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Twenty First
Annual Report
2004-2005

CEETA

INDUSTRIES LIMITED

TWENTY FIRST ANNUAL GENERAL MEETING

Friday, the 30th December, 2005, at 3.00 p.m. at Plot No. 34-38 KIADB Industrial Area, Sathyamangala, Tumkur-572 104, Karnataka.

BOARD OF DIRECTORS

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

AUDITORS

G.K.Tulsyan & Co.
Chartered Accountants

REGISTERED OFFICE

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

HEAD OFFICE

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

REGISTRAR & TRANSFER AGENT

Niche Technologies Pvt. Ltd.
D- 511, Bagree Market, 71, B.R.B.Basu Road,
Kolkata- 700 001

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

NOTICE

NOTICE is hereby given that the **21st Annual General Meeting** of the Company will be held at the Registered Office of the Company at Plot No. 34-38, KIADB Industrial Area, Sathyamangala, Tumkur-572104, KARNATAKA on Friday, the 30th December, 2005 at 3.00 P.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2005 and the Profit and Loss Account for the year ended on that date together with the reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Sri A. Garodia, who retires by rotation and being eligible, offers himself for re- appointment.
3. To appoint the Auditors and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:-

"RESOLVED THAT in terms of section 149 (2A) of the Companies Act, 1956, the company be and is hereby authorised to enter into the following business as mentioned in the following clauses of 'The Other Objects of the Company' of the Memorandum of the Association of Company subject to approval by special resolution in a general meeting:

1. Business of Tobacco (In terms of Clause 35 of the Memorandum)
2. Mining Work (In terms of Clause 45 of the Memorandum)
3. Transportation Work (In terms of Clause 59 of the Memorandum)"

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Ordinary Resolution**:-

"RESOLVED THAT pursuant to the provisions of Sections 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum and Articles of Association and subject to such other approvals and permissions as may be required, consent of the company be and is hereby accorded to the Board of Directors of the Company to transfer, sell or otherwise dispose off in any manner whatsoever the Company's Udaipur Petro Synthetic Unit situated at Rahikhera, Bhutpura in Udaipur district in the state of Rajasthan, to such purchaser(s) or assignee(s) together with the rights, title and interest in the immovable and movable assets, at a consideration which shall be reasonable and on such terms and conditions as may be decided by the Board.

"FURTHER RESOLVED THAT the Board of Directors of the Company hereby authorised to delegate the power and authority to any two directors of the company for finalisation and execution of all the necessary documents, agreements, deeds of assignment/ conveyance and other documents and to do all such acts, deeds, matters and things as may be deemed necessary or expedient in their discretion to give effect to the said Resolution."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:-

"RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to statutory approvals, if any, consent be and is hereby accorded for the re-appointment of Sri Anubhav Poddar, as President of the Company on the following terms and conditions:-

1. He will be appointed as President of the Company for a period of two and half years with effect from 1st June, 2005 to 30th November, 2007.
2. His remuneration shall be subject to the maximum of Rs. 50,000/- per month towards the aggregate of Basic Salary and perquisites as mentioned below:

A. Basic Salary – Rs. 28000/- p.m. which may be increased at the discretion of the Board and will be subject to maximum ceiling as mentioned above.

B. Perquisites – In addition to the salary he will be eligible for the following perquisites :-

(I) **Housing – I**

The expenditure incurred by the company on hiring furnished accommodation for the President of the company will be subject to the following ceiling:

a. Any amount exceeding 20 % of the Basic Salary of the President for the accommodation in the metropolite of Mumbai / Kolkata/ Chennai / New Delhi with a maximum of 50 % of such salary.

b. Any amount exceeding 20 % of the Basic Salary of the President for the accommodation in any other place with a maximum of 40% of such salary.

Housing – II

In case the accommodation is owned by the Company, 20% of the salary of the President shall be deducted by the Company or,

Housing – III

In case no accommodation is provided by the company, the President shall be entitled to House Rent Allowance subject to maximum 40 % of Basic Salary.

(II) **Medical Reimbursement**

Expenses incurred for self and his family subject to a ceiling of one month's salary in a year.

(III) **Leave Travel Concession**

For self and his family once in a year incurred for travel by Business Class to any destination in India or abroad subject to maximum 10% of his basic salary.

(IV) **Fee of Clubs**

Clubs' fee and charges subject to maximum of two clubs, excluding admission and life membership fees.

(V) **Actual expenses incurred on gas, electricity and water shall be paid/**

reimbursed by the company.

- (VI) Other perquisites as per company's Rules within the maximum ceiling of remuneration.

7. To consider and if thought fit to pass with or without modification the following resolution as **Ordinary Resolution** :

"RESOLVED that Sri Vaibhav Poddar, be and is hereby appointed as a director of the company liable to retire by rotation."

By order of the Board

PLACE: KOLKATA
DATE: 25-11-2005

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 instead of himself and the proxy need not be a member of the Company.
2. **The Register of Members and Share Transfer Books of the Company shall remain closed from 26th December, 2005 to 30th December, 2005 (both days inclusive).**
3. The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business set out above is annexed hereto.
4. Members are requested to notify immediately change of address, if any, to the registrar and transfer agent of the company.

ANNEXURE TO NOTICE:

Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956: Item No.4

The Chairman mentioned to the Board about the necessity of broad basing the company's activity in the changing economic scenario in the country. Though no manufacturing project or other regular activity could yet be identified, our company does get from time to time opportunity of undertaking trading activity in the sphere of tobacco, steel pipes, plastic products and contract work relating to mines & quarries as well as for transportation of goods. In order to undertake such activity and /or execute such contracts which are included in the OTHER OBJECTS in the Company's Memorandum of Association, the approval of the shareholders by way of special resolution in a general meeting would be necessary.

The Directors, therefore, recommend this resolution for members' approval.

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Item No.5

The Udaipur Petro Synthetic Unit, set up in 1986, has an installed capacity of 880 Spindles per annum for Draw Texturising and Twisting. This unit has all along been operated as an ancillary to an integrated polyester yarn unit and completely dependent upon the off- take from the integrated unit. Later it became a sick industrial undertaking and consequently with stoppage of the off- take this unit became inoperative in December, 1999. Since then the unit has been remaining inoperative. Except the insurance on silent basis and security expenses no cost has been incurred on this unit. With technological obsolesce, lack of preventive maintenance and no support from the integrated polyester unit the turnaround for the unit is difficult. The Board, therefore, would like to have an enabling authority for the disposal off the unit, in case a suitable offer is forthcoming.

Section 293(1)(a) of the Companies Act, 1956 provides inter alia that the Board of Directors of a public company shall not, without the consent of the members of the company, sell, lease, or otherwise dispose of the whole, or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. The members are requested to empower the Board with the requisite authority under Section 293(1)(a) of the Act to sell the Udaipur Petro Synthetic Unit. .

None of the Directors is interested in the Resolution.

Item No.6

The terms of our President having expired on 31-05-2005 our Board in line with the Remuneration Committee at its meeting held on 29-04-2005 reappointed him for a period of two and half years from 01-06-2005 to 30-11-2007 on the terms and conditions set out in detailed in the resolution.

As per Section 302 & 314 of the Companies Act, 1956, a Special Resolution is required to be passed in Annual General Meeting of the company for the above purpose since Sri Anubhav Poddar is the son of Sri K.M. Poddar, Managing Director. The Directors, therefore, recommend this resolution for members' approval.

Item No.7

Sri Vaibhav Poddar, who was appointed as an additional director of the company with effect from 23-05-2005, is liable to hold the office till the commencement of ensuing Annual General Meeting. A notice has been received from a shareholder proposing his re- appointment as a director of the company, he shall be liable to retire by rotation if appointed by the shareholders at the Annual General Meeting.

Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:-

Sri Vaibhav Poddar, Director of the Company, does not have any pecuniary relationship with the company. Sri K.M.Poddar, Managing Director of the Company is father of Sri Vaibhav Poddar.

By order of the Board

PLACE: KOLKATA
DATE: 25-11-2005

K. M. PODDAR
MANAGING DIRECTOR

CEETA

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DIRECTORS' REPORT

For the year ended 30th September, 2005

To the Members,

Your Directors while presenting the Annual Report for the year ended on 30th September 2005 together with the Audited Accounts for the same period, have pleasure in informing that **the company obtained ISO 9001: 2000 certificate for its 100 % EOU granite division at Tumkur for the period 2005-07.**

Financial Year

The Company's Financial Year covers a period of 12 months from 1st October, 2004 to 30th September, 2005 as compared to the previous period which covered a period of 18 months from 1st April, 2003 to 30th September, 2004.

Financial Results

Particulars	All figures in Rs. Lacs	
	Current Year	Previous Period (18 Months)
Sales Turnover	2151.40	3463.61
Profit before interest & Depreciation	291.16	118.11
Interest & Finance Charges	23.01	22.43
Depreciation	33.07	43.49
Profit before taxation	235.08	52.19
Provision for F.B.T.	2.80	-
Profit after tax	232.28	52.19
Prior period adjustmants	(7.59)	(1.29)
Provision / Reserves no longer required		
written back	3,115.25	51.48
Net Profit	3,339.94	102.38

During the financial year the company could obtain some direct export orders on favourable terms; it also undertook cost control measures. These factors resulted increase in profit in all the levels in spite of drop in the level of turnover. The company earned a profit before taxation of Rs. 235.08 lac in 2004-05 as compared to a profit of Rs. 52.19 lac in the previous period.

The company's synthetic yarn unit at Udaipur continues to remain inoperative during the year under review.

Rehabilitation

During the year the company arrived at One Time Settlement (OTS) with the remaining lenders viz. Life Insurance Corporation of India (LIC) and Rajasthan State Industrial Development and Investment Corporation Limited (RIICO) and thus the restructuring of debt envisaged under the Rehabilitation Scheme was completed. In November, 2005, BIFR approved the Rehabilitation Scheme. Our Company would now take up the restructuring of capital by reduction of existing equity share capital from face value of Rs. 10 to Re. 1 and issue of additional equity shares of Rs. 72 lac to the promoters. After restructuring of capital, the company would be in a position to complete the Rehabilitation Scheme.

Prospect

The company, on completion of the Rehabilitation, would take up steps for further growth in the company's granite division. It has also been examining the various alternatives regarding its Synthetic Yarn unit including disposal. The company is now on the look out of a suitable diversification project.

Directors

Sri A. Garodia, Director of the Company, is liable to retire by rotation. Further Sri Vaibhav Poddar, who was appointed as an Additional Director, is eligible to hold the office till the commencement of the Annual General Meeting. A notice from a shareholder proposing his reappointment has been received. He shall be a director retiring by rotation if appointed by the shareholders in the Annual General Meeting

Directors' Responsibility Statement

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

- in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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;
- 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;
- 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 offer 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.

Place : Kolkata

Dated: 25/11/2005

On behalf of the Board of Directors

K.M. Poddar, Managing Director

A. De, Director

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'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 Year	Previous Period
1. Electricity - Purchased		
Units (Kwh)	2008518	1663134
Total Amount (Rs.)	9687978	7788975
Rate/ Unit (Rs.)	4.82	4.68
2. Electricity – Owned Generation		
Through Diesel Generator		
Units (Kwh)	198260	2443945
Units/ Ltrs of Diesel Oil	2.77	3.02
Total Amount (Rs.)	1482373	11722200
Cost/ Unit (Rs.)	7.48	4.80

B. Technology absorption

a) Research & Development (R & D)

- 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.

- 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.

B. Foreign Exchange Earnings and Outgo

(Rs.in lacs)

1. Foreign Exchange Earnings	84.09
2. Foreign Exchange Outgo	
i) CIF Value of Imports of Components & Spare Parts	270.16
ii) Expenditure in Foreign Currency on Foreign Travel & Others	4.45

'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 five Directors. Out of five 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 12 month- period, Six Board Meetings of the Company were held on 25th October 2004, 25th December 2004, 28th January 2005, 29th April 2005, 23rd May 2005 and 29th July 2005.

Last Annual General Meeting (AGM) of the Company was held on 19th November, 2004.

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	4	No
2.	Shri A.De	Independent, Non-Executive Director	3	5	Yes
3.	Shri A.Garodia	Independent, Non-Executive Director	1	5	No
4.	Shri S.L.Gupta	Independent, Non-Executive Director	11	6	No
5.	Shri Vaibhav Poddar	Additional Director	0	0	No