru Job works)	1275089.10	1164844.90

*As certified by the Management

6. Turnover, Closing Stock and Opening Stock

(Rs in Lakhs)

Class of Products	Turnover		Closing Stock		Opening Stock	
	Qty.	Amt.	Qty.	Amt.	Qty.	Amt.
Yarn(M.Ts)/(POY)/PFY (Previous Year)	0	0	0.063 0.083	5.13 7.05	0.083 0.023	7.05 1.94
Grey Cloth(in Mtrs) (Previous Year)	3.58 4.21	24.78 31.73	1.96 0.91	24.92 9.12	0.91 1.04	9.12 7.81
Finished Fabrics(Mtrs) (Previous Year)	17.29 14.52	340.94 288.07	2.79 1.78	36.68 27.14	1.78 1.28	27.14 24.24

Raw Material Consumed:

	31-03-2008		31-3-2007	
	Qty (In M.Ts)	Amt	Qty (In M.Ts)	Amt.
POY/PFY	0.97	71.15	0.95	76.07

7. Managerial Remuneration:

	31-03-2008	31-3-2007
Managing Director.		
1) Salary	4, 50,000.00	3, 15,000.00
2) House Rent Allowance	2, 25,000.00	1, 57,500.00
	6, 75,000.00	4, 72,500.00

	31-03-2008	31-3-2007
Executive Director:		
1) Salary	3, 60,000.00	2, 52,000.00
2) House Rent Allowance	-NIL-	-NIL-
3) Perquisites	-NIL-	1, 16,850.00
	3, 60,000.00	3, 68,850.00

8. Remuneration to Auditors:

	31.03.2008	31.03.2007
For Audit Fees	10,000.00	10,000.00
For Tax Audit	8,060.00	8,060.00
Tax representation	10,000.00	10,000.00
	28,060.00	28,060.00

9. Related Party Disclosure:

(The information is given as compiled and certified by the management.)

List of Related Parties:

<u>Name of Relation</u>	<u>Name of Related Party</u>
1. Associate Firms:	1. Peeti & Co.

Directors & Key Managerial Personnel.

- Sandeep Peeti
- Rajesh Peeti

Transaction with Related Party

Nature of Transaction	Director & KMP	Association
	(Rs. In Lakhs)	(Rs. In Lakhs)
Remuneration	10.35	—
Perquisites	-NIL-	—
Rent	1.23	—

10. Segment Reporting:

For Segment Reporting for the period 01.04.2007 to 31.03.2008, the business segments have been identified based on products and activities of the company.

The following three segments are identified:

- Manufacturing & Trading in Textiles.
- Trading in Shares & Other Securities.
- Loans Advancing.

Segment Reporting :

(1)	Segment Revenue	(Rs in lakhs)	
		For the F.Y.2007-08	For the F.Y.2006-07
	A. Sales: Textiles	365.79	319.80
	B. Sales: Shares & Other Securities	0.00	0.10
	C. Interest on Loans Advancing	0.00	5.22
	D. Other Income	6.75	6.84
	Net Sales/Income from operations	366.47	331.96

PEETI SECURITIES LIMITED

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	For the F.Y. 2006-07	For the F.Y 2007-08
(2) Segment Results Profit(+) / (Loss) (-)		
1. Manufacturing & Trading in Textiles.	39.68	31.52
2. Trading in Shares & Other Securities	(1.57)	0.46
3. Loans Advancing	0.00	5.22
4. Other income	1.09	6.83
Total:	39.20	44.03
Less: Other un-allocable expenditure	30.18	32.83
Total Profit (+) /Loss (-) Before Tax & Interest	9.02	11.20
(3) Capital Employed (Segment Assets and Liabilities)		
1. Manufacturing & Trading in Textiles	120.09	87.52
2. Trading in Shares & Other Securities	2.22	3.80
3. Loans Advancing	116.25	112.22
4. Others	144.93	164.43
Total:	383.50	367.97

11. The company has no information as to whether any of its suppliers constitute small-scale industrial undertaking and therefore, the amount due to such suppliers and overdue interest thereon has not been identified.

12. Surrender of NBFC Certificate:

The company has surrendered its certificate of Registration granted for carrying on the business of Non-banking Finance Company. The company is not accepting/holding Public Deposits and diversified its business to Trading & Manufacturing of Textiles.

13. Prior Year Expenditure debited to Profit & loss Account represents provision made for Gratuity for prior years in respect of those employees who in the opinion of the Board are eligible for the same.

14. Computation of Earnings Per Share:

Particulars	For the F.Y 2007-08	For the F.Y 2006-07
Profit & (Loss) for the year after provision for Taxation but prior year adjustments	Rs 6,49,055	Rs8,63,904
No. Of Shares	37,50,400	37,50,400
Earning / (Loss) Per Share	Rs 0.17	Rs.0.23

For **MKA. ASSOCIATES**

Chartered Accountants

MANOJ KUMAR AGARWAL

(Partner)

Place : Hyderabad,

Date : 1st Aug, 2008

For and on Behalf of the Board of Directors.

SANDEEP PEETI

Managing Director.

RAJESH PEETI

Executive Director

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details:

Registration No.	18779	18779
State code	1	1

Balance Sheet date 31st March, 2008 31st March, 2007

2. Capital Raised during the year:

Public Issue	Nil	Nil
Rights Issue	Nil	Nil
Bonus Issue	Nil	Nil
Private Issue	Nil	Nil

3. Position of Mobilisation and Deployment of Funds:

Total Liabilities	40,075,459	38,332,075
Total Assets	40,075,459	38,332,075

Sources of Funds:

Paid up Capital	37,504,000	37,504,000
Secured Loans	-	-
Un-secured Loans	-	-

Application of Funds:

Net Fixed Assets	14,284,991	2,237,465
Net Current assets	24,068,777	34,519,377
Profit & Loss A/c (Accumulated Losses)	1,721,692	1,535,234

4. Performance of the Company :

Income	37,528,331	33,586,423
Total Expenditure	36,874,807	32,489,266
Profit/(Loss) before Tax	(143,553)	1,097,157
Profit/(Loss) After Tax	(186,458)	863,905
Earning/(Loss) per share	0.17	0.23
Dividend Rate	NIL	NIL

4. Generic Names of Principal Products/Service of the company

SERVICES	Description
	: i) Loans Advancing
	: ii) Trading in Shares
PRODUCTS	
	: i) Polyester Yarn
	: ii) Grey Cloth
	: iii) Finished Cloth

For MKA ASSOCIATES

Chartered Accountants

MANOJ KUMAR AGARWAL

Partner

SANDEEP PEETI

Managing Director.

RAJESH PEETI

Executive Director.

Place: Hyderabad.

Date : 1st August, 2008.

PEETI SECURITIES LIMITED

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

Particulars	For the Year ended 31.03.2008		For the Year ended 31.03.2007	
	Rs (in Lacs)		Rs (in Lacs)	
A CASH FLOW FROM OPERATING ACTIVITIES	6.54		10.97	
Net Profit/(Loss) before Tax & Extraordinary Items	4.34		4.06	
Adjustments for :	2.48		0.23	
Depreciation	-		-1.56	
Interest	0.66			
Loss on sale of fixed assets/assets written off	(0.411)	7.07		5.84
Provision for Gratuity				
Profit on sale of Investment				
Operating Profit/(Loss) before working capital changes				
Adjustments for :				
Trade Receivables & Other Receivables	86.62		(5.36)	
Inventory	(21.85)		(9.22)	
Trade Payable	8.92	73.68	11.60	(2.98)
Cash Generated/(outgo) from Operation	2.48	87.29	0.23	13.84
Interest paid	3.24	5.73	1.55	1.78
Direct Taxes paid				
Cash Flow before extraordinary item		81.57		12.06
Extraordinary Items				0.05
Net Cash Flow/(used) from/in Operating Activities (A) :		81.57		12.01
B CASH FLOW FROM INVESTING ACTIVITIES :				
(Increase) /decrease in investment		0.81		(0.40)
Decrease/ (Increase) in Fixed Assets		(124.82)		3.85
Net Cash Flow/(used) from/in Investing Activities (B) :		(124.01)		3.45
C CASH FLOW FROM FINANCING ACTIVITIES :				
Share Capital		20.60		-
Secured Loans		-		-
Unsecured Loans		-		-
Net Cash Flow/(used) from/in Financing Activities (C) :		20.60		15.46
D NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(21.84)		12.09
Cash and Cash equivalent (Opening)		27.55		27.55
Cash and Cash equivalent (Closing)		5.71		

For and on behalf of the Board.

For MKA ASSOCIATES

Chartered Accountants

MANOJ KUMAR AGARWAL
Partner

Place: Hyderabad.

Date : 1st August, 2008.

SANDEEP PEETI
Managing Director.

RAJESH PEETI
Executive Director.

PEETI SECURITIES LIMITED

PEETI SECURITIES LIMITED
221/A, Tivoli Compound, Behind Liberty Cinema Hall, Begun Road, Secunderabad - 03
FOURTEENTH ANNUAL GENERAL MEETING

ATTENDANCE SLIP

DP ID No. _____ FOLIO NO. _____
Client ID No. _____ No. Of Shares _____
(To be filled by Share Holder)

AUDITOR'S CERTIFICATE

I hereby record my presence at the 14th Annual General Meeting of the Company being held on 30th September 2008 at the Function Hall, L.B Nagar, Hyderabad.

We have verified the above Cash Flow Statement of M/s Peeti Securities Limited derived from the Audited Financial Statements for the year ended 31st March 2008 and found the same to be drawn in accordance and with also with the requirements of Clause 32 of the Listing Agreement with the Stock Exchanges.

Signature(s) of the member(s) or Proxy/Proxies present

PROXY FORM

DP ID No. _____ Folio No. _____
Client ID No. _____ No. of Shares _____

I/We _____
in the district of _____
Being a member(s) of PEETI SECURITIES LIMITED HEREBY
Appoint _____
in the district of _____ of mailing number _____

For MKA ASSOCIATES
Chartered Accountants

in the district of _____ of _____
As my/our Proxy to attend and vote for me/us and all my/our shares at the 14th Annual General Meeting of the Company to be held on 30th September 2008 at 10.00 a.m. at the Function Hall, L.B Nagar, Hyderabad.

MANOJ KUMAR AGARWAL
(Partner)

Place: Hyderabad

Date: 1st August 2008

Note:
1) This form in order to be effective should be duly completed, stamped and signed and must be deposited at the registered office of the Company 48 hours before the meeting.

NO GIFTS WILL BE DISTRIBUTED AT ANNUAL GENERAL MEETING

PEETI SECURITIES LIMITED
221/A, Tivoli Compound, Behind Liamba Cinema Hall, Bbolton Road, Secunderabad - 03.

FOURTEENTH ANNUAL GENERAL MEETING**ATTEDANCE SLIP**

DP ID..... FOLIO NO.....
Client ID..... No.Of.Shares.....

(To be filled by Share Holder)

I hereby record my presence at the 14th Annual General Meeting of the Company being held on 30th September 2008 at 10 a.m. at Bhagyanagar Function Hall, L.B.Nagar, Hyderabad.

Full Name of the Member.....
(In BLOCK LETTERS)

Reg.Folio..... No..... No.Of Shares Held..... Full
Name of Proxy.....
(In BLOCK LETTERS)

Signature(s) of the member(s) or Proxy/Proxis present.
.....

PROXY FORM

DP ID No..... Folio No.....
Client ID No..... No of Shares

I/We..... of

In the district of.....

Being a member(s) of **PEETI SECUTIES LIMITED HEREBY**

Appoint in the district of
..... of failing him/her
..... of

in the district of

As my/our Proxy to attend and vote for me/'s and on my/our behalf at the 14th Annual General Meeting of the Company to be held on 30th September 2008 at 10.00 a.m. at Bhagyanagar Function Hall, L.B.Nagar, Hyderabad.

As Witness my/hand/our hands this day of 2008
Signature.....

Affix
1/- Rupee
Revenue
Stamp

Note:

- 1) This form is order to be effective should be duly completed, stamped and signed and must be deposited at the registered office of the Company 48 hours before the meeting
- 2) **NO GIFTS WILL BE DISTRIBUTED AT ANNUAL GENERAL MEETING**