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Annual Report 2003-2004



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
Tumku - 572 104, Karnataka

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WORKS

TUMKUR

Plot No. 34-38
KIADB Industrial Area
Sathyamangala
Tumku - 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 Deferred Annual General Meeting of the Members of Ceeta Industries Ltd. will be held on Tuesday, the 18th January, 2005 at 4:00 P.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

To receive, consider and adopt the Audited Profit and Loss Account for the 18 month- period ended 30th September, 2004 and the Balance Sheet as at that date together with the Reports of the Directors and the Auditors thereon.

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By Order of the Board

Place : Kolkata
Dated: 25/12/2004

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.
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 16th January, 2005 to 19th January, 2005 (both days inclusive).



DIRECTORS' REPORT

For the period ended 30th September, 2004

To the Members,

Your Directors have pleasure in presenting the Annual Report for the 18 month- period from 1st April 2003 to 30th September 2004 together with the Audited Accounts for the same period.

Change of Financial Year

The Company opted to change its financial year to cover an extended period of 18 months from April 1, 2003 to September 30, 2004 so as to reflect a fair view of the company's financials after incorporating the impact of the restructuring of debt and revaluation of assets. It has obtained the requisite approval from Registrar of Companies, Karnataka.

Financial Results

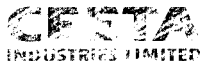
All figures in Rs. lacs

Particulars	Current Period	Previous Year
Sales Turnover	3463.61	836.26
Profit/(Loss) before Interest & Depreciation	118.11	(6.63)
Interest & Finance Charges	22.43	832.91
Depreciation	43.49	109.16
Profit/(Loss) before taxation	52.19	(948.70)
Prior period adjustments	(1.29)	(1.94)
Reserves no longer required written back	51.48	—
Loss carried to Balance Sheet	102.38	(950.64)

The Company's sales turnover increased appreciably due to prevailing favourable market condition for granite products. However, the company's profit remained subdued due to execution of third party export orders. As the company is not in a position to avail any export credit facilities from the commercial banks, the entire profit of the company is deployed for working capital purposes. The company's synthetic yarn plant at Udaipur continues to remain inoperative.

Status of Rehabilitation

The Techno Economic Viability Study (TEVS) prepared by an independent consultant, appointed in terms of the order of the Board for Industrial and Financial Reconstruction (BIFR), recommended restructuring of the company's debts and revaluation of fixed assets to restore its viability. In line with the recommendation the company arrived at settlement with all its lenders (except RIICO with whom the negotiations are at an advanced stage) and got its fixed assets revalued by an independent Chartered Engineer. The Company has already submitted a scheme of rehabilitation to BIFR and ICICI Bank, the operating Agency (O.A.) covering the restructuring of capital and debts and revaluation



of fixed assets. With the reduction of the debt burden and the favourable climate in granite industry, the company is expected to rehabilitate itself in near future.

Voluntary Delisting of Company's Equity Shares from certain Stock Exchanges

The company after receipt of the approval of shareholders in the EGM held on 30th April, 2004, applied for voluntary delisting of securities from Calcutta Stock exchange Association Ltd. Kolkata, Jaipur Stock Exchange Ltd, Jaipur, The Stock Exchange, Ahmedabad, Bhubaneswar Stock Exchange, Bhubaneswar, The Delhi Stock Exchange Association Ltd., New Delhi. The application is pending with the said exchanges and company is taking all initiatives to get delisting confirmation from above mentioned exchanges to the earliest.

Directors

Sri Sohan Lal Gupta, who retired by rotation pursuant to the provisions of the Companies Act, 1956 and the Articles of Association of the Company was re-appointed in the Annual General Meeting held on 19th November, 2004.

Directors' 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

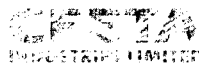
In terms of Section 212 of the Companies Act, 1956, the documents required to be annexed in respect of M/s. Kingstone Krystals Limited, a subsidiary Company are attached to this report.

Auditors

The Auditors, M/s. G.K. Tulsyan & Co., Chartered Accountants were re-appointed at the Annual General Meeting held on 19th November, 2004.

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
Dated: 25/12/2004

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K.M.Poddar, Managing Director
S.L.Gupta, 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 AND FORMING PART OF THE DIRECTORS' REPORT.

A. Conservation of Energy:

Power and Fuel Consumption		Current Period	Previous Year
1.	Electricity - Purchased		
	Units (Kwh)	1663134	—
	Total Amount (Rs.)	7788975	—
	Rate/ Unit (Rs.)	4.68	—
2.	Electricity – Owned Generation		
	Through Diesel Generator		
	Units (Kwh)	2443945	1784210
	Units/ Ltrs of Diesel Oil	3.02	2.70
	Total Amount (Rs.)	11722200	8833633
	Cost/ Unit (Rs.)	4.80	4.95

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. | No research and development work has been carried out by the Company. Therefore, there is no expenditure on account of R & D. |
| 2. | Future plan of action. | 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 Earnings	201.10
2.	Foreign Exchange Outgo	
	i) CIF Value of Imports of Components & Spare Parts	413.27
	ii) Expenditure in Foreign Currency on Foreign Travel & Others	5.01



**'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 18 month- period, Nine Board Meetings of the Company were held on 27th June 2003, 30th July 2003, 30th October 2003, 30th December 2003, 30th January 2004, 10th March 2004, 27th April 2004, 15th May 2004 and 30th July 2004.

Last Annual General Meeting (AGM) of the Company was held on 20th August 2003.

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	3	8	No
2.	Shri A.De	Independent, Non-Executive Director	4	9	Yes
3.	Shri A.Garodia	Independent, Non-Executive Director	1	9	No
4.	Shri S.L.Gupta	Independent, Non-Executive Director	12	9	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	Chairman / Member / Others	No. of Meetings attended
1.	Shri A.De	Chairman	6
2.	Shri A.Garodia	Member	6
3.	Shri S.L.Gupta	Member	6



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:

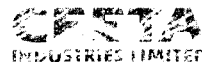
- a) Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment 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 Statutory auditors before the audit commences, about the 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;
- k) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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 during the period under review.

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 K. Somnatham 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
Seventeenth	Registered Office	20 th July 2001 at 10:00 a.m.
Eighteenth	Registered Office	5 th August 2002 at 10:00 a.m.
Nineteenth	Registered Office	20 th August, 2003 at 11.00 a.m.

Special Resolutions passed at last three Annual General Meetings:

Financial year	Items
2001-2002	None
2002-2003	None
2003-2004	None

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

7. Disclosures

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

No strictures were 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 performa prescribed by the Stock Exchanges 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.