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INDUSTRIES LIMITED

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Twenty Fourth
Annual Report
2007-2008

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INDUSTRIES LIMITED

TWENTY FORTH ANNUAL GENERAL MEETING

Friday, the 12th September, 2008, 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

E-mail : kolkata@ceeta.com

REGISTRAR & TRANSFER AGENT

Niche Technologies Pvt. Ltd.

D- 511, Bagree Market, 71, B.R.B.Basu Road,
Kolkata- 700 001, Phone : 033-2235-7270/71

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

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NOTICE

NOTICE is hereby given that the **24th 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 12th September, 2008 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, 2008 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 Vaibhav Poddar, 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: 29-07-2008

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, 2008 to 12th September, 2008 (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 year ended 31st March, 2008

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 2007-2008.

FINANCIAL RESULTS

All figures in Rs. lacs

Particulars	Current Year	Previous Year
Sales Turnover	628.06	552.51
Profit before Interest & Depreciation	233.02	180.38
Interest	11.73	16.06
Depreciation	36.07	34.49
Profit before taxation	185.22	129.83
Provision for F.B.T.	2.66	3.26
Profit after tax	182.56	126.57
Prior period adjustments	(3.83)	(2.85)
Net Profit	178.73	123.72

During the year under review our company's turnover was Rs. 628.06 lac as against Rs. 552.51 lac in the previous year. The low level of turnover and consequent under utilization of capacity was due to continued low off-take from the U.S market and the adverse effect on exports due to exchange fluctuation by way of appreciation of the Rupee. During the year the company earned profit before tax of Rs. 185.22 lac as against Rs. 129.83 lac in the previous year.

The company's synthetic yarn unit continued to remain inoperative; a substantial portion of the plant and machinery, which became junk, were sold as scrap during the year. Thus its unit at Udaipur ceased to exist from next financial year.

Prospect

The company has initiated efforts to procure direct export order from the U.S and European markets. It is expected that the company's level of direct exports will increase appreciably during the current year and contribute towards its profitability. The company has also been exploring possibilities of having its presence in the Middle East Market.

Directors

Sri Vaibhav Poddar, 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 Director of the company. He is MBA in Finance and MS in Information Systems. He is son of Managing Director and under the promoters group of the Company.

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

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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 year;

- 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 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

Place : Kolkata
Dated: 29/07/2008

K.M. Poddar,
Managing 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 Year
1. Electricity - Purchased		
Units (Kwh)	17,68,300	20,22,024
Total Amount (Rs.)	83,44,207	96,27,221
Rate/ Unit (Rs.)	4.72	4.76
2. Electricity – Owned Generation		
Through Diesel Generator		
Units (Kwh)	NIL	NIL
Units/ Ltrs of Diesel Oil		
Total Amount (Rs.)	NIL	NIL
Cost/ Unit (Rs.)		

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	139.25
2. Foreign Exchange Outgo	
i) CIF Value of Imports of Components & Spare Parts	129.60
ii) Expenditure in Foreign Currency on Foreign Travel & Others	0.78

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'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 of Directors is constituted in compliance with Clause 49 of the Listing Agreement. The Board as on 31st March, 2008 comprised five members, out of which three members are Non- Executive Independent Directors and one member is Non Executive Director. Sri K.M. Poddar is the Managing 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	4	2	3	No
2.	Sri A.De	Independent, Non-Executive Director	4	1	3	Yes
3.	Sri A. Garodia	Independent, Non-Executive Director	1	NIL	3	No
4.	Sri S.L.Gupta	Independent, Non-Executive Director	15	NIL	4	No
5.	Sri Vaibhav Poddar	Promoter & Non-Executive Director	1	NIL	4	No

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Details of Board Meeting during the financial year

During the year ended on 31st March, 2008, four Board Meetings of the Company were held, as follows:

Sl. No.	Date	Board Strength	No. of Directors Present
1	28 th April , 2007	5	5
2	30 th July, 2007	5	3
3	29 th October, 2007	5	4
4	30 th January, 2008	5	5

Last Annual General Meeting (AGM) of the Company was held on 25th September, 2007.

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:

- 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;
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services;

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- 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	4

Details of Audit Committee Meetings and Attendance

During the year ended on 31st March, 2008, four Meetings of the Audit Committee of the Company were held, as follows:

Sl. No.	Date	Committee Strength	No. of Member Present
1.	28 th April, 2007	3	3
2.	30 th July, 2007	3	2
3.	29 th October, 2007	3	2
4.	30 th January, 2008	3	3

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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.

4. Remuneration Committee

The Board of Directors of the Company at their meeting held on 25th October, 2004 had constituted Remuneration Committee of Directors mainly for the purpose of recommending the Company's policy on Remuneration Package for the Managing Directors and other specified management personnel, reviewing the structure, design and implementation of remuneration policy in respect of such persons.

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

Sl. No.	Name	Chairman / Member / Others	No. of Meetings attended
1.	Sri A. Garodia	Chairman	0
2.	Sri S.L. Gupta	Member	0
3.	Sri A. De	Member	0

Details of Remuneration of Directors for the financial year ended on 31st March, 2008.

Director	Consolidated Salary (Rs.)	Perquisites and other Benefits	Performance Bonus / Commission	Sitting Fees*	Total (Rs.)
Sri K.M Poddar	540000	182235	-	N.A.	722235
Sri A. De	-	-	-	3000	3000
Sri A. Garodia	-	-	-	3000	3000
Sri S.L. Gupta	-	-	-	4000	4000
Sri V. Poddar	-	-	-	4000	4000

5. Shareholders/Investors Grievance Committee

The Board constituted a Committee under the chairmanship of Shri S.L. Gupta (Non-Executive Independent Director) to look into the matters of redressing of the shareholders/investors complaints, approves transfer / transmission of shares, issue of duplicate share certificates etc.