

**CEETA**  
**INDUSTRIES LIMITED**

*Twenty Fourth*  
**Annual Report**  
**2007-2008**

**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

2<sup>nd</sup> 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

**NOTICE**

**NOTICE** is hereby given that the **24<sup>th</sup> 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 12<sup>th</sup> 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 31<sup>st</sup> 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 1<sup>st</sup> September, 2008 to 12<sup>th</sup> 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.

**DIRECTORS' REPORT**

For the year ended 31<sup>st</sup> 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**

<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
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

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

**'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:**

<b>Power and Fuel Consumption</b>	<b>Current Year</b>	<b>Previous Year</b>
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

**'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

**Details of Board Meeting during the financial year**

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

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

Last Annual General Meeting (AGM) of the Company was held on 25<sup>th</sup> 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;



- 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 31<sup>st</sup> 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 <sup>th</sup> April, 2007	3	3
2.	30 <sup>th</sup> July, 2007	3	2
3.	29 <sup>th</sup> October, 2007	3	2
4.	30 <sup>th</sup> January, 2008	3	3

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 25<sup>th</sup> 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 31<sup>st</sup> 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.

The composition and categories of the Committee are as under:

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

There being no investor complaint pending, the committee reviewed the existing procedures for attending to complaints as and when they arise.

As per clause 47 of the Listing Agreement, Sri Yamunachar. P. , General Manager- Accounts, is the Compliance Officer who oversees matters of redressing investor complaints / grievances.

The Board of Directors also re-constituted the sub-committee and delegated the powers of authentication the transfer of shares to senior executives of the Company.

During the year ended 31st March, 2008, fifteen meetings of the sub- committee which were held to consider and approve of transfer/ transmission of shares, are as follows:

Sl. No.	Date	Sub-Committee Strength	No. of Members Present
1.	16 <sup>th</sup> April, 2007	3	2
2.	30 <sup>th</sup> April, 2007	3	2
3.	15 <sup>th</sup> May, 2007	3	2
4.	31 <sup>st</sup> May, 2007	3	2
5.	15 <sup>th</sup> June, 2007	3	2
6.	31 <sup>st</sup> July, 2007	3	2
7.	16 <sup>th</sup> August, 2007	3	3
8.	1 <sup>st</sup> October, 2007	3	3
9.	22 <sup>nd</sup> October, 2007	3	2
10.	16 <sup>th</sup> November, 2007	3	2
11.	30 <sup>th</sup> November, 2007	3	2
12.	31 <sup>st</sup> December, 2007	3	2
13.	15 <sup>th</sup> February, 2008	3	2
14.	10 <sup>th</sup> March, 2008	3	2
15.	25 <sup>th</sup> March, 2008	3	2

Company sends reply to shareholders for their grievances on regular basis within time.

**6. General Body Meetings**

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

Number of AGM	Location	Date & Time
Twenty First	Registered Office	30 <sup>th</sup> December, 2005 at 3.00 p.m.
Twenty Second	Registered Office	6 <sup>th</sup> September, 2006 at 3.00 p.m.
Twenty Third	Registered Office	25 <sup>th</sup> September, 2007 at 3.00 p.m.

**Special Resolutions passed at last three Annual General Meetings:**

Financial year	Items
2004-2005	Two
2005-2006	None
2006-2007	Two

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

No Special Resolution is proposed to be conducted through postal ballot.

**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.

The Company complies with all mandatory requirements of Clause 49 of Listing Agreement.

**8. Code of Conduct**

The Board of Directors has adopted the Code of Conduct for Directors and Senior Management. The said Code has been communicated to the Directors and Senior Management.

**9. Means of Communication**

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end –

- The Board of Directors of the Company approves and takes on record the quarterly un-audited financial results in the format 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.
- The coverage is given for the benefit of the shareholders and investors by publication of the financial results in newspapers normally in 'The Financial Express' and 'Vijaya Karnataka', within the stipulated time. The Company also publishes its annual audited results in these newspapers within the stipulated period of three months.
- The Company's website is [www.ceeta.com](http://www.ceeta.com), where it displays financial results and other reports.
- At present company neither displays official news release for the above said results and reports nor making any presentation to institutional

investors or to the analysts.

- The Report of the Directors, forming part of the Report and Accounts, includes all aspects of the Management Discussion and Analysis Report.

**10. General Shareholders Information:**

**a) Annual General Meeting: Date, Time and Venue**

Forthcoming Annual General Meeting is scheduled to be held on Friday, 12<sup>th</sup> September, 2008 at 3:00 P.M. at your Company's Registered Office at Plot No.34-38, KIADB Industrial Area, Sathyamangala, Tumkur – 572 104, Karnataka.

**b) Financial Calendar for the year 2008 - 2009**

Financial Reporting for the quarter ending	30 <sup>th</sup> June, 08	Last week of July, 2008
Financial Reporting for the quarter ending	30 <sup>th</sup> September, 08	Last week of October, 2008
Financial Reporting for the quarter ending	31 <sup>st</sup> December, 08	Last week of January, 2009
Financial Reporting for the quarter ending	31 <sup>st</sup> March, 09	Last week of April, 2009

**c) Date of Book Closure**

1<sup>st</sup> September, 2008 to 12<sup>th</sup> September, 2008 (both days inclusive) on account of forthcoming Annual General Meeting.

**d) Dividend Payment Date**

The Company did not declare any dividend.

**e) Listing on Stock Exchanges & Stock Code**

The Company's Shares are listed on Bombay Stock Exchange Limited. The Company's shares are presently not being traded.

The stock code with The Stock Exchange, Mumbai - 514171

**f) Registrar and Transfer Agents**

In terms of SEBI Order No.D&CC/FITTC/CIR-15/2002 dated 27<sup>th</sup> December 2002 for having a common agency for share transfer work and electronic connectivity and in terms of the directive of the Stock Exchanges, the Company appointed **M/s.Niche Technologies Pvt.Ltd. of D-511, Bagree Market, 71, B.R.B.Basu Road, Kolkata – 700 001 as the Registrar and Share Transfer Agents of the Company.**

**g) Share Transfer System**

The share transfers are registered and returned within the requisite period. Since, the Company has appointed M/s. Niche Technologies Pvt.Ltd. as its Registrar and Share Transfer Agents (RTA) for both, Physical and Electronic modes, the data transfer work to RTA is in process. The shareholders

of the Company are requested to send their shares directly to the RTA for transfer or registry related work. However, for the sake of the convenience of the investors / shareholders, the Company shall continue to receive request for transfer of shares.

**h) Shareholding Pattern as on 31st March, 2008**

1 Promoters	1042800	71.905
2 Banks, Mutual Funds and Financial Institutions	33700	0.232
3 Private Corporate Bodies	93700	0.646
4 NRIs / OCBs	35200	0.243
5 Indian Public	3911800	26.974

**The Distribution of Shareholding as on 31st March, 2008**

No. of Shares Slab	Number of Shareholders	% to Total	Number of Shares	% to Total
1 - 500	20417	95.7421	28,05,900	19.3478
501 - 1000	630	2.9543	5,32,500	3.6718
1001 - 5000	247	1.1583	5,21,500	3.5960
5001 - 10000	18	0.0844	1,22,500	0.8447
10001 - 50000	6	0.0281	92,000	0.6344
50001 - 100000	0	0.000	0	0.000
100001 - And Above	7	0.0328	1,04,28,000	71.9053
<b>TOTAL</b>	<b>21325</b>	<b>100.000</b>	<b>1,45,02,400</b>	<b>100.000</b>

All shares are in physical form

**i) Dematerialization of Shares and Liquidity**

The Company has applied before National Securities Depository Ltd. (NSDL) for having the facility of Dematerialization of shares.

**j) Plant Locations**

Granite Division and Registered Office:  
Plot No.34-38, KIADB Industrial Area  
Sathyamangala  
Tumkur - 572 104  
Karnataka.

Synthetic Yarn Division:  
Udaipur Petro Synthetics  
Vill. Rahikhera, Bhutpura  
Dist. Udaipur  
Rajasthan

**K) Address for Correspondence and Corporate Office**

240B, A.J.C.Bose Road  
2nd Floor, Kolkata – 700 020  
e-mail : kolkata@ceeta.com

**I) Compliance Certificate from the Auditors**

The Company has obtained a certificate from the Statutory Auditors certifying compliance of the mandatory recommendations mentioned in the clause 49 of the listing agreement. The certificate is annexed.

**Auditor's Report on Corporate Governance**

To the members of Ceeta Industries Limited

We have examined the compliance of conditions of Corporate Governance by Ceeta Industries Limited, for the year ended on 31st March, 2008 as stipulated in clause 49 of the listing agreement for the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the company for ensuing compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned listing agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievance were pending for a period of one month against the company as per the record maintained by the Shareholders/ Investors Grievances Committee.

We further state that such compliance is neither as assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management conducted the affairs of the company.

For G.K. Tulsyan & Company  
Chartered Accountants

4, Gangadhar Babu Lane,  
Kolkata – 700 012.  
Dated: 29-07-2008

G. K. Tulsyan  
Partner  
Membership No. 50511

**AUDITORS' REPORT**  
**TO THE MEMBERS OF MESSRS. CEETA INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of Ceeta Industries Limited as at 31st March, 2008 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material mistakes. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that :

01. As required by the Companies (Auditors' Report) Order, 2003, issued by the Government of India under Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in Paragraph 4 and 5 of the said order.
02. Further to our comments in the Annexure referred to above, we report that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as they appear from our examination of those books.
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the Balance sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of written representation received from the directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008, from being appointed as a director in the terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - (i) in the case of Balance sheet, of the state of affairs of the Company as at 31st March, 2008, and
    - (ii) in the case of the Profit and Loss Account of the Profit for the year ended on that date.
    - (iii) in the case of the Cash Flow Statement, the cash flows of the company for the year ended on that date.

**For G.K. TULSYAN & COMPANY**  
Chartered Accountants,

G. K. Tulsyan, Partner  
Membership No.50511

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 29/07/2008



Annexure referred to in Paragraph No. (1) to our report of even date on the basis of such checks as we consider appropriate and in terms of information and explanations given to us, we state as follows :

01. (a) The Company maintains proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) The Fixed Assets are physically verified by the management at reasonable intervals and no material discrepancies between the books of records and the physical inventory have been noticed.  
  
(c) The company disposed off a substantial part of Plant & Machinery in its inoperative synthetic yarn unit at Udaipur, but the same would not affect the going concern of the company.
02. (a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.  
  
(b) As per the information given to us, the procedures of physical verification of inventory followed by management are, in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business.  
  
(c) The company maintains proper records of inventory. No discrepancies were noticed on verification between the physical stocks and the books of records.
03. (a) According to the information and explanations given to us, the company took unsecured loans of Rs.2,02,00,000/- from 5 companies as recorded in the register maintained under Section 301 of the Companies Act, 1956, and the outstanding balance of such loan as on 31.03.08 were Rs 85752/-. The maximum amount outstanding is Rs.24685909/-. Unsecured loans of Rs 43,00,000/- have been granted to 1 company covered in the register maintained u/s.301 of the Companies Act, 1956 during the year and the outstanding balance as on 31.03.2008 were Rs 43,00,000/-. The maximum balance outstanding as on 31.03.2008 is Rs 43,00,000/-.  
  
(b) In our opinion, the rate of interest and other terms and conditions of the loan taken, are prima facie not prejudicial to the interest of the company.  
  
(c) The Parties have repaid the principal amount as stipulated and have been regular in the payment of interest.  
  
(d) There is no overdue amount during the period.
04. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further on the basis of our examination of the books and records of the company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.

05. (a) According to the information and explanations, in our opinion, the transactions that need to be entered in to the Register maintained under Section 301 of the Act, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
06. The company has not accepted any deposit from the public within the meaning of Section 58A and 58AA of the Act and the rules framed thereunder.
07. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
08. As informed to us, the Central Government has not prescribed the maintenance of cost records u/s. 209(1)(d) of the Companies Act, 1956 .
09. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, custom duty, excise duty, cess and other material statutory dues as applicable with appropriate authorities and there were no such outstanding as on 31st March, 2008 for a period of six months from the date they became payable.
- (b) According to the information and explanations given to us and the records of the company examined by us, the particulars of sales tax, excise duty as at 31st March, 2008, which have not been deposited on account of disputes pending are as follows :

Name of the Statute	Nature of disputed dues	Amount Rs.	Forum where dispute is pending
Various Sales Tax & Central Sales Tax Act, 1961	Demand of Sales Tax	9821910	Orissa Sales Tax Tribunal, Cuttack
Rajasthan Sales Tax & Central Sales Tax	Demand of Sales Tax	R.S.T. Rs 791025/- and CST Rs. 2496	The Commercial Tax Officer at Udaipur

10. The company's accumulated losses at the end of the financial year were more than 50% of its net worth. The company did not incur any cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
11. The Company has not taken any secured loan from Bank or Financial Institution during the year, and has not defaulted in repayment of the instalments of its secured loan taken in earlier years, as applicable.

# **CEETA**

**INDUSTRIES LIMITED**

---

12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debenture and other securities.
13. According to the information and explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
14. According to the information and explanations given to us, the company is not dealing or trading in shares, debentures or other investments and hence paragraph 4(xiv) of the Order is not applicable.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the company has not taken any term loans during the year and hence requirement of reporting regarding application of term loans does not arise.
17. In our opinion and according to the information and explanations given to us and shown by the records examined by us, no fund raised on short term basis have been used for long term investment and vice versa during the year.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. According to the information and explanations given to us, the company has not issued any debenture.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by management.

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 29/07/2008

**For G.K. TULSYAN & COMPANY**  
Chartered Accountants,  
G. K. Tulsyan, Partner  
Membership No.50511

# CEETA

INDUSTRIES LIMITED

## BALANCE SHEET AS AT 31st MARCH 2008

	Schedule		As at 31/03/2008		As at 31/03/2007
SOURCES OF FUNDS :		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>1. SHAREHOLDERS' FUND</b>					
a) Share Capital	1	27,802,400		27,802,400	
b) Reserves and Surplus	2	146,386,444	174,188,844	143,086,444	170,888,844
<b>2. LOAN FUNDS</b>					
Secured Loan	3	1,538,889		2,098,485	
Unsecured Loan	4	780,426	2,319,315	18,406,154	20,504,639
			<u>176,508,159</u>		<u>191,393,483</u>
<b>APPLICATION OF FUNDS</b>					
<b>1. FIXED ASSETS</b>	5				
Gross Block		44,395,450		48,783,954	
Less : Depreciation		11,728,047		9,306,902	
Net Block			32,667,403		39,477,052
<b>2. CONSTRUCTION WORK-IN-PROGRESS</b>			4,936,313		-
<b>3. INVESTMENTS</b>	6		685,038		1,570,758
<b>4. CURRENT ASSETS, LOANS, ADVANCES</b>	7				
a) Inventories		73,201,731		60,721,232	
b) Sundry Debtors		10,062,306		9,936,212	
c) Cash and Bank Balances		8,780,339		4,150,261	
d) Loans and Advances		16,926,502		12,834,967	
		<u>108,970,878</u>		<u>87,642,672</u>	
<b>Less : Current Liabilities and Provisions</b>	8				
Current Liabilities		44,235,398		25,620,315	
Provisions		591,520		325,860	
		<u>44,826,918</u>		<u>25,946,175</u>	
<b>NET CURRENT ASSETS</b>			64,143,960		61,696,497
<b>5. Profit and Loss a/c</b>					
Balance carried forward			74,075,445		88,649,176
			<u>1,76,508,159</u>		<u>191,393,483</u>

NOTES ON ACCOUNTS 14

This is the Balance sheet referred to in our annexed report of even date.

**For G.K. TULSYAN & COMPANY**  
Chartered Accountants,  
G. K. Tulsyan  
Partner  
Membership No.50511

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 29/07/2008

**On behalf of the board**  
K.M. Poddar,  
Managing Director  
A. De,  
Director

**PROFIT AND LOSS ACCOUNT FOR PERIOD ENDED 31ST MARCH, 2008**

	Schedule	Current Year (Rs.)	Previous Year (Rs.)
<b>INCOME</b>			
Sales		62,805,712	55,251,198
Income from Mining activities		65,087,081	20,566,396
Income from Transportation		8,221,408	4,237,397
Service Charges		4,800,000	5,100,000
Other Income	9	13,124,451	15,673,809
Increase/(Decrease) in Stock	10	(7,596,264)	25,855,135
		<u>146,442,388</u>	<u>126,683,935</u>
<b>EXPENDITURE</b>			
Expenses on Mining work		46,616,019	13,808,368
Expenditure on Transportation		5,842,978	3,126,469
Manufacturing Expenses	11	43,901,359	64,406,299
Selling, Administration and other Exp.	12	26,779,701	27,304,389
Interest		1,173,061	1,606,005
Depreciation		3,607,160	3,449,056
		<u>127,920,278</u>	<u>113,700,586</u>
Profit/(Loss) before provision for taxation		18,522,110	12,983,349
Provision for F.B.T.		265,660	325,860
Profit after Tax		<u>18,256,450</u>	<u>12,657,489</u>
Prior period adjustment		(382,719)	(285,569)
Net Profit		17,873,731	12,371,920
Transferred to Capital Redemption Reserve		3,300,000	10,000,000
Balance brought forward from previous year		(88,649,176)	(156,742,696)
Capital Reduction in paid up Share Capital from Face value of Rs.10/- to Re1/-		-	65,721,600
Balance carried to Balance Sheet		<u>(74,075,445)</u>	<u>(88,649,176)</u>
Earning per Equity Share :	13		
(Face value of Re. 1/- per share)			
Basic		1.23	1.13
Diluted		1.23	1.13

**NOTES ON ACCOUNTS** 14

This is the Profit and Loss Account referred to in our annexed report of even date.

On behalf of the board

**For G.K. TULSYAN & COMPANY**  
Chartered Accountants,

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

**G. K. Tulsyan**  
Partner  
Membership No.50511

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 29/07/2008

**A. De,**  
Director

**CASH FLOW STATEMENT FOR PERIOD ENDED 31ST, MARCH, 2008**

	As on 31/03/2008 (Rs.)	As on 31/03/2007 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before interest, tax and extraordinary items	19,695,171	14,589,354
Adjustment for:		
Depreciation	3,607,160	3,449,056
Loss on sale of Fixed Assets (Net)	3,979,716	187,496
Interest received	(202,434)	(164,613)
Dividend	(40)	(269)
Operating profit before working capital charges	<u>27,079,573</u>	<u>18,061,024</u>
Adjustments for :		
Trading and other receivables	(126,094)	18,361,129
Inventories	(12,480,499)	(30,726,448)
Trade Payables	18,615,083	(13,796,161)
Loans and Advances	<u>(2,796,552)</u>	<u>7,966,928</u>
Cash Generated from operations	30,291,511	(133,528)
Interest Paid	(1,173,061)	(1,606,005)
Direct Tax Paid	<u>(1,294,983)</u>	<u>(449,885)</u>
Cash Flow before extraordinary items	27,823,467	(2,189,416)
Extraordinary items	<u>(382,719)</u>	<u>(285,569)</u>
Net cash flow from operating activities(A)	<u>27,440,748</u>	<u>(2,474,987)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed assets	(6,003,540)	(2,711,137)
Sale of fixed assets	290,000	50,000
Sale of Investment	885,720	-
Interest Received	202,434	164,613
Devidend received	40	269
Net Cash used in Investing Activities (B)	<u>(4,625,346)</u>	<u>(2,496,255)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from Equity Shares issued	-	7,200,000
Preceeds from Long term borrowing	(18,185,324)	(9,718,230)
Net Cash flow from financing activities (C)	<u>(18,185,324)</u>	<u>(2,518,230)</u>
Net increase in cash and cash equivalent(A + B + C)	4,630,078	(7,489,472)
Cash and Cash equivalents as at begening of the year	4,150,261	11,639,733
Cash and Cash equivalent as at end of the year	8,780,339	4,150,261

Note : Figures in brackets represent cash outflows

**For G.K. TULSYAN & COMPANY**  
Chartered Accountants,

**G. K. Tulsyan**  
Partner  
Membership No.50511

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 29/07/2008

**On behalf of the board**

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

**A. De,**  
Director

# CEETA

INDUSTRIES LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2008 AND PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

	As at 31/03/2008 (Rs.)	As at 31/03/2007 (Rs.)
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
75,000,000 Equity Shares of face value Re 1/-each (Previous Year 75,000,000 Equity Shares of Rs. 1/-each)	75,000,000	75,000,000
1,50,000 – 15% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each (Redeemable at par at any time within 13-03-2009)	15,000,000 <u>90,000,000</u>	15,000,000 <u>90,000,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP :</b>		
14,502,400 Equity Shares of Re 1/- each (Previous year 14,502,400 Equity Shares of Rs 1/- each) fully paid up in cash	14,502,400	14,502,400
1,33,000-15% Non-Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up in cash (Redeemable at par at any time within 13-03-2009)	13,300,000 <u>27,802,400</u>	13,300,000 <u>27,802,400</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
Capital Reserved on forfeiture of share	91,000	91,000
Capital Reserve on account of Restructuring of Debt	132,995,444	132,995,444
Capital Redemption Reserve	13,300,000 <u>146,386,444</u>	10,000,000 <u>143,086,444</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOAN</b>		
Auto Loan from ICICI Bank	1,538,889	2,098,485
(Against hypothecation of Specific motor vehicles)	<u>1,538,889</u>	<u>2,098,485</u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOAN</b>		
From Bodies Corporate	85,752	16,785,842
From the Government of Karnataka :		
Sales Tax deferment Scheme	694,674 <u>780,426</u>	1,620,312 <u>18,406,154</u>

**SCHEDULE - 5**
**FIXED ASSETS**

SL. NO.	Particulars	Gross Block				Depreciation				Net Block	
		Cost as on 01/04/07 (Rs.)	Addition during the Period (Rs.)	Sales/ Adjustment (Rs.)	Cost as on 31/03/08 (Rs.)	As on 01/04/07 (Rs.)	For the Period (Rs.)	Sales/ Adjust-ment	As on 31/03/08 (Rs.)	As on 31/03/08 (Rs.)	As on 31/03/07 (Rs.)
1.	Land	2,279,900	28,097	—	2,307,997	—	—	—	—	2,307,997	2,279,900
2.	Building	10,104,316	100,000	—	10,204,316	1,123,526	311,119	—	1,434,645	8,769,671	8,980,790
3.	Plant & Machinery	28,136,567	—	4,903,750	23,232,817	6,978,600	2,610,531	1,002,195	8,586,936	14,645,881	21,157,967
4.	Electrical Installation	2,668,686	—	—	2,668,686	466,951	126,763	—	593,714	2,074,972	2,201,735
5.	Office Equipment	500,537	131,255	—	631,792	79,114	29,049	—	108,163	523,629	421,423
6.	Furniture & Fixture	534,761	1,800	—	536,561	90,041	33,931	—	123,972	412,589	444,720
7.	Cars & Vehicles	3,799,339	693,000	551,981	3,940,358	365,646	370,261	183,820	552,087	3,388,271	3,433,693
8.	Fire Fighting Equipment	22,069	—	—	22,069	1,683	1,048	—	2,731	19,338	20,386
9.	Computer Equipment	737,779	113,075	—	850,854	201,341	124,458	—	325,799	525,055	536,438
	<b>Total</b>	<b>48,783,954</b>	<b>1,067,227</b>	<b>5,455,731</b>	<b>44,395,450</b>	<b>9,306,902</b>	<b>3,607,160</b>	<b>1,186,015</b>	<b>11,728,047</b>	<b>32,667,403</b>	<b>39,477,052</b>
	Previous Year's Figures	46,402,817	2,711,137	330,000	48,783,954	5,950,350	3,449,056	92,504	9,306,902	39,477,052	—



**SCHEDULE - 6**

INVESTMENT (At Cost)	NO. of Equity Shares Fully Paid up	Face Value Per Share (Rs.)	As at 31/03/2008 (Rs.)	As at 31/03/07 (Rs.)
-------------------------	--	----------------------------------	------------------------------	----------------------------

**LONG TERM TRADE INVESTMENTS :**

**A. QUOTED SHARES**

Rajasthan Petro Synthetics Ltd.	442,860 (442,860)	10	-	8,538,980
Himalaya Granites Ltd.	100 (100)	10	3,538	3,538

**B. UNQUOTED INVESTMENTS :**

National Savings Certificate VIIIth issue (Pledged with Govt. Depts.)	-	-	11,000	11,000
--	---	---	--------	--------

**SHARES IN A SUBSIDIARY COMPANY**

Kingstone Krystals Ltd.	66,800 (66,800)	10	670,500	670,500
			<u>685,038</u>	<u>9,224,018</u>

Less : Diminution in value of investments

-	7,653,260
<u>685,038</u>	<u>1,570,758</u>

(Number of shares in brackets represents last year's figure.)

	<b>BOOK VALUE</b>		<b>MARKET VALUE</b>	
	As at 31/03/2008	As at 31/03/2007	As at 31/03/2008	As at 31/03/2007
Quoted	3,538	889,258	1,092	887,820
Unquoted	681,500	681,500	-	-

	(Rs.)	As at 31/03/2008 (Rs.)	(Rs.)	As at 31/03/2007 (Rs.)
<b>SCHEDULE - 7</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>A. CURRENT ASSETS :</b>				
<b>a. Inventories</b> (As taken, valued and certified by the Management)				
Raw Materials (at cost or net realisable value whichever is less)	26,647,035		6,855,379	
Stores & Spares (at lower of cost or net realisable value)	8,338,332		8,053,225	
Stock-in-Transit (at lower of cost or net realisable value)	-		4,283,858	
Finished Goods (at cost or net realisable value whichever is less)	38,216,364	73,201,731	41,528,770	60,721,232
<b>b. Sundry Debtors :</b>				
(Unsecured, consider good)				
– Outstanding for a period exceeding Six months	255,597		509,335	
– Other Debts	9,806,709	10,062,306	9,426,877	9,936,212
<b>c. Cash &amp; Bank Balances :</b>				
Cash in Hand (as certified by management)	233,777		156,375	
Balances with Scheduled Banks				
– In Current A/c	7,680,116		2,063,970	
– In Fixed Deposit	866,446		1,310,916	
– Cheque in Hand	-	8,780,339	619,000	4,150,261
<b>B. LOANS AND ADVANCES :</b>				
Loans (Unsecured, considered Good)	4,300,000			
Advances Recoverable in Cash or in kind or for value to be received)	5,429,797		6,731,881	
Prepaid Expenses	131,687		109,078	
Security Deposit	3,906,029		3,955,529	
Excise Duty Deposit	220,030		220,030	
Accrued Interest	6,374		27,044	
Interest accrued & not due	194,976		348,779	
Advances Tax (including T.D.S)	2,737,609	16,926,502	1,442,626	12,834,967
		108,970,878		87,642,672

		As at 31/03/2008		As at 31/03/2007
	(Rs.)	(Rs.)	(Rs.)	(Rs.)

**SCHEDULE - 8**

**CURRENT LIABILITIES AND PROVISIONS**

**A. CURRENT LIABILITIES**

*Sundry Creditors :*

For Goods, service, etc.	7,870,615		6,924,255	
Advance from Customers	19,753,161		3,831,239	
Book Overdraft in Current Account	1,191,396		-	
Other Liabilities	<u>15,420,226</u>	44,235,398	<u>14,864,821</u>	25,620,315

**B. PROVISIONS**

Provision for F.B.T.		<u>591,520</u>		<u>325,860</u>
		<u><b>44,826,918</b></u>		<u><b>25,946,175</b></u>

**SCHEDULE - 9**

**OTHER INCOME**

Processing Charges	8,247,207		9,781,320	
Miscellaneous Receipt	4,674,810		5,727,876	
Interest Received	<u>202,434</u>	<u>13,124,451</u>	<u>164,613</u>	<u>15,673,809</u>
		<u><b>13,124,451</b></u>		<u><b>15,673,809</b></u>

**SCHEDULE - 10**

**INCREASE/DECREASE IN FINISHED**

**GOODS, WORK-IN-PROGRESS**

OPENING STOCK:

Finished Goods	41,528,770		19,469,836	
Stock-in-Transit	4,283,858		-	
Work-in-Progress	<u>-</u>	45,812,628	<u>487,657</u>	19,957,493

CLOSING STOCK :

Finished Goods	38,216,364		41,528,770	
Stock-in-Transit	<u>-</u>		<u>4,283,858</u>	
		<u>38,216,364</u>		<u>45,812,628</u>
Increase/ (Decrease) in Stock		<u><b>(7,596,264)</b></u>		<u><b>25,855,135</b></u>

# CEETA

INDUSTRIES LIMITED

## SCHEDULE - 11

	As at 31/03/2008 (Rs.)	As at 31/03/2007 (Rs.)
<b>MANUFACTURING EXPENSES</b>		
Raw material consumed	13,390,796	21,015,743
Stores & Spares parts consumed	17,787,073	26,386,249
Power & Fuel	312,621	584,835
Repairs & Maintenance :		
Plant and Machinery	932,752	1,931,785
Packing Material Consumed	831,115	1,153,314
Electricity & Water Charges	8,742,682	9,931,421
Other Manufacturing Expenses	1,904,320	3,402,952
	<u>43,901,359</u>	<u>64,406,299</u>

## SCHEDULE - 12

### SELLING, ADMINISTRATION & OTHER EXPENSES

Salary, Allowance & Amenities	9,785,636	10,217,324
Staff Welfare Expenses	607,255	606,900
Rent	564,000	589,000
Rates & Taxes	148,761	226,047
Insurance charges	284,622	434,863
Vehicle Maintenance Expenses	498,648	564,501
Travelling & conveyance	1,481,935	4,021,266
Electricity Charges	252,675	261,231
Printing & Stationery	304,474	369,225
Communication charges	920,786	1,258,376
Advertisement & Publicity	136,135	112,206
Legal & Professional Charges	578,173	643,319
Bank charges	125,764	328,083
Repairs & Maintenance : (others)	615,477	600,534
Remuneration to Statutory Auditor		
As Audit Fees	30,000	30,000
For Tax Audit	5,000	5,000
For certification work & I.T. Matter	5,000	5,000
Service Tax there of	4,944	4,944
	<u>44,944</u>	<u>44,944</u>
Remuneration to Internal Auditor		
As Internal Audit Fees	64,000	62,500
In other capacity	34,000	5,000
	<u>98,000</u>	<u>67,500</u>
Remuneration to Managing Director	722,235	686,578
Loss on Sale of Fixed Assets	3,979,716	187,496
Packing & Forwarding Expenses	12,26,890	1,864,146
Miscellaneous Expenses	4,389,575	4,220,850
Directors Sitting fees	14,000	-
	<u>26,779,701</u>	<u>27,304,389</u>

	As at 31/03/2008	As at 31/03/2007
	(Rs.)	(Rs.)
<b>SCHEDULE - 13</b>		
<b><u>EARNING PER EQUITY SHARE</u></b>		
Annualised earnings per Equity share have been calculated based on the net profit/(loss) after taxation of Rs. 178.74 lacs, previous year Rs. 123.72 lacs and the weighted average number of equity shares in issue during the year of 14502400 shares, (previous year 10902400 shares).		
(Following is the reconciliation between basic and diluted earnings per equity share)		
Basic earning per share (in Rs.)	1.23	1.13
Effect of dilutive potential Equity shares on conversion.	NIL	NIL
Dilutive Earnings per share (in Rs)	1.23	1.13
Weighted average number of equity shares used in computing basic earnings per share.	14502400	10902400
Weighted average number of equity shares used in computing diluted earnings per equity shares.	14502400	10902400

**SCHEDULE - 14**

**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**i) General:**

The company follows accrual system of accounting and recognizes income and expenditure on accrual basis unless otherwise stated. The accounts are prepared on historical cost convention.

**ii) Fixed Assets:**

Fixed assets as on 01/04/2007 are stated at the book value and any addition to fixed assets are stated at cost prevailing on the date of acquisition.

**iii) Depreciation:**

Depreciation on fixed assets has been provided on straight line method ; in case of plant & machinery for granite division the 'triple shift basis' has been taken while in case of plant & machinery for Udaipur division the 'single shift basis' has been considered. The rates and manner for depreciation provision are as per schedule XIV to the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988.

**iv) Investments:**

Quoted Investments are stated at cost less diminution in the market value which are permanent in nature. The decline in market value of investment in current year has been considered to be temporary in nature and hence no further provision is made in the books.

**v) Inventories:**

Inventories of the company are stated at lower of cost or net realisable value.

**vi) Revenue Recognition:**

The company's sales are net of sales returns and duties and levies.

**vii) Foreign Exchange Transaction:**

The transactions in foreign currencies remaining outstanding at the end of the year, are translated at the exchange rates prevailing on the date of the Balance sheet. Exchange rate gain/loss on transactions relating to liabilities incurred to acquire fixed assets is treated as an adjustment to the cost of fixed assets. Exchange gains and losses on foreign exchange transactions other than those relating to fixed assets are recognized in the profit and loss account in accordance with the Accounting standard 11 of the Institute of Chartered Accountants of India.

**viii) Employee Retirement Benefits:**

Company's contributions to Provident fund are charged to Profit and Loss a/c. Gratuity is provided on accrual basis taking into account the actuarial valuation.

**ix) Contingent Liabilities:**

No provision for contingent liability, as disclosed by way of notes on accounts, has been made in the books of accounts.

**x) Earning Per share:**

The company reports basic and diluted earnings per equity share in accordance with AS20, earnings per share. Basic earnings per equity share has been computed by dividing net profit or loss by the weighted average number of equity shares outstanding

for the period. Diluted earnings per equity share, has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

**xi) Segment Information - Basis of preparation**

The Company has at present three segments i.e. Granite, Synthetic yarn and others operation. The Granite unit is engaged in manufacturing Granite slabs and Tiles and is Presently in operation. The synthetic yarn unit continued to remain inoperative during the year. Substantial part part of the Plant and Machinery of this segment was disposed off at the end of the current financial year and it therefore ceases to exist in the subsequent years. The other operations comprise earnings out of trading transactions including brokerage, commission, mining, transportation and miscellaneous services.

Segment result includes revenue less operating expenses and provision, if any, for that segment.

Segment capital employed represents the net assets in particular segments.

**xii) Income Tax**

Current tax represents the amount of tax payable in respect of taxable income for the year. Deferred tax liability represents the tax being difference between taxable and accounting income which originate in one period and are capable of reversal in one or subsequent periods. Fringe Benefit Tax is estimated considering the provisions of the Income Tax Act, 1961.

**B. NOTES ON ACCOUNTS:**

1. Depreciation on the fixed assets of Udaipur division has been provided on Straight Line Method (SLM) as per the Company's uniform policy though the division remained in-operative through out the year.
2. Consequent upon transfer of lease equipment under a tripartite agreement, there is no revenue implication for lease rentals. However the lessor filed a suit claiming Rs.2,21,03,098 which the company has been contesting.
3. Contingent Liability not provided for in respect of :-
  - a) Bank guarantees issued by the bank on behalf of the company Rs.4,79,320/- against which Fixed deposit have been pledged with the Bank. (Previous year Rs. 4,79,320/-).
  - b) Claims against the company not acknowledged as debts is Sales Tax Demand under dispute Rs.98,21,910/- (Previous year Rs. 98,21,910/- ).
  - c) The Commercial Tax Department of Udaipur have raised a demand of Rs 791025/- against R.S.T. and Rs 2496/- against C.S.T. for earlier years pending under appeal before the appropriate appellate authority.
4. The company claims reimbursement of Central Sales Tax paid on purchase of indigenous goods in term of Excise Policy 2002-2007.
5. Some of the debit and credit balances are subject to confirmation.
6. As per the information available with the Company, Sunday Creditors do not include any amount payable to micro, small & medium enterprises under the provisions of Micro, Small and Medium Enterprises Development Act, 2006.
7. The preference share capital of Rs. 133 Lac is redeemable at par on or before March 13,2009 and the reduction has been assumed to take place in 2008-09 in terms of rehabilitation scheme approved by BIFR. In order to enable the redemption of preference capital as stated above the Board decided to set aside a sum of Rs. 33.00.000/- during the year in addition to Rs. 1.00.00.000/- already set aside in previous year as Capital Redemption Reserve.
8. Previous year's figures have been regrouped / rearranged wherever necessary.

9. The company pays an annual premium in terms of the comprehensive group gratuity scheme policy with TATA AIG Life Insurance Company Limited covering eligible employees. The premium is based on actuarial valuation.
10. As the company is having deferred tax asset thus by concept of prudence, no provision has been made in the books.
11. The Company sold substantial part of Plant & Machinery of its existing inoperative segmental unit i.e. synthetic yarn unit, which in the opinion of the Management ceases to exist as a separate segmental unit from subsequent financial years as required to be disclosed as per AS-17 of The Institute of Chartered Accountants of India.

	31/03/2008 (Rs. in lakhs)	31/03/2007 (Rs. in lakhs)
12. Expenditure in foreign currency		
Travelling	0.78	0.20
Imported Consumables	59.15	158.78
13. FOB Value of exports/ earnings in foreign currency	556.64	495.83
Other earnings in Foreign Currency	10.16	NIL
14. Value of imports on CIF basis		
Components & spare parts	129.60	220.59

15. Additional information pursuant to Part-II of the schedule VI of the companies Act of 1956:

a) Particulars of Capacity	Unit	Annual		Annual	
		Licensed Current Year	Capacity Previous Year	Installed ** Current Year	Capacity Previous Year
Granite Tiles	Sq. Mtrs	100500	100500	100500	100500
Granite Slabs/ Monuments	Sq. Mtrs.	23000	23000	23000	23000

\*\* As certified by the management and relied upon by the auditors, being a technical matter.

- b) Particulars of Production:

Goods manufactured	Unit	Current Period	Previous Period
Granite Slabs, CTS			
Granite, Tiles & Monuments	Sq.mtr	26884.144	39592.633

- c) Particulars of Opening Stock, Purchase, Sales and Closing Stock

Class of Goods	Unit	Opening Stock		Sales / Adjustments		Closing Stock	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Granite	Sq. Mt	34676.375	27125.876	41360.819	32042.134	20199.700	34676.375
Slabs etc.	Rs. in Lac	458.13	199.57	628.06	552.51	382.16	458.13



d) **Particulars of Raw materials consumed (100% indigenous)**

Description	Unit	Current Period	Previous Year
	CBM	1196.416	1,249.646
Rough Block	Rs. in Lac	133.91	210.160

16. **Stores Consumed**

	Amount in lacs	Percentage
Indigenous	46.07	26%
(Previous Year)	(54.37)	(21%)
Imported	131.80	74%
(Previous Year)	(209.49)	(79%)

17. **Segment Reporting**

The Company has the three segments - Granite Division, Synthetics yarn Division and other operations.

Summary of operating segments of the Company area:-

	Granite	Synthetic Yarn	Other Operations	Total
	(Rs. in Lac)			
<b>Segmental Revenue</b>	682.69	NIL	781.73	1464.42
<b>TOTAL REVENUE</b>	<b>682.69</b>	<b>NIL</b>	<b>781.73</b>	<b>1464.42</b>
<b>Segment result</b> (before Interest and tax)	39.94	(42.65)	206.83	204.12
Unallocated Corporate Expenses net of unallocable income	-	-	-	13.02
Operating Profit/(Loss)	-	-	-	191.10
Interest and other income	1.49	NIL	0.53	2.02
Interest Expenses	1168	NIL	0.05	11.73
Net Profit / (Loss) before tax	-	-	-	<b>181.39</b>

**OTHER INFORMATION**

**CAPITAL EMPLOYED**

Segment Assets	1295.69	51.31	48.36	1395.36
<b>TOTAL ASSETS</b>	<b>1295.69</b>	<b>51.31</b>	<b>48.36</b>	<b>1395.36</b>
Segment Liabilities	344.57	105.12	8.05	457.74
<b>TOTAL LIABILITIES</b>	<b>344.57</b>	<b>105.12</b>	<b>8.05</b>	<b>457.74</b>
Net Segment Assets	951.12	(53.81)	40.31	937.62
Unlocated Assets / (Liabilities)				63.51
Net Capital Employed				<b>1001.13</b>
Capital Expenditure	2.48	NIL	8.19	10.67
Depreciation	32.59	2.80	0.68	36.07

**18. Related Party Disclosures**

As per AS 18 issued by the Institute of Chartered Accountants of India, the Company's related parties disclosed below:-

**List of related Parties**

- a) Likhmi Trading & Mfg. Co.Ltd
- b) Rashmi Properties & Investments Ltd.
- c) Vaibhav Heavy Vehicles Ltd.
- d) Smt.Vrinda Poddar
- e) Nouveau Metal Industries Ltd.
- f) Coronation Refrigeration Industris Ltd.

**Enterprise under Common Control**

Kingstone Krystals Ltd.. - Subsidiary Company

**Key Management Personnel**

Sri K.M.Poddar - Managing Director  
Sri Anubhav Poddar - President  
Sri Vaibhav Podder - Director

The Company's related party balances and transactions are summarised below:-

<b>Name of Related Party</b>	<b>Nature of Transactions</b>
Likhmi Trading & Mfg. Co.Ltd.	(i) Received Unsecured loan of Rs.60,00,000/- and paid interest of Rs.2,78,467/- during the year. The Unsecured loan have been squared during the year (ii) Paid rent for Rs.1,20,000/- and electricity for Rs. 87,192/-
Rashmi Properties & Investments Ltd.	(i) Received Unsecured loan of Rs.1,00,00,000/- which has been squared up during the year and paid interest for Rs. 2,70,246/-. The Company had also paid unsecured loan of Rs. 43,00,000/- and received interest for Rs. 6801/- (ii) Paid Rent for Rs. 3,00,000/- and electricity for Rs.1,36,654/- .
Sri Anubhav Poddar	Remuneration includes Rs.3,96,000/- as basic salary, Rs.1,58,400/- as H.R.A., Provident Fund Rs.47520/- and Medical expences for Rs. 32,734/-.
Vaibhav Heavy Vehicles Ltd.	(i) Received loan of Rs.3,00,000/- and has been squared up during the year and paid interest Rs.83,868/-. ii) Payment of rent for Rs. 1,44,000/-
Sri K.M.Poddar	Remuneration paid Rs.5,40,000/- and other perquisites Rs.1,14,735/- and Provident fund Rs. 67,500/-.
Smt. Vrinda Poddar	Remuneration includes Rs. 2,40,000/- as basic salary, Rs 96,000/- as HRA, Provident Fund Rs. 28,800/- and Medical Rs. 5,761/-.

# CEETA

INDUSTRIES LIMITED

Nouveeau Metal Industries Ltd.	i) Received unsecured loan for Rs. 5,00,000/- and Interest Rs. 2,137/-.
	ii) Paid Rent Rs. 1,20,000/- and electricity for Rs. 49,073/-
Coronation Refrigeration Industries Ltd.	Received Unsecured Loan of Rs. 34,00,000/- which has been squared up during the year and paid interest for Rs. 46,676/-.

## 19. Balance sheet abstract and company's general business profile:

### I. Registration details

Registration no.:	21494	State Code	08
Balance sheet date	31/03/2008		

### II. Capital Raised during the year (Amount in Rs.)

Public Issue	Nil	Right issue	Nil
Bonus Issue	Nil	Private Placement	Nil

### III Position of mobilisation and deployment of funds (Amount in Rs. )

<b>Total liabilities</b>	-	22,13,35,077	<b>Total Assets</b>	-	22,13,35,077
--------------------------	---	--------------	---------------------	---	--------------

#### Sources of Funds

Paid-up capital	-	2,78,02,400	Reserve & surplus	-	14,86,444
Secured loan	-	15,38,889	Unsecured loan	-	7,80,426

#### Application of funds

Net fixed assets	-	32,667,403	Investments	-	685,038
Net current assets	-	64,143,960	Misc. Expenditure	-	NIL
			Accumulated loss	-	74,075,445

### IV. Performance of the company (Amount in Rs. )

Turnover including other Income	-	14,64,42,388	Total Expenditure	-	12,79,20,279
Profit/(Loss) before tax	-	1,85,22,109	Profit/(Loss) after tax	-	1,82,56,449

Earning per share in Rs.	1.23	Dividend rate	NIL
--------------------------	------	---------------	-----

### V. Generic name of two principal products /service of the company

Item Code no. (ITC Code)	680233
Product description	Granite Slabs & Tiles
Item Code no. (ITC Code)	540210
Product description	PP Yarn

Signature of Schedule 1 to 14 as per our annexed report of even date.

On behalf of the board

For G.K. TULSYAN & COMPANY  
Chartered Accountants,

K.M. Poddar,  
Managing Director

G. K. Tulsyan  
Partner  
Membership No.50511

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 29/07/2008

A. De,  
Director

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956  
RELATING TO SUBSIDIARY COMPANY.**

<u>Name of the Company</u>	<u>Kingston Krystals Limited</u>
A. The Financial year of the Subsidiary Company ended on	31/03/2008
B. No. of Shares in the Subsidiary Company held by Ceeta Industries Ltd. at the above date (equity Shares unless stated otherwise) and % of holding.	66,800  98.96
C. The net aggregate of profits (losses) of the subsidiary company for its financial year so far as they concern the member of Ceeta Industries Ltd.	
a) Dealt within the accounts of Ceeta Industries Limited for the year ended 31st March, 2008.	Nil
b) Not dealt with in the accounts of Ceeta Industries Limited for the year ended 31st March, 2008.	Rs. 1,57,703.53
D. The net aggregate of profits (losses) of the subsidiary company for its previous financial years so far as they concern the members Ceeta Industries Limited.	
a) Dealt within the accounts of Ceeta Industries Limited for the year ended 31st March, 2007.	Nil
b) Not dealt within the accounts of Ceeta Industries Limited for the year ended 31st March, 2007.	Rs. 14,03,811.02

**On behalf of the board**

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

Place : Kolkata  
Dated : 29/07/2008

**A. De,  
Director**

# KINGSTONE KRYSTALS LIMITED

## DIRECTOR'S REPORT

Your Directors have the pleasure in submitting their Report and Audited Accounts for the financial year ended 31st March, 2008.

## FINANCIAL RESULTS:

	As on 31/03/2008	As on 31/03/2007
	Rs.	Rs.
Profit/(Loss) as per Profit & Loss Account	2,00,432	2,96,913
Less: Provision for Income Tax	41,075	32,033
Profit/(Loss) after taxation	1,59,357	2,64,880
Income Tax for earlier year	-	1,970
Balance brought forward from previous year	14,18,522	11,55,612
Balance carried to next year	15,77,879	14,18,522

## DIVIDEND:

In order to preserve cash resources, your Directors regret the inability to recommend any dividend for the year.

## DIRECTORS:

Sri Anubhav Poddar retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment pursuant to the provisions of the Companies Act, 1956 and Articles of the Association of the Company.

## AUDITORS:

The Auditors, M/s.G.K.Tulsyan & Co., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## PERSONNEL:

The Company has no employees in receipt of the remuneration in aggregate of Rs.2,00,000/- or more per month, if employed for the part of the year and Rs.24,00,000/- per annum if employed through out the year.

## DEPOSITS:

The Company has no outstanding deposits and neither invited nor accepted any deposit from the public within the meaning of Sec.58A of the Companies Act,1956 during the year under review.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUT GO:

Since your Company is not carrying any manufacturing activity, the disclosure of the information relating to conservation of energy and technology absorption is not applicable.

There have been no foreign exchange earnings and outgo during the year under review.

## DIRECTOR'S RESPONSIBILITY STATEMENT:

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

- I. That in preparation of the Annual Accounts, the applicable Accounting Standard have been followed and there has been no material departure;
- II. That the selected Accounting Policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2008 and of the Profit of the Company for the year ended on that date;
- III. That proper and sufficient care has been taken 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 ;
- IV. That the Annual Accounts have been prepared on a going concern basis.

Place : Kolkata  
Dated: 02/07/2008

By order of the Board

A. DE  
Director

S. L. Gupta  
Director

# **KINGSTONE KRYSTALS LIMITED**

## **AUDITORS' REPORT**

### **TO THE MEMBERS OF MESSRS. KINGSTONE KRYSTALS LIMITED.**

We have audited the attached Balance Sheet of **MESSRS. KINGSTONE KRYSTALS LIMITED** as at 31st March, 2008 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted, our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order 2003, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we annex here to a statement on the matters specified in paragraphs 4 and 5 of the said order.

*Further to our comments in the Annexure referred to above, we report that :*

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
- (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- (d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representation received from the directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31.03.2008 from being appointed as Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - 01. in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2008 and
  - 02. in the case of the Profit & Loss Account of the Profit of the Company for the year ended on that date.

**For G.K. Tulsyan & Company**  
**Chartered Accountants,**

**U.K. Senapati**  
**Partner**  
**Membership No.58084**

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 2nd day of July, 2008.

## KINGSTONE KRYSTALS LIMITED

### ANNEXURE TO THE AUDITORS' REPORT

- (i) The company does not have any fixed assets and as such clause (i)(a) to (i)(c) are not applicable.
- (ii) The company does not have any inventory and as such clause (ii)(a) to (ii)(c) are not applicable.
- (iii) (a) As informed to us and as per books of accounts, the company has not granted any loan to any party mentioned in the register maintained u/s.301 of Companies Act, 1956, hence clause iii(b) (c) & (d) are also not applicable.  
(b) As informed to us and as per books of accounts, the company has not taken unsecured loan from one company, mentioned in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of shares, expenses incurred and sale of shares. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) According to the information and explanations provided by the management, we are of the opinion that there have been no transactions that need to be entered in to the register maintained under Section 301 and hence Clause (v)(b) is also not applicable.
- (vi) The company has not accepted any deposit from Public with the meaning of Section 58A and 58AA of the Companies Act, 1956.
- (vii) In our opinion, the company has an internally designed Internal Audit System commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under Clause (d) of Sub-Section (i) of Section 209 of the Companies Act, 1956.
- (ix) In respect of Statutory dues :
  - (a) According to the records of the company, the company is regular in depositing undisputed statutory dues, and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us there are no undisputed amounts payable in respect of wealth tax, sales tax, custom duty and excise duty etc which are due for more than six months from the date they became payable.
  - (b) There are no dues outstanding of sales tax, excise duty and cess on account of any dispute.
  - (c) The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit. However there was no cash loss in the immediately preceding financial year.
  - (d) Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.
- (x) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of the security by way of pledge of shares, debentures and other securities.
- (xi) In our opinion and according to the explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
- (xii) As informed and explained to us in respect of the company's investment in shares and securities, proper records have been maintained of the transactions and contracts relating to dealing / trading in shares and other investments and timely entries have been made therein. The shares and

## **KINGSTONE KRYSTALS LIMITED**

---

other investments have been held by the company in its own names.

- (xiii) According to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institution.
- (xiv) There are no term loans outstanding as at the end of the year.
- (xv) We have been informed by the management that no funds have been raised and used and hence Clause(xvii) is not applicable.
- (xvi) The company has not made any preferential allotment of shares to companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xvii) The company did not have any outstanding debenture during the year.
- (xviii) The company has not raised any money through a public issue during the year.
- (xix) Based on information and explanations furnished by the management, which have been relied upon by us there were no frauds on or by the company noticed or reported during the year.

**For G.K. Tulsyan & Company**  
**Chartered Accountants,**

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 2nd day of July, 2008.

**U.K. Senapati**  
**Partner**  
**Membership No.58084**



# KINGSTONE KRYSTALS LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Fund</b>			
Share Capital	1	675,000.00	675,000.00
Reserve & Surplus	2	15,77,878.65	1,418,522.02
		<u>2,252,878.65</u>	<u>2,093,522.02</u>
<b>APPLICATION OF FUNDS</b>			
Investments	3	2,052,015.65	1,370,805.22
<b>Current Assets, Loans &amp; Advances</b>			
Cash & Bank Balances	4	158,404.07	663,554.93
Loans & Advances	5	195,196.00	164,915.00
		<u>353,600.07</u>	<u>828,469.93</u>
Less : Current Liabilities & Provisions	6	152,737.07	105,753.13
<b>Net Current Assets</b>		<u>200,863.00</u>	<u>722,716.80</u>
		<u>2,252,878.65</u>	<u>2,093,522.02</u>
Notes on Accounts	8		

This the Balance sheet referred to in our annexed report of even date.

**For G.K. TULSYAN & COMPANY**  
Chartered Accountants,

**U. K. Senapati**  
Partner  
Membership No.58084

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 2nd day of July, 2008

On behalf of the board

**A. De,**  
Director

**S. L. Gupta,**  
Director

# **KINGSTONE KRYSTALS LIMITED**

## **PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Schedule	Year Ended 31.3.2008 Rs.	Year Ended 31.3.2007 Rs.
<b>Income</b>			
Dividend Income		29,750.00	28,100.00
Profit on Sales of Investments		98,040.71	202,096.21
Speculative Profit (Shares / Commodity)		101,275.52	92,530.46
		<u>229,066.23</u>	<u>322,726.67</u>
<b>Expenditures</b>			
Loss on Share Trading (Speculation)		5.10	19.66
Administrative & Other Expenses 7		28,629.50	25,793.57
		<u>28,634.60</u>	<u>25,813.23</u>
Profit / (Loss) before Taxation		200,431.63	296,913.44
Less : Provision for Taxation		41,075.00	32,033.00
Profit / (Loss) after Taxation		<u>159,356.63</u>	<u>264,880.44</u>
Balance brought forward from Last year		1,418,522.02	1,155,611.58
Less : Income Tax for earlier years		—	1,970.00
Transfer to Balance Sheet		<u>1,577,878.65</u>	<u>14,185,22.02</u>
Earning per Share		2.36	3.92
Notes on Accounts	8		

This is the Profit & Loss Account referred to in our annexed report of even date.

**For G.K. TULSYAN & COMPANY**  
Chartered Accountants,

**U. K. Senapati**  
Partner  
Membership No.58084

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 2nd day of July, 2008

**On behalf of the board**

**A. De,**  
Director

**S. L. Gupta,**  
Director

# KINGSTONE KRYSTALS LIMITED

Schedules annexed to and forming part of the balance sheet as at 31st March 2008 and profit & loss account for the year ended on that date.

	As at 31.3.2008 Rs.	As at 31.3.2007 Rs.
<b>Schedule - 1</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
2,50,000 Equity Shares of Rs. 10/- each	2,500,000.00	2,500,000.00
	<u>2,500,000.00</u>	<u>2,500,000.00</u>
<b>Issued, Subscribed and Paid up</b>		
67,500 Equity Shares of Rs. 10/- each fully paid up in cash (Out of which 66,800 Shares are held by holding company Messrs. Ceeta Industries Limited)	675,000.00	675,000.00
	<u>675,000.00</u>	<u>675,000.00</u>

<b>Schedule - 2</b>		
<b>Reserves &amp; Surplus</b>		
Profit & Loss Account	1,577,878.65	1,418,522.02
	<u>1,577,878.65</u>	<u>1,418,522.02</u>

<b>Schedule - 3</b>					
<b>Investments</b>					
<b>(Long term Trade Investment)</b>					
Name of the Company	Face Value Rs.	Current Year No. of Shares	Cost Rs.	Previous Year No. of Shares	Cost Rs.
<b>Equity Share (Quoted)</b>					
Rajasthan Petro Synthetics Ltd.	10	-	-	351,670	287,326.00
Revathi Equipments Ltd.	10	600	598,375.72	-	-
Ashiana Housing Ltd.	10	7,000*	831,940.77	-	-
Brigade Enterprises Ltd.	10	1,000	179,049.66	-	-
MIC Electronics Ltd.	10	116	92,999.50	-	-
Electrosteel Castings Ltd.	10	-	-	2,200	961,276.35
Jaypee Hotel	10	-	-	2,000	122,202.87
<b>Total (A)</b>		<b>8,716</b>	<b>1,702,365.65</b>	<b>355,870</b>	<b>1,370,805.22</b>
<b>Equity Share (Un-quoted)</b>					
Ceeta Synthetics & Turfs Ltd.	10	555,000	349,650.00	-	-
<b>TOTAL INVESTMENTS</b>		<b>563,716</b>	<b>2,052,015.65</b>	<b>355,870.00</b>	<b>1,370,805.22</b>

\* Ashiana Housing Ltd. includes  
5000 Bonus Shares

	Book Value		Market Value	
	Current Year	Previous Year	Current Year	Previous Year
Quoted Shares	1,702,365.65	1,370,805.22	1,444,567.00	1,658,140.00
	<u>1,702,365.65</u>	<u>1,370,805.22</u>	<u>1,444,567.00</u>	<u>1,658,140.00</u>

## KINGSTONE KRYSTALS LIMITED

	As at 31/03/2008 (Rs.)	As at 31/03/2007 (Rs.)
<b>Schedule - 4</b>		
<b>Cash &amp; Bank Balances</b>		
Cash-in-hand (As certified by the management)	27,442.00	28,666.39
Balance with Schedule Banks (in Current Account)	130,962.07	634,888.54
	<u>158,404.07</u>	<u>663,554.93</u>
<b>Schedule - 5</b>		
<b>Loans &amp; Advances</b>		
<b>(a) Loans</b>	-	-
<i>(Unsecured considered good)</i>		
<b>(b) Advances</b>		
<i>(Recoverable in cash or in kind or for the value to be received)</i>		
Income Tax & T.D.S. including Advances(2003 - 04)	-	6,752.00
Income Tax & T.D.S. including Advances(2006 - 07)	58,163.00	58,163.00
Income Tax & T.D.S. including Advances(2007 - 08)	32,033.00	25,000.00
Income Tax & T.D.S. including Advances(2008 - 09)	30,000.00	-
Security Deposits	75,000.00	75,000.00
	<u>195,196.00</u>	<u>164,915.00</u>
<b>Schedule - 6</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities</b>		
Liabilities for Expenses	12,546.07	8,427.00
Sundry Creditors	-	378.13
Income Tax Refund (2006-07)	8,920.00	-
<b>Provisions</b>		
Provision for Income Tax (2003 - 04)	-	6,752.00
Provision for Income Tax (2006 - 07)	58,163.00	58,163.00
Provision for Income Tax (2007 - 08)	32,033.00	32,033.00
Provision for Income Tax (2008 - 09)	41,075.00	-
	<u>152,737.07</u>	<u>105,753.13</u>

# KINGSTONE KRYSTALS LIMITED

	As at 31/03/2008 (Rs.)	As at 31/03/2007 (Rs.)
<b>Schedule - 7</b>		
<b>Administrative &amp; Other Expenses</b>		
Interest Paid	-	-
Security Transaction Tax	1.00	2.00
Demat Charges	1,221.11	815.57
Bank Charges	256.00	228.00
Charity & Donation	5,000.00	-
Filing Fees	1,224.00	1,056.00
Service Charges	-	2,000.00
Miscellaneous Expenses	0.39	1,970.00
Professional Charges	-	1,750.00
Professional Tax	2,500.00	2,500.00
License Fees	6,000.00	6,600.00
Postage & Telegram	-	35.00
Printing & Stationery	-	410.00
Director's Sitting Fees	4,000.00	-
 <i>Auditor's Remuneration</i>		
Audit Fees	5,000	5,000
For Company Law Matters	1,500	1,500
For Income Tax Matters	1,000	1,000
Service tax	927	927
	<u>8,427.00</u>	<u>8,427.00</u>
	<u>28,629.50</u>	<u>25,793.57</u>

# **KINGSTONE KRYSTALS LIMITED**

---

## **Schedule - 8**

### **NOTES ON ACCOUNTS**

**Notes annexed to and forming part of the Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date.**

#### **01. Accounting Policies**

**(a) General**

The books of accounts have been maintained on accrual basis and in the accounting principles of going concern and are in consistent with the general accounting policies.

**(b) Revenue Recognition**

All expenses and income to the extent considered payable and receivable respectively unless specifically stated to be otherwise, are accounted for on mercantile basis.

**(c) Investments**

Investments are stated at cost of acquisition.

**(d) Taxes on Income**

Income tax comprises the current tax provision and the net change in the deferred tax asset or liability in the year. Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax base and operating loss carry forwards. Deferred tax assets if any are recognized subject to management's judgement that realization is more likely or not. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which the temporary differences are expected to be received or settled. The effect on deferred tax assets and liabilities of a change in tax rate is recognized in the income statement in the period of enactment of the change.

**(e) Earning per share**

The company reports basic and diluted earning per share in accordance with Accounting Standard - 20. Basic earning per share has been computed by dividing net profit / (Loss) after tax by weighted average number of equity shares outstanding for the period.

**(f) Other accounting policies unless specifically stated to be otherwise are consistent and are in consonance with generally accepted accounting principle.**

# KINGSTONE KRYSTALS LIMITED

## 02. Additional Information as required under Part IV to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile.

### (a) Registration Details

Registration Number	11437
Company Identification Number	U 85110 KA 1990 PLC 011437
State Code	08
Balance Sheet Date	31.03.2008

### (b) Capital raised during the year (Amount in '000)

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

### (c) Position of Mobilisation & Deployment of Funds (Amount in '000)

Total Liabilities	2,405.62
Total Assets	2,405.62

#### Sources of Funds (Amount in '000)

Paid-up Capital	675.00
Reserves & Surplus	1,577.88
Secured Loans	Nil
unsecured Loans	Nil
Deferred Tax	Nil

#### Application of Funds (Amount in '000)

Net Fixed Assets	Nil
Investments	2,052.02
Net Current Assets	200.86
Miscellaneous Expenditures	Nil
Profit & Loss Account	Nil

### (d) Performance of Company (Amount in '000)

Turnover / Income	229.07
Total Expenditure	28.63
Profit / (Loss) before Tax	200.43
Profit / (Loss) after Tax	159.36
Earning per Share (Rs.)	2.36
Dividend Rate	Nil

### (e) Generic Names of principal products, services of the Company

Item Code	Not Applicable
Product Description	Not Applicable

Signature to Schedules 1 to 8 forming part of the Balance Sheet and Profit & Loss Account.

  
For G.K. TULSYAN & COMPANY  
Chartered Accountants,

U. K. Senapati  
Partner  
Membership No.58084

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 2nd day of July, 2008

On behalf of the board

A. De,  
Director

S. L. Gupta,  
Director

**Report of the Auditors to the Board of Directors of Ceeta Industries Limited on the consolidated Financial Statements of Ceeta Industries Limited and its subsidiary Company.**

We have audited the attached consolidated balance sheet of Ceeta Industries Limited and its subsidiary as at 31<sup>st</sup> March, 2008 and also the consolidated profit & loss account and the consolidated cash flow statement for the period / year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of Ceeta Industries Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by Ceeta Industries Limited's management in accordance with the requirements of Accounting Standard 21, consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

Based on our audit on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) in the case of the consolidated balance sheet of the state of affairs of Ceeta Industries Limited and its subsidiary as at 31<sup>st</sup> March, 2008.
- (b) in the case of consolidated profit & loss account of the profit for the period / year ended on that date, and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the period / year ended on that date.

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 29/07/2008

**For G.K. TULSYAN & COMPANY**  
**Chartered Accountants,**

**G. K. Tulsyan, Partner**  
**Membership No.50511**



**CONSOLIDATED BALANCE SHEET OF CEETA INDUSTRIES LIMITED AND  
ITS SUBSIDIARY COMPANY AS AT 31ST MARCH, 2008**

	Schedule	As at 31/03/2008 (Rs.)	As on 31/03/2007 (Rs.)
<b>SOURCES OF FUNDS :</b>			
<b>1. SHAREHOLDERS' FUND</b>			
a) Share Capital	1	27,802,400	27,802,400
b) Reserves and Surplus	2	146,386,444	143,086,444
<b>2. Minority Interest</b>		23,363	21,711
<b>3. LOAN FUNDS</b>			
Secured Loan	3	1,538,889	2,098,485
Unsecured Loan	4	780,426	18,406,154
		<u>176,531,522</u>	<u>191,415,194</u>
<b>APPLICATION OF FUNDS</b>			
<b>1. GOODWILL ON CONSOLIDATION</b>		2,500	2,500
<b>2. FIXED ASSETS</b>	5		
Gross Block		44,395,450	48,783,954
Less : Depreciation		11,728,047	9,306,902
Net Block		<u>32,667,403</u>	<u>39,477,052</u>
<b>3. CONSTRUCTION WORK IN PROGRESS</b>		4,936,313	-
<b>4. INVESTMENTS</b>	6	2,066,554	2,271,063
<b>5. CURRENT ASSETS, LOANS, ADVANCES</b>	7		
a) Inventories		73,201,731	60,721,232
b) Sundry Debtors		10,062,306	9,936,212
c) Cash and Bank Balances		8,938,743	4,813,816
d) Loans and Advances		17,121,698	12,999,882
		<u>109,324,478</u>	<u>88,471,142</u>
<b>Less : Current Liabilities And Provisions</b>	8		
Current Liabilities		44,256,864	25,629,120
Provisions		722,791	422,808
		<u>44,979,655</u>	<u>26,051,928</u>
<b>NET CURRENT ASSETS</b>		64,344,823	62,419,214
<b>6. PROFIT AND LOSS ACCOUNT</b>			
Balance carried forward		72,513,929	87,245,365
		<u>176,531,522</u>	<u>191,415,194</u>

NOTES ON ACCOUNTS

14

This is the Balance sheet referred to in our annexed report of even date.

On behalf of the board

**For G.K. TULSYAN & COMPANY**  
Chartered Accountants,

G. K. Tulsyan  
Partner  
Membership No.50511

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 29/07/2008

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

**A. De,**  
Director

# CEETA

INDUSTRIES LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT OF CEETA INDUSTRIES LIMITED AND ITS SUBSIDIARY COMPANY AS AT 31ST MARCH, 2008

	Schedule	As on 31/03/2008 (Rs.)	As on 31/03/2007 (Rs.)
<b>INCOME</b>			
Sales		62,805,712	55,251,198
Income from Mining activities		65,087,081	20,566,396
Income from Transportation		8,221,408	4,237,397
Service Charges		4,800,000	5,100,000
Other Income	9	13,353,517	15,996,516
Increase/(Decrease) in Stock	10	(7,596,264)	25,855,135
		<u>146,671,454</u>	<u>127,006,642</u>
<b>EXPENDITURE</b>			
Expenses on Mining work		46,616,019	13,808,368
Expenditure on Transportation		5,842,978	3,126,469
Manufacturing Expenses	11	43,901,359	64,406,299
Selling, Administration and other Exp.	12	26,808,335	27,330,183
Interest		1,173,061	1,606,005
Depreciation		3,607,160	3,449,056
		<u>127,948,912</u>	<u>113,726,380</u>
Profit/(Loss) before provision for Taxation		18,722,543	13,280,262
Provision for Income Tax and F.B.T.		306,735	357,893
Profit after Tax (before prior period adjustment)		<u>18,415,808</u>	<u>12,922,369</u>
Prior period adjustment		(382,719)	(287,539)
Profit after Tax (before adjustment for Minority Interest)		<u>18,033,089</u>	<u>12,634,830</u>
Less : Share of profit transferred for Minority		1,653	2,727
Profit after Tax (after adjustment for Minority Interest)		<u>18,031,436</u>	<u>12,632,103</u>
Transferred to Capital Redumptrion Reserve		3,300,000	10,000,000
Balance brought forward from previous year		(87,245,365)	(155,599,068)
Capital Reduction in paid up Share Capital from			
Face Value of Rs 10 to Re 1/-		—	65,721,600
Balance carried to Balance sheet		(72,513,929)	(87,245,365)
Earning per Equity Share :	13		
(Face value of Re. 1/- per share)			
Basic		1.24	1.16
Diluted		1.24	1.16
<b>NOTES ON ACCOUNTS</b>	14		

This is the Profit and Loss Account referred to in our annexed report of even date.

**For G.K. TULSYAN & COMPANY**  
Chartered Accountants,

G. K. Tulsyan  
Partner  
Membership No.50511

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 29/07/2008

**On behalf of the board**  
K.M. Poddar,  
Managing Director  
A. De,  
Director

**CEETA INDUSTRIES LIMITED & ITS SUBSIDIARY COMPANY**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2008**

	As on 31/03/2008 (Rs.)	As on 31/03/2007 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before interest, tax and extraordinary items	19,893,951	14,883,540
Adjustment for:		
Depreciation	3,607,160	3,449,056
Profit on sale of Investments	(98,041)	(202,096)
Loss on sale of Fixed Assets (Net)	3,979,716	187,496
Interest received	(202,434)	(164,613)
Dividend	(29,790)	(28,369)
Operating profit before working capital charges	<u>27,150,562</u>	<u>18,125,014</u>
Adjustments for:		
Trading and other receivables	(126,094)	18,361,129
Inventories	(12,480,499)	(30,726,448)
Trade Payables	18,620,992)	(13,796,299)
Loans and Advances	<u>(2,796,552)</u>	<u>7,891,928</u>
Cash Generated from operations	30,368,409	(144,676)
Interest Paid	(1,173,061)	(1,606,005)
Direct Tax Paid	<u>(1,325,264)</u>	<u>(404,047)</u>
Cash Flow before extraordinary items	27,870,084	(2,154,728)
Extraordinary items	<u>(382,719)</u>	<u>(287,539)</u>
Net cash flow from operating activities (A)	<u>27,487,365</u>	<u>(2,442,267)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Investment	(5,288,576)	(2,220,248)
Sale of Investment	5,591,125	2,248,321
Purchase of fixed assets	(6,003,540)	(2,711,137)
Sale of fixed assets	290,000	50,000
Interest Received	202,434	164,613
Minority Interest	1,653	2,727
Dividend received	<u>29,790</u>	<u>28,369</u>
Net Cash used in Investing Activities (B)	<u>(5,177,114)</u>	<u>(2,437,355)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceed from Share Reissued		7,200,000
Proceed Long term borrowing	(18,185,324)	(9,718,230)
Net Cash flow from financing activities (C)	<u>(18,185,324)</u>	<u>(2,518,230)</u>
Net increase in cash and cash equivalent(A + B + C) ,	4,124,927	(7,397,852)
Cash and Cash equivalents as at begening of the year	4,813,816	12,211,668
Cash and Cash equivalent as at end of the year	8,938,743	4,813,816

Note : - Figures in brackets represents cash outflows.

**For G.K. TULSYAN & COMPANY**  
Chartered Accountants,

G. K. Tulsyan  
Partner  
Membership No.50511

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 29/07/2008

On behalf of the board

K.M. Poddar,  
Managing Director

A. De,  
Director

# CEETA

INDUSTRIES LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2008 AND PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON THAT DATE

	As on 31/03/2008 (Rs.)	As on 31/03/2007 (Rs.)
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
75,00,000 Equity Shares of face value Re 1/-each	75,00,000	75,00,000
(Previous Year 75,00,000		
Equity Shares of Re. 1/-each)		
1,50,000 15% Non-Cumulative Redeemable		
Preference Shares of Rs. 100/- each	15,00,000	15,00,000
(Redeemable at par at any time 13-03-2009)	<u>90,00,000</u>	<u>90,00,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP :</b>		
14,502,400 Equity Shares of Re 1/- each		
(Previous year 14502400		
Equity Shares of Re. 1/- each) fully paid up in cash	14,502,400	14,502,400
1,33,000-15% Non-Cumulative		
Redeemable Preference Shares of		
Rs. 100/- each fully paid up in cash	13,300,000	13,300,000
(Redeemable at par at any time within 13-03-2009)	<u>27,802,400</u>	<u>27,802,400</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
Capital Reserved on forfeiture of share	91,000	91,000
Capital Reserve on account of Restructuring of Debt	132,995,444	132,995,444
Capital Redemption Reserve	<u>13,300,000</u>	<u>10,000,000</u>
	<u>146,386,444</u>	<u>143,086,444</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOAN</b>		
Auto Loan from ICICI Bank	<u>1,538,889</u>	<u>2,098,485</u>
(Against hypothecation of Specific motor vehicles)	<u>1,538,889</u>	<u>2,098,485</u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOAN</b>		
From Bodies Corporate	85,752	16,785,842
From the Government of Karnataka :		
Sales Tax deferment Scheme	694,674	1,620,312
	<u>780,426</u>	<u>18,406,154</u>

**SCHEDULE - 5**
**FIXED ASSETS**

SL. NO.	Particulars	Gross Block				Depreciation				Net Block	
		Cost as on 01/04/07 (Rs.)	Addition during the Period (Rs.)	Sales/ Adjustment (Rs.)	Cost as on 31/03/08 (Rs.)	As on 01/04/07 (Rs.)	For the Period (Rs.)	Sales/ Adjust- ment (Rs.)	As on 31/03/08 (Rs.)	As on 31/03/08 (Rs.)	As on 31/03/07 (Rs.)
1.	Land	2,279,900	28,097	-	2,307,997	-	-	-	-	2,307,997	2,279,900
2.	Building	10,104,316	100,000	-	10,204,316	1,123,526	311,119	-	1,434,645	8,769,671	8,980,790
3.	Plant & Machinery	28,136,567	-	4,903,750	23,232,817	6,978,600	2,610,531	1,002,195	8,586,936	14,645,881	21,157,967
4.	Electrical Installatruon	2,668,686	-	-	2,668,686	466,951	126,763	-	593,714	2,074,972	2,201,735
5.	Office Equipment	500,537	131,255	-	631,792	79,114	29,049	-	108,163	523,629	421,423
6.	Furniture & Fixture	534,761	1,800	-	536,561	90,041	33,931	-	123,972	412,589	444,720
7.	Cars & Vehicles	3,799,339	693,000	551,981	3,940,358	365,646	370,261	183,820	552,087	3,388,271	3,433,693
8.	Fire Fighting Equipment	22,069	-	-	22,069	1,683	1,048	-	2,731	19,338	20,386
9.	Computer Equipment	737,779	113,075	-	850,854	201,341	124,458	-	325,799	525,055	536,438
	Total	48,783,954	1,067,227	5,455,731	44,395,450	9,306,902	3,607,160	1,186,015	11,728,047	32,667,403	39,477,052
	Previous Year's Figures	46,402,817	2,711,137	330,000	48,783,954	5,950,350	3,449,056	92,504	9,306,902	39,477,052	-

**SCHEDULE - 6**

INVESTMENTS (AT COST)	NO. of Equity Shares Fully Paid up	Face Value Per Share (Rs.)	As on 31/03/08 (Rs.)	As on 31/03/07 (Rs.)
LONG TERM TRADE INVESTMENTS :				
<b>A. QUOTED SHARES</b>				
Rajasthan Petro Synthetics Ltd.	794,530	10	—	8,826,306
Ravathi Equipments Ltd.	600	10	598,376	—
Himalaya Granites Ltd.	100	10	3,538	3,538
Ashiana Housing Ltd.	*7,000	10	831,941	—
Brigade Enterprises Ltd.	1,000	10	179,050	—
Electrosteel Casting Ltd.	2,200	10	—	961,276
Jaypee Hotel	2,000	10	—	122,203
MIC Electronics Ltd	116	10	92,999	—
<b>B. UNQUOTED INVESTMENTS :</b>				
National Savings Certificate	—		11,000	11,000
VIIIth issue (Pleaged with Govt. Depts.)				
Ceeta Synthetics & Turfs Ltd.	555,000		349,650	—
			<u>2,066,554</u>	<u>9,924,323</u>
Less : Diminution in value of investments				
			<u>—</u>	<u>7,653,260</u>
			<u>2,066,554</u>	<u>2,271,063</u>
<b>Quoted</b>				
Book Value			1,705,904	2,260,063
Market Value			1,445,659	2,545,960
<b>Unquoted</b>				
Book Value			360,650	11,000

**SCHEDULE - 7**

	As on 31/03/2008 (Rs.)	As on 31/03/2007 (Rs.)
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
<b>A. CURRENT ASSETS :</b>		
a. <b>Inventories</b> (As taken, valued and certified by the Management)		
Raw Materials (at cost or net realisable value whichever is less)	26,647,035	6,855,379
Stores & Spares (at lower of cost or net realisable value)	8,338,332	8,053,225
Stock in Transit (at lower cost or net realisable value)	-	4,283,858
Finished Goods (at cost or net realisable value whichever is less)	<u>38,216,364</u>	<u>41,528,770</u>
	<u><b>73,201,731</b></u>	<u><b>60,721,232</b></u>
b. <b>Sundry Debtors</b> (Unsecured, consider good)		
– Outstanding for a period exceeding Six months	255,597	509,335
– Other Debts	<u>9,806,709</u>	<u>9,426,877</u>
	<u><b>10,062,306</b></u>	<u><b>9,936,212</b></u>
c. <b>Cash &amp; Bank Balances</b>		
Cash in Hand (as certificate by management)	261,219	185,041
Balances with Schedule Banks		
– In Current A/c	7,811,078	2,698,859
– In Fixed Deposit	866,446	1,310,916
– Cheque in Hand	-	619,000
	<u><b>8,938,743</b></u>	<u><b>4,813,816</b></u>
<b>TOTAL (A)</b>	<u><b>92,202,780</b></u>	<u><b>75,471,260</b></u>
<b>B. LOANS AND ADVANCES</b>		
(Unsecured, considered Good)	4,300,000	-
Advances Recoverable in Cash or in kind or for value to be received)	5,429,797	6,731,881
Prepaid Expenses	131,687	109,078
Security Deposit	3,981,029	4,030,529
Excise Duty Deposit	220,030	220,030
Accrued Interest	6,374	27,044
Interest Accured & not due	194,976	348,779
Advances Tax (including T.D.S)	<u>2,857,805</u>	<u>1,532,541</u>
<b>Total (B)</b>	<u><b>17,121,698</b></u>	<u><b>12,999,882</b></u>
<b>Total (A + B)</b>	<u><b>109,324,478</b></u>	<u><b>88,471,142</b></u>

**SCHEDULE - 8**

		As on 31/03/2008	As on 31/03/2007
	(Rs.)	(Rs.)	(Rs.)
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
<b>A. CURRENT LIABILITIES :</b>			
Sundry Creditors :			
For Goods, service, etc.		7,870,615	6,924,633
Advance from Customers		19,753,161	3,831,239
Book Overdraft in Current Account		1,191,396	—
Other Liabilities		15,441,692	14,873,248
		<u>44,256,864</u>	<u>25,629,120</u>
<b>B. PROVISION</b>			
Provision for Taxation		722,791	422,808
		<u>44,979,655</u>	<u>26,051,928</u>

**SCHEDULE - 9**

**OTHER INCOME**

Processing Charges	8,247,207	9,781,320
Miscellaneous Receipt	4,903,876	6,050,583
Interest	202,434	164,613
	<u>13,353,517</u>	<u>15,996,516</u>

**SCHEDULE - 10**

**INCREASE/DECREASE IN FINISHED  
GOODS, WORK-IN-PROGRESS**

OPENING STOCK:

Finished Goods	41,528,770	19,469,836
Stock - in - Transit	4,283,858	—
Work-in-Progress	<u>—</u>	<u>487,657</u>
	45,812,628	19,957,493

CLOSING STOCK :

Finished Goods	38,216,364	41,528,770
Stock - in- Transit	<u>—</u>	<u>4,283,858</u>
	38,216,364	45,812,628

Increase/ (Decrease) in Stock	<u>(7,596,264)</u>	<u>25,855,135</u>
-------------------------------	--------------------	-------------------



**SCHEDULE - 11**

	As on 31/03/2008 (Rs.)	As on 31/03/2007 (Rs.)
<b>MANUFACTURING EXPENCES</b>		
Raw material consumed	13,390,796	21,015,743
Stores & Spares parts consumed	17,787,073	26,386,249
Power & Fuel	312,621	584,835
Repairs & Maintenance :		
Plant and Machinery	932,752	1,931,785
Packing Material Consumed	831,115	1,153,314
Electricity & Water Charges	8,742,682	9,931,421
Other Manufacturing Expenses	1,904,320	3,402,952
	<u>43,901,359</u>	<u>64,406,299</u>

**SCHEDULE - 12**

**SELLING, ADMINISTRATION & OTHER EXPENSES**

Salary Allowance & Amenities	9,785,636	10,217,324
Staff Welfare Expenses	607,255	606,900
Rent	564,000	595,600
Rates & Taxes	157,261	228,547
Insurance charges	284,622	434,863
Vehicles Maintenance Expenses	498,648	564,501
Travelling & conveyance	1,481,935	4,021,266
Electricity Charges	252,675	261,231
Printing & Stationery	304,474	369,635
Communication charges	920,786	1,258,411
Advertisement & Publicity	136,135	112,206
Legal & Professional Charges	578,173	645,069
Bank charges	126,020	328,311
Repairs & Maintenance (others)	615,477	600,534
Remuneration to Statutory Auditors		
As Audit Fees	35,000	35,000
For Tax Audit	5,000	5,000
For certification work & I.T. Matter	6,000	6,000
For Company Law Matters	1,500	1,500
Service Tax thereof	5,871	5,871
Remuneration to Internal Auditor		
As Internal Audit Fees	64,000	62,500
In other capacity	34,000	5,000
Loss and Share Trading	5	-
Remuneration to Managing Director	722,235	686,578
Loss on sale of Fixed Assets	3,979,716	187,496
Packing & Forwarding Expenses	1,226,890	1,864,146
Miscellaneous Expenses	4,401,020	4,226,692
Securities Transaction Tax	14,001	2
	<u>26,808,335</u>	<u>27,330,183</u>

	As on 31/03/2008 (Rs)	As on 31/03/2007 (Rs.)
<b>SCHEDULE - 13</b>		
<b><u>EARNING PER EQUITY SHARE</u></b>		
Annualised earnings per Equity share have been calculated based on the net profit/(loss) after taxation of Rs. 180.31 lacs, previous year Rs.126.32 lacs and the average number of equity shares in issue during the year of 14502400 shares, (previous year 10902400 shares)		
Following is the reconcillation between basic and diluted earnings per equity share.		
Basic earning per share (in Rs.)	1.24	1.16
Effect of dilutive potential Equity shares on conversion.	Nil	Nil
Dilutive Earnings per share (in Rs.)	1.24	1.16
Weighted average number of equity shares uased in computing basic earnings per share.	14502400	10902400
Weighted average number of equity shares used in computing diluted earnings per equity shares.	14502400	10902400

**SCHEDULE – 14**

**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**A. PRINCIPLES OF CONSOLIDATION FINANCIAL STATEMENTS:**

The consolidated financial statements which relate to Ceeta Industries Ltd. and its subsidiary company, have been prepared on the following basis:

- (a) The financial statements of the Parent Company and its subsidiary are combined on a line-by line basis by adding together the book valued of like items of assets, liabilities, income and expenditure, after fully eliminating intra group balances, intra group transactions and any unrealised profit / loss included therein.
- (b) The consolidated financial statements have been prepared using uniform accounting policies, except stated otherwise, for like transactions and are presented, to the extent possible, in the same manner as the Parent Company's separate financial statements.
- (c) The excess of cost to the Parent Company of its investment in the subsidiary company is recognised in the financial statements as goodwill.
- (d) The subsidiary Company considered in the financial statements is as follows:

Name	Country of Incorporation	% Voting power as on 31/03/08
Kingstone Krystals Ltd.	India	98.96

**B. SIGNIFICANT ACCOUNTING POLICIES**

- i) **General:**  
The Parent company and its subsidiary follows accrual system of accounting and recognizes income and expenditure on accrual basis unless otherwise stated. The accounts are prepared on historical cost convention and on going concern basis.
- ii) **Fixed Assets:**  
Fixed assets of the Parent Company as on 01/04/2007 are stated at the book value and any addition to fixed assets are stated at cost prevailing on the date of acquisition and / or restated rate less depreciation.
- iii) **Depreciation:**  
Depreciation on fixed assets has been provided on straight line method ; in case of plant & machinery for granite division the 'triple shift basis' has been taken while in case of plant & machinery for Udaipur division the 'single shift basis' has been considered. The rates and manner for depreciation provision are as per schedule XIV to the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988.
- iv) **Investments:**  
Quoted Investments are stated at cost less diminution in the market value which are permanent in nature. The decline in market value of investment in current year has been considered to be temporary in nature and hence no further provision is made in the books.
- v) **Inventories:**  
Inventories of the company are stated at lower of cost or net realisable value.
- vi) **Revenue Recognition:**  
The Parent company's sales are net of sales returns and duties and levies.

**vii) Foreign Exchange Transaction:**

The transactions in foreign currencies remaining outstanding at the end of the year, are translated at the exchange rates prevailing on the date of the Balance sheet. Exchange rate gain/loss on transactions relating to liabilities incurred to acquire fixed assets is treated as an adjustment to the cost of fixed assets. Exchange gains and losses on foreign exchange transactions other than those relating to fixed assets are recognized in the profit and loss account in accordance with the Accounting standard 11 of the Institute of Chartered Accountants of India.

**viii) Employee Retirement Benefits:**

Parent Company's contributions to Provident fund are charged to Profit and Loss a/c. Gratuity is provided on accrual basis taking into account the actuarial valuation. There is no employee in subsidiary Company.

**ix) Contingent Liabilities :**

No provision for contingent liability, as disclosed by way of notes on accounts, has been made in the books of accounts.

**x) Earning Per share:**

The company reports basic and diluted earnings per equity share in accordance with AS20, earnings per share. Basic earnings per equity share has been computed by dividing net profit or loss by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share, has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

**xi) Segment Information - Basis of preparation**

The Parent Company and its subsidiary operates in three segments viz. Granite, Synthetic yarn and other operations. The Granite unit is a manufacturing unit of Granite slabs and Tiles and is presently in operation. The synthetic yarn unit continued to remain inoperative during the year. Substantial part of the plant and Machinery of this segment was disposed off at the end of the current financial year and it therefore ceases to exit in the subsequent years. The other operations comprise earnings out of trading transactions including brokerage, commission, commission, mining, transportation and miscellaneous services including that of its subsidiary.

Segment result includes revenue less operating expenses and provision, if any, for that segment.

Segment capital employed represents the net assets in particular segment.

**xii) Income Tax**

Current tax represents the amount of tax payable in respect of taxable income for the year. Deferred tax liability represents the tax being difference between taxable and accounting income which originate in one period and are capable of reversal in one or subsequent periods.

**B. NOTES ON ACCOUNTS:**

1. Depreciation on the fixed assets has been provided on Straight Line Method (SLM) as per the Companies' uniform policy though the division remained in-operative through out the year.
2. Consequent upon transfer of lease equipment under a tripartite agreement, there is no revenue implications for lease rentals. However the lessor filed a suit claiming Rs.2,21,03,098 which the company has been contesting.
3. Contingent Liability not provided for in respect of :-
  - a) Bank guarantees issued by the bank on behalf of the company Rs.4,79,320/- against which Fixed deposit have been pledged with the Bank. (Previous year Rs. 4,79,320/-).
  - b) Claims against the company not acknowledged as debts is Sales Tax Demand under dispute Rs.98,21,910/- (Previous year Rs. 98,21,910/- ).
  - c) The commercial tax department of Udipur have raised a demand of Rs. 791025 /- against R.S.T. and Rs. 2496/- against CST for earlier years pending under appeal before the appropriate appellate authority.
4. The company claims reimbursement of Central Sales Tax paid on purchase of indigenous goods in term of Excise Policy 2002-2007.
5. Some of the debit and credit balances are subject to confirmation.
6. As per the information available with company. Sunday Creditors do not include any amount payable to micro, small & medium enterprises under the provisions of Micro, Small and Medium Enterprises Development Act 2006.
7. The preference share capital of Rs. 133 lacs is redeemable at par on or before March 13, 2009 and the reduction has been assumed to take place in 2008-09 in terms of the rehabilitation scheme approved by BIFR. In order to enable the redemption of preference capital as stated above the Board decided to set aside a sum of Rs. 33,00,000/- during the year in addition to Rs. 1,00,00,000/- already set aside in previous year as Capital Redemption Reserve.
8. Previous year's figures have been regrouped / rearranged wherever necessary.
9. The Company pays an annual premium in terms of the comprehensive group gratuity scheme policy with TATA AIG Life Insurance Company Limited covering eligible employees. The premium is based on actuarial valuation.
10. As the company is having deferred tax asset thus by concept of prudence no provision has been made in the books.
11. The company's sold substantial part of Plant & Machinery of its existing inoperative segmental unit i.e. synthetic yarn unit, which in the opinion of the Management ceases to exist as a separate segmental unit from subsequent financial year as required to be disclosed as per AS - 17 of The Institute of Chartered Accountants of India.

# CEETA

INDUSTRIES LIMITED

## 12. Segment Reporting

The Company has the three segments - Granite Division, Synthetic Yarn Division and Other Operations which includes its subsidiary Company.

Summary of operating segments of the Company area:-

	(Rs. in lac)			
	Granite	Synthetic Yarn	Other Operations	Total
Segmental Revenue	682.69	NIL	784.02	1,466.71
TOTAL REVENUE	682.69	NIL	784.02	1,466.71
Segment Result.	39.94	(42.65)	208.83	206.12
(Before Interest and Tax)				
Unallocated Corporate Expenses	-	-	-	13.02
Operating Profit/(Loss)	-	-	-	193.10
Interest and other income	1.49	-	0.53	2.02
Interest Expenses	11.68	-	0.05	11.73
Net Profit / (Loss) befor Tax	-	-	-	183.39

## OTHER INFORMATION

### CAPITAL EMPLOYED

Segment Assets	1295.69	51.31	72.42	1,419.42
TOTALASSETS	1295.69	51.31	72.42	1,419.42
Segment Liabilities	344.57	105.12	9.58	459.27
TOTAL LIABILITIES	344.57	105.12	9.58	459.27
Net Segment Assets	951.12	(53.81)	62.84	960.15
Unallocated Assets/(Liabilities)				(171.72)
Net Capital Employed				788.43
Capital Expenditure	27.11	-	-	27.11
Depreciation	30.94	3.02	0.53	34.49

## 13. Related Party Disclosures

As per AS 18 issued by the Institute of Chartered Accountants of India, the Company's related parties disclosed below:-

### List of related Parties

- Likhami Trading & Mfg. Co.Ltd
- Rashmi Properties & Investments Ltd.
- Vaibhav Heavy Vehicles Ltd.
- Smt.Vrinda Poddar
- Nouveau Metal Industries Ltd.
- Coronation Refrigeration Industries Ltd.

### Enterprise Under Common Control

Kingstone Krystals Ltd. - Subsidiary Company

### Key Management Personnel

Sri K.M.Poddar - Managing Director

Sri Anubhav Poddar - President  
Sri Vaidhav Poddre - Director

The Company's related party balances and transactions are summarised below:-

Name of Related Party	Nature of Transactions
Likhami Trading & Mfg. Co.Ltd.	(i) Received Unsecured loan of Rs.60,00,000/- and paid interest of Rs.2,78,467/- during the year. The Unsecured loan have been squared during the year. (ii) Paid rent for Rs.1,20,000/- and electricity for Rs. 87,192/-
Rashmi Properties & Investments Ltd.	(i) Received Unsecured loan of Rs.1,00,00,000 which has been squared up during the year and paid interest for Rs. 2.70, 246/-. The company had also paid unsecured loan of Rs.43,00,000/- and received interest for Rs. 6801/- (ii) Paid Rent for Rs. 3,00,000/- and electricity for Rs.1,36.654/-
Sri Anubhav Poddar	Remuneration includes Rs.396000/- as basic salary, Rs.158400/- as H.R.A. and Provident Fund Rs.47520/- and Medical expenses for Rs. 32734/-
Vaibhav Heavy Vehicles Ltd.	(i) Received loan of Rs.3,00,000/- and has been squared up during the year and paid interest for Rs. 83,868/- ii) Payment of rent of Rs.1,44,000/-
Sri K.M.Poddar	Remuneration paid Rs.5,40,000/- and other perquisites Rs.114735/- and Provident fund Rs.67500/-
Smt. Vrinda Poddar	Remuneration includes Rs.240000/- as basic salary, Rs.96000/- as HRA and P.F.Rs.28800/- and Medical Rs. 5761/-
Nouveau Metal Industries Ltd	i) Received Unsecured loan for Rs.5,00,000/- and Interest Rs.2137/- ii) Paid rent Rs.1,20,000/- and electricity for Rs.49,073/-
Coronation Refrigeration Industries Ltd.	Received Unsecured Lon of Rs. 34,00,000/- which has been squared up during the year and paid Interest for Rs. 46676/-

Signature of Schedule 1 to 14 as per our annexed report of even date.

For **G.K. TULSYAN & COMPANY**  
Chartered Accountants,

**G. K. Tulsyan, Partner**  
Membership No.50511

4, Gangadhar Babu Lane,  
Kolkata - 700 012.  
Dated : 29/07/2008

On behalf of the board

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

**A. De,**  
Director

# CEETA

INDUSTRIES LIMITED

## CEETA INDUSTRIES LIMITED

Regd Off: Plot No. 34-38, KIADB Industrial Area  
Sathyamangala, Tumkur – 572 104, Karnataka

### PROXY FORM

Regd. Folio No. \_\_\_\_\_

I / We \_\_\_\_\_

of \_\_\_\_\_

being a member/members of the above named Company hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him / her \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ as my / our Proxy to vote for me/ us on my / our behalf at the Annual General Meeting of the Company to be held on 12<sup>th</sup> September, 2008 at 3.00 P.M. and any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

Signature \_\_\_\_\_

Affix Rs. 1/-  
Revenue  
Stamp

**NOTE:** The Proxy form duly completed must reach at the Registered Office of the Company not less than 48 hours before the time of the meeting.

## CEETA INDUSTRIES LIMITED

Regd Off: Plot No. 34-38, KIADB Industrial Area  
Sathyamangala, Tumkur – 572 104, Karnataka

### ATTENDANCE SLIP

Annual General Meeting on Friday, the 12<sup>th</sup> September, 2008 at 3.00 P.M. at plot no.34-38, KIADB Industrial Area, Sathyamangala, Tumkur - 572 104, KARNATAKA.

Regd. Folio No.:

No. of Shares held:

Name of the Attending Member:

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Annual General meeting of the Company at the Registered Office of the Company at Plot No.34-38, KIADB Industrial Area, Sathyamangala, Tumkur - 572 104, Karnataka on Friday, the 12th September, 2008 at 3.00 p.m.

Member's / Proxy's Name in BLOCK Letters

Member's /Proxy's signature

### **NOTE:**

Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.



# **BOOK POST**

*If undelivered please return to :*

**Ceeta Industries Limited**

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