

CEETA

INDUSTRIES LIMITED

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Twenty Second
Annual Report
2005-2006

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INDUSTRIES LIMITED

TWENTY SECOND ANNUAL GENERAL MEETING

Wednesday, the 6th September, 2006, 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, Kolkata

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

ISO 9001 : 2000 a 100% EOU Granite Unit

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 **22nd 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 Wednesday, the 6th September, 2006 at 3.00 P.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the period ended on that date together with the reports of the Auditors and Directors 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 the Auditors and to authorise the Board to fix their remuneration.

By order of the Board

PLACE: KOLKATA

DATE: 29-07-2006

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 1st September, 2006 to 6th September, 2006 (both days inclusive).**
3. Members are requested to notify immediately change of address, if any, to the registrar and transfer agent of the company.
4. Members who have shareholdings in multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificate(s) to the registrar & transfer agents for consolidation of all such shareholdings into one account to facilitate better service.

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DIRECTORS' REPORT

For the period ended 31st March, 2006

Dear Shareholders,

Your Directors have pleasure in presenting their report on business and operations of your company together with the Audited Accounts of the company for 2005-2006.

Change of Financial Year

The Company changed its Financial Year from October-September to April-March so as to have uniformity with the authorities such as income tax, government etc. As such the period under the report covers six months from 1st October, 2005 to 31st March, 2006.

FINANCIAL RESULTS

All figures in Rs. lacs

Particulars	Current Period (6 Months)	Previous Period (12 Months)
Sales Turnover	500.58	2151.16
Profit before Interest & Description	243.16	291.16
Interest	12.34	23.01
Description	16.31	33.07
Profit before taxation	214.51	235.08
Provision for F.B.T.	2.70	2.80
Profit after tax	211.81	232.28
Prior period adjustments	(0.10)	(7.59)
Provision/Reserves no longer required written back	-	3,115.25
Net Profit	211.71	3,339.94

During the period under review the company increased its direct exports as such the dependence on third party exports reduced considerably. Consequently the company's profitability as reflected from the percentage of Profit before tax in relation to its Sales Turnover increased considerably to over 43% during the period under review as compared to about 11% in the previous year.

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

It has been the practice of the company to undertake activities such as trading, mining, transportation, rendering service to industrial concerns depending upon the available opportunity. In the prevailing satisfactory industrial scenario in the country, our company could effectively undertake mining and transportation activity and provide consultancy service to industrial concern and fetch a reasonable margin of profits during the period under review.

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Rehabilitation

The company's rehabilitation inter alia included restructuring of debt and capital. While the restructuring of debt has already been completed and the effect has been felt on the company's profitability, the restructuring of capital under the rehabilitation scheme envisaged the reduction of equity share capital from the face value of Rs. 10 to Re. 1 per share, extension of the redemption preference shares for a further period of 5 years and issue of additional equity capital of Rs. 72 lac on preferential basis to the promoters. The reduction of equity capital was made effective after the close of the period under review; the extension of redemption of preference shares is already effective; the issue of equity capital on preferential basis would be made effective during the current year upon completing the requisite compliances.

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. De, Director of the Company, is liable to retire 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. He is Non-Executive Independent Director of the company. He is a practicing Chartered Accountant. He also holds the directorship in GMB Ceramics Ltd, Kingstone Krystals Ltd. and Premier Irrigation Equipments Ltd. He does not hold any share of Ceeta Industries Limited either in his own name or as a beneficiary.

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.

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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.

On behalf of the Board of Directors

K.M. Poddar, Managing Director

Place : Kolkata

Dated: 29/07/2006

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 Period (6 months)	Previous Period (12 months)
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1. Electricity - Purchased

Units (Kwh)	995910	2008518
Total Amount (Rs.)	4710747	9687978
Rate/ Unit (Rs.)	4.73	4.82

2. Electricity – Owned Generation

Through Diesel Generator

Units (Kwh)	NIL	198260
Units/ Ltrs of Diesel Oil		2.77
Total Amount (Rs.)	NIL	1482373
Cost/ Unit (Rs.)		7.48

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	57.44
2. Foreign Exchange Outgo	
i) CIF Value of Imports of Components & Spare Parts	62.38
ii) Expenditure in Foreign Currency on Foreign Travel & Others	NIL

'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 values of transparency, professionalism and accountability.

2. Board of Directors

The Board as on 31st March, 2006 comprised of five Directors including three Non- Executive Independent Directors. Sri K.M. Poddar is the Managing Director and his son Sri Vaibhav Poddar is a Director.

The Board's composition, categories and attendance are as under:

Sl. No.	Name	Category	No. of Director-ship in other Cos.	No. of Membership(s) Chairmanship(s) of Board Committees of other Companies	No. of Board Meetings attended	Whether attended last AGM
1.	Sri K. M. Poddar	Promoter & Managing Director	1	1	5	No
2.	Sri A.De	Independent, Non-Executive Director	3	1	4	Yes
3.	Sri A. Garodia	Independent, Non-Executive Director	1	NIL	4	No
4.	Sri S.L.Gupta	Independent, Non-Executive Director	12	NIL	5	No
5.	Sri Vaibhav Poddar	Executive Director	NIL	NIL	1	No

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Details of Board Meeting during the financial year

During the 6 month- period ended on 31st March, 2006, five Board Meetings of the Company were held , as follows:

Sl. No.	Date	Board Strength	No. of Directors Present
1	29 th October, 2005	5	4
2	25 th November, 2005	5	4
3	30 th January, 2006	5	4
4	7 th March, 2006	5	2
5	23 rd March, 2006	5	5

Last Annual General Meeting (AGM) of the Company was held on 30th December, 2005.

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 prime objective of the Audit Committee is to effectively supervise the Company's financial reporting process with a view to discharge the responsibility as per the terms of reference.

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

The Role of Audit Committee Under Section 292A of the Companies Act 1956 includes:

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

The Role of Audit Committee Under clause 49 of Listing Agreement includes:

- 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.

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

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

Details of Audit Committee Meetings and Attendance

During the 6 month- period ended on 31st March, 2006, three Meetings of the Audit Committee of the Company were held, as follows: