

Ceeta Industries Limited

**Annual
Report
1998-99**

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CEETA



CEETA INDUSTRIES LIMITED

BOARD OF DIRECTORS

Sri A. De
Sri R. G. Choudhary
Sri R. K. Sureka
Sri K. M. Poddar, Managing Director

BANKERS

UCO Bank

AUDITORS

G. K. Tulsyan & Co.
Chartered Accountants

REGISTERED OFFICE

Plot No. 34-38
KIADB Industrial Area
Sathyamangala
Tumkur - 572 104, Karnataka

WORKS

Tumkur

Plot No. 34-38
KIADB Industrial Area
Sathyamangala
Tumkur - 572 104, Karnataka

Udaipur

Udaipur Petro Synthetics
Village Rohikhera, Bhutpura (Near Bhatewar),
Dist. Udaipur, Rajasthan

HEAD OFFICE

240B, A. J. C. Bose Road
2nd Floor, Calcutta - 700 020

CEETA**CEETA INDUSTRIES LIMITED****NOTICE**

NOTICE is hereby given that the FIFTEENTH Annual General Meeting of the Members of CEETA INDUSTRIES LIMITED will be held on Saturday, the 11th September, 1999 at 10.00 a.m. at the Registered Office of the Company at Plot No. 34-38, KIADB Industrial Area, Sathyamangala, Tumkur-572 104, Karnataka to transact the following business :

1. To consider and adopt the Audited Accounts of the Company for the Financial Year ended 31st March, 1999 and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri R. G. Choudhary, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to authorise the Board to fix up their remuneration.
4. To appoint Branch Auditors for Auditing the accounts of the Company's unit at Udaipur and to authorise the Board to fix up their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications the following resolutions:

5. **As Ordinary Resolution**

"RESOLVED THAT Sri A. De be and is hereby appointed as Director of the company."

6. **As Ordinary Resolution**

"RESOLVED THAT Sri R. K. Sureka be and is hereby appointed as Director of the company."

7. **As Special Resolution**

"RESOLVED THAT Sri Anubhav Poddar who has been appointed as president of the company with effect from 01/06/99 in the Board Meeting dtd. 12/04/99 for a period of three years under a contract between Sri Anubhav Poddar and the Company be and is hereby paid remuneration as stated below with such modification or substitutions as may be agreed to by the Board of Directors and Sri Anubhav Poddar from time to time.

a) **Salary :**

Basic salary of Rs. 12,000/- per month with such annual increment as may be decided by the Managing Director.

b) **Perquisites and other allowances :**

In addition to salary, he shall be entitled to house rent allowance @40% of basic salary, Leave Travel Allowance as per company rule, reimbursement of medical expenses for Self, Spouse and Children on actual basis, bonus, annual exgratia, etc. He will be given the benefit of gratuity, sick/casual leave in accordance with the Rules of the Company.

Subject to and in compliance with the provisions of Section 314 of Companies Act, 1956 he will be provided/reimbursed the gas, electric and water charges at actual, medical/personal accident/household insurance, club membership (annual subscription) and use of Company's furniture and equipment at residence.

He will be further provided Car with driver for use on company's business (use for private purpose to be billed by the company) and telephone at residence for official use (Personal long distance call to be billed by the company).

"RESOLVED FURTHER THAT the remuneration payable to Sri Anubhav Poddar will be resetted/enhanced by the Board of Directors of the Company in compliance with the provision of Section 314 of the Companies Act, 1956 as and when amended or deleted

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or on insertion of any new provision or on issue of any circular/notification by the Central Government/competent authority.

Registered Office :
Plot No. 34-38
KIADB Industrial Area
Sathyamangala
Tumkur-572 104, Karnataka
Dated : 27/07/99

By Order of the Board

K. M. Poddar
Managing Director

NOTES :

1. A member entitled to attend and vote at the Meeting may appoint a proxy to attend and vote on poll on his behalf. 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 commencement of the Meeting.
2. The Register of Members and the Share Transfer Books of the Company was remain closed from 26th July, 1999 to 2nd August, 1999 (both days inclusive).
3. The share transfer activities are carried out at the Registered office.
4. Members are requested to bring their copy of the Annual Report to the Meeting.
5. Members are requested to pay unpaid allotment money alongwith applicable interest, if not paid so far.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956 in respect of items of Special Business set out in the notice.

Item No. 5 & 6

Sri A. De and Sri R.K. Sureka were appointed as Additional Director of the Company vide circular resolutions dtd. 28/08/98 and duly confirmed in the Board Meeting held subsequently. Pursuant to provision of Article 81 of the Company's Articles of Association and Section 260 of the Companies Act, 1956, they will hold office upto the date of the ensuing Annual General Meeting.

The Board recommends their appointments as Directors as set out in item numbers 5 and 6 of the Notice.

None of the Directors of the company except Sri A. De and Sri R.K. Sureka are interested in the resolutions.

Item No. 7 :

Sir Anubhav Poddar was appointed as President of the company with effect from 01/02/99 at a consolidated salary of Rs. 9,500/- p.m. In the Board Meeting dated 12/04/99, the Board resolved to appoint him by executing a contract for a period of three years with effect from 01/06/99. The abstract of the terms and conditions of his appointment are set out in the face of the notice under item No. 7.

None of the Directors except Sri K. M. Poddar, being relative, are interested in the resolution as set out in item No. 7 of the notice.

The approval of the company in General Meeting is now sought for under Section 314 of the Companies Act, 1956 to the remuneration payable to Sri Anubhav Poddar, who is a relative of Sri K. M. Poddar, managing Director within the meaning of the Section 6 of the Act read with Schedule 1A, upon his appointment as President of the Company.



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DIRECTORS' REPORT

Your Directors have pleasure in presenting their FIFTEENTH Annual Report together with Audited Accounts of the Company for the Year ended 31st March, 1999.

	(Rs. in lac)	
FINANCIAL RESULTS	Current Year (1998-99)	Previous Year (1997-98)
Profit/ (Loss) before interest & Depreciation	(187.55)	377.84
Less : Interest & Finance Charges	390.14	279.89
Profit/(Loss) before depreciation	(577.69)	97.95
Less : Depreciation	215.66	92.02
Profit / (Loss) before taxation	(793.35)	5.93
Less : Provision for Taxation	-	-
Profit / (Loss) after taxation	(793.35)	5.93
Less : Prior period depreciation and other adjustments	703.76	5.77
Net Profit / (Loss)	(1497.11)	0.16
Transfer to General Reserve	(1,497.11)	0.16

DIVIDEND

Your Directors regret that no dividend is recommended for the year.

GENERAL REVIEW

During th year under review the Company on a turnover of Rs. 410.98 lac incurred a loss of Rs. 187.55 lac before charging interest of Rs. 390.14 lac and depreciation of Rs. 215.66 lac.

Granite Division :

During the year the granite division achieved a turnover of Rs. 134.86 lac as against a turnover of Rs. 596.25 lac in the previous year. The decline in turnover was due to suspension of relation with its two main U.S. customers. The strained relation was also aggravated the inadequate post shipment finance from UCO Bank resulting in dispute with these customers who stopped payment of overdues. Though the Company has been taking all possible steps for recovery of dues which are fully covered by ECGC policy, the unfortunate event has affected the working of the division adversely; the Company had to suspend its operations in most times during the year and changed its business strategy towards execution of third party export which fetch lower margin. This suspension of operation of credit facilities by UCO Bank upon their recall also contributed to change the business strategy. The division, therefore, incurred a large loss of Rs. 178.71 lac before charging interest of Rs. 311.58 lac and depreciation of Rs. 189.02 lac as against a profit of Rs. 238.17 lac before charging interest of Rs. 224.19 lac and depreciation of Rs. 86.91 lac in the previous year.

Udaipur Unit :

During the year the division acheived a total turnover of Rs. 226.40 lac as against Rs. 883.77 lac in the previous year.

The working of the Unit - I remained restricted due to transfer of main equipment facilities, acquired through lease finance, under tripartite agreement after the long industrial problem in the previous year. The working of Unit-II also remained restricted mostly to execution of job orders during the year; this was not only due to continued difficult condition prevailing in

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the man-made fibre industry but also due to suspension of credit facilities by UCO Bank. The Unit, therefore, earned a marginal profit of Rs. 3.26 lac before charging interest of Rs. 41.98 lac and depreciation of Rs. 23.36 lac.

In View of the deterioration in working and the losses exceeding the net worth of the Company has become a sick industrial Company within the meaning of Section 3(1) (O) of the Sick Industrial Companies (Special Provisions) Act, 1985. The Board of Directors has taken steps to get the requisite registration with the Board for Industrial and Financial Reconstruction (BIFR) and would approach for scheme of rehabilitation and restructuring.

It has been decided to change the method of providing of depreciation from straight line to written down value; as a result the additional impact of depreciation charged was Rs. 105.13 lac during 1998-99 and Rs. 478.32 lac for prior years. Consequent upon the dispute with the two U.S. customers the export promotion expenses considered as deferred revenue expenditure of Rs. 32.43 lac in the previous year had to be written off during the year under review. As a result of the transfer of capital equipment acquired under lease finance, the preoperative and trial run expenses of Rs. 196.52 lac which were capitalised earlier had to be written off.

PROSPECT

Your Directors are evaluating the plans to improve the working of the Granite Division by exploring new international market and executing third party export orders. The working of the Udaipur unit continues to be marginal. The success of the Company would depend upon restructuring of the debts and reduce the incidence of interest.

Y2K PREPAREDNESS

Your Directors have taken the necessary steps for Y2K compliance. Wherever necessary, new computers of Y2K compliant version have been installed replacing those which were non-Y2K compliant. At present the company is running on Y2K compliant version with four digit dates. So no business disruption or risk is anticipated because of computer breakdown.

SUBSIDIARY COMPANY

In terms of Section 212 of the Companies Act, 1956, the documents required to be annexed in respect of M/s Kingstone Krystals Limited (KKL) a subsidiary company are attached to this Report.

FIXED DEPOSIT

The Company has accepted deposits from public during the year ended 31st March, 1999 in compliance with Section 58A of the Companies Act, 1956. As on 31st March, 1999 there is no unclaimed deposits.

DIRECTORS

Sri R. G. Choudhary, Director, retire by rotation, pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company and being eligible, offer himself for re-appointment.

Sri S. S. Poddar, Sri A.K. Mansinghka, Sri S.S. Dalmia, Sri Anubhav Poddar, Sri S. Jalan and Sri M. K. Ghose (Since ICICI Ltd. withdrew its Nominee) resigned from the Board and the Directors place on record its appreciation for the services rendered by them during their tenure as Directors of the Company.

Sri A. De and Sri R. K. Sureka have been appointed as Additional Directors of the company with effect from 28/08/98. In terms of Article 81 of the Articles of Association of the company



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read with Section 260 of the Companies Act, 1956 they were holding office upto the next Annual General Meeting. Therefore, your Directors recommend the resolutions set out in item 5 & 6 of the notice

AUDITORS

M/s G. K. Tulsyan & Co., Chartered Accountants, the Auditors of the Company, retire at the next Annual General Meeting and have expressed their willingness to continue in office, if re-appointed. The Directors recommend their re-appointment.

M/s K. N. Gutgutia & Co., Chartered Accountants, New Delhi, Branch Auditors of the Company's Unit at Udaipur, retire at the next Annual General Meeting and have expressed their willingness to continue in office, if re-appointed. The Directors recommend their re-appointment.

CONSERVATION OF ENERGY

Information as per Section 217 (i) (e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure forming part of this Report.

PERSONNEL

During the year under review industrial relations remained cordial. Your Directors would like to put on record their appreciation of the sincere and dedicated service rendered by the loyal employees of the Company.

The particulars of employees as per Section 217 (2A) of the Companies Act, 1956, as amended, are set out in the statement enclosed and form part of this Report.

ACKNOWLEDGEMENT

Your Directors wish to thank and acknowledge the co-operation and assistance extended by Central & State Governments and look forward to the continued support and confidence reposed in the Company by the Shareholders.

Head Office :
240B, A.J.C. Bose Road
Calcutta-700 020
Dated : 27/07/99

On behalf of the Board

K. M. Poddar, Managing Director
R. K. Sureka, Director

ANNEXURE

INFORMATION PURSUANT TO SECTION 217 (i) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES, 1988 FORMING PART OF DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 1999.

A) Conservation of Energy Udaipur Unit / Granite Unit

- a) Energy conservation measures taken :
 - 1) Inverters and D. C. Drives have been installed wherever variable speed requirement is there in the process.
 - 2) Power capacitors have been installed and power factor being maintained above 0.95.
- b) Additional investment & proposal, if any, being implemented for reduction of consumption of energy.

—NIL—



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- c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

The above measures have resulted in saving of energy.

- d) Form — A

	Current Year.	Previous Year.
1) Power & fuel consumption :		
Electricity		
a) Purchased Units	56,565	53,741
Total Amount (Rs.)	189,373.00	189,499.00
Rate / Unit (Rs.)	3.35	3.526
b) Own Generation (thru Diesel Generators)		
Units	1,368,869	1,478,329
Units per litres of Diesel Oil	2.86	3.14
Cost / Unit (Rs.)	3.22	3.14
2) Consumption per unit of production :		
Processing of Yarn (M.T.)	607.84	216.62
Electricity per M. T. of Processed yarn (Units)	1,316.57	531.29
Processing of Tiles (Sq. Mtr)	13,375.57	31,944.16
Slabs, CTS & Monuments		
Electricity per Sq. Mtr. of processed	46.74	44.36
Tiles, Slabs, CTS & Monuments (Kwh)		

B) Technology Absorption :

- a) Research & Development

- 1) Specific areas in which Research & Development carried out by the Company, expenditure incurred on the same and benefits derived as a result of above efforts.

No research and development work has been carried out by the Company and therefore, there is no expenditure on the head or any other benefit accrued from it.

- 2) Future plan of action

The Company proposes to have its own research and development of Udaipur Unit so that the quality and productivity can be improved.

- b) Technology absorption, adaption and Innovation

Technical Innovations / modifications are being made on regular basis in the process to achieve cost reduction, product improvement etc.

C) Foreign Exchange Earnings and Outgo :

	(Rs. in Lac)	
	Current Year	Previous Year
1) Foreign Exchange Earnings	19.70	577.13
2) Foreign Exchange Outgo		
i) CIF Value of imports of Capital Goods/ stores	52.19	82.48
ii) Expenditure in Foreign currency on Foreign Travel	3.60	13.94

ANNEXURE TO THE DIRECTORS' REPORT

Statement under Section 217 (2A) of the Companies Act, 1956 (as amended up to date) Companies(Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st, March 1999

Sl. No.	Name	Age (Years)	Designation	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Name of the Company	Position held
Employed throughout the year									
1.	Sri K. M. Poddar	54	Managing Director	6,43,098/-	B. Com	34	01/06/86	Coronation Refrigeration Industries Ltd.	Resident Director
Employed for part of the year									
2.	Sri A. Poddar	27	Whole Time Director	3,19,375/-	B. Com. (Hon.)	10	01/07/97	Vaibhav heavy vehicles Ltd.	officer on Special Duty

Notes :

- Remuneration shown above includes Salary and Allowances, Contribution to Provident Fund, Leave Travel Assistance, Medical Expenses, actual house rent and other perquisites valued in accordance with Income Tax Rules.
- The Employment of Sri K.M. Poddar & Sri A. Poddar are contractual. Sri A. Poddar has been resigned from Directorship w.e.f. 01/02/99 and has been appointed as president w.e.f. 01/02/99 at a consolidated salary of Rs. 9,500/- per month.

Head office :
240B, A. J. C. Bose Road
Calcutta-700 020
Dated : 27/07/99

On behalf of the Board

K. M. Poddar, Managing Director
R. K. Sureka, Director

CEETA**CEETA INDUSTRIES LIMITED****AUDITORS' REPORT.****To the Members of Messrs. Ceeta Industries Limited.**

We have audited the Balance Sheet of Messrs. Ceeta Industries Limited as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date annexed thereto, in which are incorporated the statement of account of Company's Units at Udaipur audited by a Firm of Chartered Accountants, and whose report has been forwarded to us and same have been considered by us in framing this report as under :-

- 1) As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 we give in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure to in paragraph (1) 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 Account as required by law have been kept by the Company so far as it appears from our examination of the books of the Company.
 - c) The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account.
 - d) In our opinion the profit & Loss Account and Balance Sheet comply with the accounting standard referred to in subsection 3 (C) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to Note NO. I (viii), 5,7,9,10 & 11 regarding non provision of gratuity and other notes and read subsequently with other notes as per Schedule No. 14 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - i) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 1999 and
 - ii) In the case of the Profit & Loss Account of the loss of the Company for the year ended on that date.

4, Gangadhar Babu Lane,
Calcutta-700 012
Dated : 10/06/99

For G. K. Tulsyan & Company
Chartered Accountants

(G. K. Tulsyan)
Partner

Annexure Referred to in Paragraph (1) to our Report on the basis of such checks as we considered appropriate and in terms of information and explanations given to us, we state as follows :