

CEETA

INDUSTRIES LIMITED

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For CEETA INDUSTRIES LTD.


Managing Director

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Annual Report

2002-2003



BOARD OF DIRECTORS

Sri A. De
Sri A. Garodia
Sri S. L. Gupta
Sri K. M. Poddar, Managing Director

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 Rahikhera, Bhutpura (Near Bhatewar),
Dist. Udaipur, Rajasthan

HEAD OFFICE

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



NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Ceeta Industries Limited will be held on Wednesday, the 20th August 2003 at 11.00 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 :

ORDINARY BUSINESS

1. To consider and adopt the Audited Accounts of the Company for the Financial Year ended 31st March, 2003 and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri A. De, 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.

By Order of the Board

Place : Kolkata
Date : 27th June 2003

K. M. Poddar
Managing Director



Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. Members/Proxies are required to bring the attendance slip duly filled in for attending the meeting. They are also requested to bring copy of Annual Report along with them to the Annual General Meeting, as no extra copies will be distributed at the meeting.
3. The Register of Members and the share Transfer Books of the Company shall remain closed from 13th August 2003 to 20th August 2003 (both days inclusive).
4. Members are requested to pay unpaid allotment money alongwith applicable interest, if not paid so far.

DIRECTORS' REPORT
For the year ended 31st March, 2003

To the Members,

Your Directors have pleasure in presenting the NINETEENTH Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2003.

FINANCIAL RESULTS Particulars	All figures in Rs. lacs	
	2002-2003	2001-2002
Loss before Interest & Depreciation	6.63	0.60
Interest & Finance Charges	832.91	753.27
Loss before Depreciation	839.54	753.87
Depreciation	109.16	110.40
Net Loss	948.70	864.27
Prior period adjustments	1.94	3.36
Loss carried to Balance Sheet	950.64	867.63

During the year under review, though there had been marginal improvements in the trading condition in the Granite Industry, the company, in the absence of any export credits from the commercial banks, could not reap any benefit ; it had to continue with third-party exports fetching very low margin. Besides, the company's plant & machinery have become old and outdated resulting lower efficiency and higher cost of repairs and maintenance. The synthetic yarn division continued to be inoperative during the year under review. In view of above the company still incurred losses in spite of higher turnover. The company made provision for interest on the secured loans at contractual rates.

Status of Rehabilitation

The Company after receipt of the order from Appellate Authority for Industrial and Financial Reconstruction (AAIFR) modifying the order of Board for Industrial and Financial Reconstruction (BIFR) arrived at a One-Time-Settlement (OTS) with ICICI Bank Limited, the lead financial institution and have been honouring the commitments in terms of the OTS. A consultant appointed by ICICI Bank, the operating Agency for techno economic viability study (TEVS) in terms of BIFR order has already commenced the job. The valuation of fixed and current assets, in terms of BIFR order, is being undertaken by a Chartered Engineer.

PROSPECT

The Company is expected to get the benefits of improved trading conditions for the granite industry and obtain direct export orders. If the export credits are made available the company would be in a position get better margin of profits. The Company also expects the restructuring



of all the loans on the lines of the lead institution, ICICI Bank. In such an event the Company would be in a position to restructure its capital too. A rehabilitation scheme taking into the account the restructuring of debt and capital would be prepared and submitted to BIFR.

DIRECTORS

Sri A. De retires by rotation, pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company and being eligible, offers himself for re-appointment.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that :

- a) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any ;
- b) they have selected such accounting policies and applied them consistently and made judgements 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 and of the profit or loss of the Company for that period ;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- d) they have prepared the annual accounts on a going concern basis.

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, a subsidiary company are attached to this Report.

AUDITORS :

The Auditors, M/s. G. K. Tulsyan & Co., Chartered Accountants retire at the ensuing Annual General Meeting and offers themselves for reappointment. The Directors recommend their reappointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information as per Section 217(1)(e) read with Rule 2(A) and 2(B) of the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 are given in the 'Annexure-A' as forming part of the report.



PERSONNEL :

Your Directors would like to put on record their appreciation of the sincere and dedicated services rendered by the loyal employees of the Company.

There are no employees drawing remuneration which requires disclosure under Section 217 (2A) of the Companies Act, 1956.

CORPORATE GOVERNANCE :

The Company believes in and has practiced good Corporate Governance. The spirit of Corporate Governance is being gradually built up in the Company and is not just restricted to ensuring compliance with regulatory requirements but also meeting higher standards of transparency, accountability and integrity in respect of all its transactions. Based upon the above philosophy your Directors present a report on corporate governance, as 'Annexure-B' to their report.

On behalf of the Board of Directors

Place : Kolkata
Date : 27th June 2003

K. M. Poddar, *Managing Director*
A. De, *Director*





'ANNEXURE - A' FORMING PART OF DIRECTORS' REPORT

INFORMATION PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH RULE 2(A) AND 2(B) OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A) Conservation of Energy

The entire power requirement of company's Granite Division, during the year under review was met from own generation and its Synthetic Yarn Division continues to remain in-operative. In view of the above, the particulars in respect of consumption of energy have not been disclosed.

Further, constant studies are being made to assess whether any reduction in consumption of energy in any area can be achieved. Idle running of any machine has been strictly prohibited.

B) Technology Absorption :

a) Research & Development (R & D)

1. Specific areas in which R & D carried out by the Company and benefits derived as a result thereof.
2. Future plan of action.

No research and Development work has been carried out by the Company. Therefore, there is no expenditure on account of R & D.

The Company being a sick Company with financial problem has kept in abeyance its plan on research and development.

b) Technology absorption, adaptation 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 lacs)

1) Foreign Exchange Earning	NIL
2) Foreign Exchange Outgo	
i) CIF Value of Imports of Components & Spare Parts	161.59
ii) Expenditure in Foreign Currency on Foreign Travel & Others	2.07

**'ANNEXURE — B' FORMING PART OF DIRECTORS' REPORT
REPORT ON CORPORATE GOVERNANCE**

1. Brief Statement on Company's Philosophy on code of Governance

The Company believes in and has practiced good Corporate Governance. The spirit of Corporate Governance has prevailed in the Company since its inception. The Company's philosophy is shaped by the very values of transparency, professionalism and accountability.

2. Board of Directors

The Board of Directors of your Company comprises of four Directors. Out of four Directors, three are Non-Executive independent Directors, being more than half of the Board. The Composition of the Board of Directors met the stipulated requirements.

During the financial year 2002-2003, four Board Meetings of the Company were held on dated 15th June 2002, 29th July 2002, 29th October 2002 and 30th January 2003.

Last Annual General Meeting (AGM) of the Company was held on 5th August, 2002.

The Board's composition and categories are as under :

Sl. No.	Name	Category	No. of Directorship in other Cos.	No. of Board Meetings attended	Whether attended last AGM
1.	Shri K. M. Poddar	Promoter & Managing Director	5	3	No
2.	Shri A. De	Independent, Non-Executive Director	1	3	Yes
3.	Shri A. Garodia	Independent, Non-Executive Director	1	4	No
4.	Shri S. L. Gupta	Independent, Non-Executive Director	11	4	No

3. Audit Committee

The Audit Committee of the Company was constituted in conformity with the requirements of Clause 49 of the Listing Agreement, as well as Section 292A of the Companies Act 1956.

The composition and categories of the Audit Committee are as under :

Sl. No.	Name of Director	Chairman/Member/Others	No. of Meetings attended
1.	Shri A. De	Chairman	3
2.	Shri A. Garodia	Member	4
3.	Shri S. L. Gupta	Member	4



The meetings are usually held on the same day and before the Board meetings where the financial results of the Company are considered. The results are reviewed by the Committee before they are placed before the Board.

Briefly, the terms of reference of Audit Committee are as follows :

Under Section 292A of the Companies Act 1956 :

- a) Discuss with the Auditors periodically about the internal control systems and the scope of Audit which will include the observations of the Statutory Auditors ;
- b) Review of the half yearly and annual financial statements before submission of the same to the Board ;
- c) Ensuring compliance of internal control system ; and
- d) Investigation into any matter relating to the above or referred to it by the Board.

Under Clause 49 of Listing Agreement :

- a) Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible ;
- b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services ;
- c) Reviewing with management the annual financial statements before submission to the Board ;
- d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems ;
- e) Reviewing the adequacy of internal audit functions ;
- f) Discussion with internal auditors any significant findings and follow up thereon ;
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board ;
- h) Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern ;
- i) Reviewing the Company's financial and risk management policies ;
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors ;

Any new terms as laid down under the Companies Act or listing agreement or by any other law from time to time.

4. Remuneration Committee

The requirement of Remuneration Committee has been done away with as there is no payment of remuneration to any of the Directors of the Company.

5. Shareholders/Investors Grievance Committee

The Board has constituted a Committee under the chairmanship of Shri S. L. Gupta (Non-Executive Director) to look into the matters of redressing of the shareholders/

investors complaints. Following is the composition :

- a) Shri S. L. Gupta - Chairman
- b) Shri A. De
- c) Shri A. Garodia

There being no investor complaint pending, the committee reviewed the existing procedures for attending to complaints as and when they may arise. As per clause 47 of the Listing Agreement, Shri V. Nagaraja is the Compliance Officer who oversees matters of redressing investor complaints/grievances.

The Board of Directors has delegated the powers of authentication the transfer of shares to senior executives of the Company.

6. General Body Meetings

Location and time, where last three Annual General Meetings held :

Number of AGM	Location	Date & Time
Sixteenth	Registered Office	5th June, 2000 at 10.00 a.m.
Seventeenth	Registered Office	20th July, 2001 at 10.00 a.m.
Eighteenth	Registered Office	5th August, 2002 at 10.00 a.m.

Special Resolutions passed at last three Annual General Meetings :

Financial year	Items
2000-2001	None
2001-2002	None
2002-2003	None

No Special Resolution was required to be put through postal ballot last year.

7. Disclosures

The Company has not entered into any transaction of material nature with promoters, directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

No strictures have been imposed on the Company by any Regulatory Authority for non-compliance of the laws.

8. Means of Communication

The Board of Directors of the Company approves and takes on record the un-audited financial results in the proforma prescribed by the Stock Exchange within one month of the close of every quarter and intimates to the Stock Exchanges immediately after they are taken on record. Further coverage is given for the benefit of the shareholders and investors by publication of the financial results in newspapers, within the stipulated time. The Company also publishes its annual audited results in these newspapers within the stipulated period of three months.

9. General Shareholders Information :

a) Annual General Meeting : Date, Time and Venue

Forthcoming Annual General Meeting is scheduled to be held on Wednesday, 20th August, 2003 at 11.00 a.m. at your Company's Registered Office at Plot No. 34-38, KIADB Industrial Area, Sathyamangala, Tumkur-572 104, Karnataka.