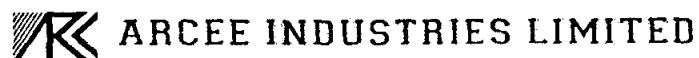


***NINTH
ANNUAL REPORT
2000-2001***

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ARCEE INDUSTRIES LIMITED



MANAGEMENT

BOARD OF DIRECTORS

SH. R.C. GUPTA	CHAIRMAN & WHOLE TIME DIRECTOR
SMT. KRISHNA GUPTA	DIRECTOR
SH. ANIL GOYAL	DIRECTOR

MANAGER (FINANCE) & COMPANY SECRETARY

SH. VISHESH CHUGH

AUDITORS

Messrs AGGARWAL & MAHAJAN
Chartered Accountants,
202, Ravee Arcade,
Old Govt. College Ground,
Hisar - 125 001 (Haryana)

BANKERS

Punjab National Bank
(Main Branch),
Sirsa Road, Hisar - 125 001 (Haryana)

REGD. OFFICE & WORKS

7th K.M. Barwala Road,
Talwandi Rana,
Hisar - 125 001 (Haryana)

RAJASTHAN UNIT

A-50, RIICO Industrial Area,
Sadulpur - 331 023
Distt - Churu (Rajasthan)

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NOTICE

NOTICE is hereby given that the 'NINTH ANNUAL GENERAL MEETING' of members of ARCEE INDUSTRIES LIMITED will be held at the Registered office of the Company at 7th K.M. Barwala Road, Talwandi Rana, Hisar on Wednesday, the 12th September, 2001 at 10.00 A.M. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statement of accounts for the year ended 31st March, 2001 and reports of Directors and Auditors thereon.
2. To appoint director in place of Sh. R.C. Gupta who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution :-

"Resolved that M/s Aggarwal & Mahajan, Chartered Accountants, be and is hereby re-appointed as auditor of the company till the conclusion of next Annual General Meeting of the Company. The remuneration may be decided by the management after due discussion with M/s Aggarwal & Mahajan".

SPECIAL BUSINESS

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

"Resolved that pursuant to provisions of section 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the consent of the company is hereby accorded for increase in remuneration of Sh. R.C. Gupta, Whole Time Director of the company, from the existing scale of Rs.10,000-1,000-20,000 to Rs.20,000 – Rs.50,000 as the Board of Directors may decide from time to time".

"Resolved further that Sh. R.C. Gupta will not be liable to retire by rotation".

"Resolved further that the Board of Directors be and is hereby authorised to take such steps including execution of fresh agreement as may be necessary and desirable to give effect to this resolution".

5. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution :-

"Resolved that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 the Articles of Association of the Company be and is hereby altered to the extent and in the manner set out hereunder :-

After the existing Article 50, the following eight Articles numbered 50A to 50H be inserted under the heading "Dematerialisation of Securities".

"Dematerialisation of Securities"**50A**

"Beneficial Owner" shall have the meaning assigned thereto in Section 2 of the Depositories Act, 1996.

"Depositories Act" shall mean the Depositories Act, 1996 and includes any statutory modification or re-enactment thereof for the time being in force.

"Depository" shall mean a Depository as defined in the Depositories Act, 1996.

"Member" means a duly registered holder from time to time of the shares of the Company and also one whose name is entered as beneficial owner in the records of a Depository in the case of shares held in a Depository.

"Register" shall mean Register of Members to be kept pursuant to Section 150 of the Act and unless it be repugnant to the context or otherwise, the Register of beneficial Owners in the case of shares held in a Depository.

"SEBI" means the Securities & Exchange Board of India.

"Securities" mean Shares, Debentures or other securities as may be specified by Central Government, SEBI or any other concerned authorities from time to time.

50B

1. Notwithstanding anything to the contrary contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
2. When any securities of the company are held or dealt in dematerialised form :
 - (a) Every person holding securities of the company through allotment or otherwise shall have the option to receive and hold the same in the physical form or to hold the same in the dematerialised form with a depository.
 - (b) All securities held by a depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B and 187C of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
 - (c) Every person holding securities of the company with a depository, being the beneficial owner thereof, may at any time opt out of the depository in the manner provided under the provisions of the Depositories Act, 1996 and the rules, if any, prescribed thereunder and on fulfilment of the conditions prescribed by the company from time to time, the company shall issue the relevant security certificates to the beneficial owner thereof.

50C

1. The company shall make available to the depository copies of the relevant records in respect of securities held by such depository for the beneficial owners thereof.
2. When a holder or an allottee of the securities opts to hold the same with a depository, the company shall intimate such depository the details of his holdings or allotment of securities and thereupon the depository shall enter in its record the names of the holders/allottees as the beneficial owners of such securities.

50D

1. The Register and Index of Beneficial Owners of securities maintained by a depository under section 22 of the Depositories Act, 1996 shall be deemed to be the Register and Index of members or of Holders of Debentures or other securities of the company.

**50E**

1. Transfer of securities held in a depository will be governed by the provisions of Depositories Act, 1996.
2. Every depository shall furnish to the company information about the transfer of securities, the name of beneficial owners at such intervals and in such manner as may be specified under the provisions of Depositories Act, 1996.
3. Section 108 of the Companies Act, 1956 shall not apply to transfer of securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of depository.

50F

1. A depository shall be deemed to be the registered owner for the purposes of effecting the transfer of ownership of securities on behalf of the beneficial owners and shall not have any voting rights or any other rights in respect of the securities held by it.
2. Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

50G

1. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with a depository.

50H

1. Notwithstanding anything contained in these Articles or the Act, the provisions of Depositories Act, 1996 relating to dematerialisation of securities, (including any modification or re-enactment thereof and Rules/Regulations made thereunder) shall prevail and apply accordingly.

After the Article 50H, the following Articles 50 I be inserted under the heading Nomination Facility :

50 I "Nomination Facility"

1. Every holder of shares in, or debentures of the company may at any time nominate in the manner prescribed under the Act, a person to whom his share in, or debentures of, the company shall vest in the event of death of such holder.
2. Where the shares in, or debentures of the company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the company shall vest in the event of death of all the joint holders.
3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise in respect of such shares in or debentures of the company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the company, the nominee shall, on the death of the shareholder or holder of debentures



of the company, or as the case may be on the death of the joint holders become entitled to all the rights in the shares or debentures of the company, as the case may be, of all the joint holders in such shares or debentures to the exclusion of all other persons, unless the nomination is varied or cancelled in prescribed manner.

4. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures to appoint, in the manner prescribed under the provision of the Act, any person to become entitled to shares in or debentures of the company, in the event of his death, during the minority.
5. The provisions of this Article shall apply mutatis mutandis to depositor of money with the company as per the provision of section 58A of the Companies Act, 1956.
6. Any person who becomes a nominee by virtue of Article 46A upon the production of such evidence as may be required by the Board and subject of nominee as hereinafter provided, elect, either -
 - (i) to be registered himself as holder of the shares or debentures, as the case may be; or
 - (ii) to make such transfer of the shares or debentures, as the case may be, as the deceased shareholder or debentureholder, could have made.
7. If the nominee elects himself to be registered as holder of the shares or debentures, as the case may be, he shall deliver or send to the company a notice in writing signed by him stating that he so elects and such notice shall be accompanied by the death certificate of the deceased holder.
8. Subject to provisions of the Act and these Articles, the relevant shares or debentures may be registered in the name of the nominee or the transferee as if the death of the holder of the shares or debentures had not occurred and the notice or transfer signed by the Registered holder.
9. A nominee on becoming entitled to any shares or debentures by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would have been entitled if he were the registered holder of the shares or debentures except that he shall not, before being registered as a member or such shares or debentures, be entitled in respect of them to exercise any right conferred on a member or debentureholder in relation to meetings of the company.
10. The Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares or debentures, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonus, interest or other money payable in respect of the relevant shares or debentures, until the requirements of the notice have been complied with.
11. The provisions of this Article shall apply mutatis mutandis to a depositor of money with the company as per the provisions of Section 58A of the Companies Act, 1956.

After the Article 50 I, the following Articles 50 J be inserted under the heading "Buy Back of Shares".

50 J "Buy Back of Shares".

Notwithstanding anything contained in these Articles, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by law.

BY ORDER OF THE BOARD

Place : Hisar

Dated : August 4, 2001

(VISHESH CHUGH)

MANAGER (FINANCE) & COMPANY SECRETARY

NOTES:

1. The Register of Members and Share Transfer Books of the Company will remain closed from 10th September, 2001 to 12th September, 2001 (both days inclusive).
2. Members are requested to quote their Folio No. in all their correspondence.
3. Shareholders intending to enquire about accounts, to be explained in the meeting, are required to inform the Company at least 10 days in advance of their intention to do so, so that the papers relating thereto may be made available, if the Chairman permits such information to be furnished.
4. Members are requested to immediately intimate to the Company any change in their addresses as registered with the Company, mentioning the Pin Code Number.
5. The Company does not distribute copies of the Annual Report at the meeting. Members may, therefore, bring their copy with them.
6. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. A blank form is sent herewith. The instrument appointing the proxy should however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.**Item No. 4**

The remuneration payable to Sh. R.C. Gupta, Whole Time Director was approved by Shareholder at the Sixth Annual General Meeting held on 28th September, 1998. At a meeting held on 04/08/2001, the Board of Directors decided to recommend to the Company in General Meeting for increase in the remuneration of Sh. R.C. Gupta, Whole Time Director of the company from the existing scale of Rs.10,000-1,000-20,000 to Rs.20,000 – Rs.50,000 as the Board of Directors may decide from time to time.

The above proposal will not require the approval of the Central Government under section 268 and section 310 of the Act as the increase in remuneration by way of incremental salary proposed to be paid is within the limits laid down in Part-II of Schedule XIII to the Act. Being the Whole Time Director, it is decided that Sh. R.C. Gupta will not be liable to retire by rotation. The Board of Directors recommend this resolution to the members for their approval.



Copies of Previous agreement and the proposed fresh agreement are open for inspection at the registered office of the company during business hours on any working day.

All the Directors i.e. Sh. R.C. Gupta himself, his wife Smt. Krishna Gupta and Sh. Anil Goyal, being relative, are interested in the said resolution.

Item No. 5

With the introduction of the Depositories Act, 1996 and Depository System, some of the provisions of the Companies Act, 1956 in relation to the issue, holding, transfer and transmission of shares, debentures and other securities have been amended to facilitate the implementation of the new system. The Depository System is safe and convenient method to hold and trade in the securities of the company and will help in eliminating several problems which are generally arises in scrip based trading system such as bad deliveries, theft in postal transit, fraudulent transfers and transmissions etc. This system also economical in the sence that it saves postal expenses and stamp duty on transfers etc.

The Company has entered into a Tripartite Agreement with Central Depository Services (India) Limited (CDSL) and Company's ISIN — INE 276D01012 has been made live in the CDS system w.e.f. 12/06/2001. The Company is taking necessary steps to enter into a Tripartite Agreement with National Securities Depository Limited (NSDL).

The Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999, has provided to every holder of shares or debentures or other securities an option to nominate a person to whom his shares or debentures of the company shall vest in the event of his death.

It is proposed to amend the Articles of Association of the company suitably incorporating necessary provisions therein relating to the implementation of the Depository System, providing nomination facilities in conformity with the Depositories Act, 1996 and the Companies Act, 1956 respectively as amended from time to time.

Sub Section (1) of section 77A of the Companies Act, 1956 provides that a company may purchase its own shares or other specified securities subject to the provision of section 77A (2) and section 77B. The Articles of Association of the Company are, therefore, proposed to be altered so as to include a new Article 50 J, empowering the Company to purchase its own Equity Shares and/or Securities.

The resolutions are accordingly recommended for approval of the members by means of Special Resolution as required under Section 31 of the Companies Act, 1956.

None of the Directors of the company may be deemed to be concerned or interested in the said Resolution.

BY ORDER OF THE BOARD

Place : Hisar
Dated : August 4, 2001

(VISHESH CHUGH)
MANAGER (FINANCE) & COMPANY SECRETARY

DIRECTORS' REPORT

To

The Shareholders,

Your directors have pleasure in presenting their 'NINTH ANNUAL REPORT' together with the Audited Accounts of the Company for the year ending 31st March, 2001.

	2000-2001	(Rs. in Lacs) 1999-2000
1. FINANCIAL HIGHLIGHTS		
Sales and other income	403	252
Profit/(Loss) before depreciation	24	(23)
Depreciation for the year	26	26
Profit/(Loss) before income tax	(2)	(49)
Income Tax	-	-
Profit/(Loss) after Income Tax	(2)	(49)
Balance brought forward	(32)	17
Balance Carried to the Balance Sheet	(34)	(32)

2. OPERATIONS

During the year the Company has achieved a turnover of Rs.3.29 crores which is 96% more compared to last year turnover. At the same time the Company has been consistently trying to capture the local market as it has already reduced the dependence on the Government Sector. It is expected that the company in the near future will do better.

3. DIRECTORS

In accordance with the requirement of the Companies Act, 1956 and the Articles of Association of the Company, Sh. R.C. Gupta retires by rotation being eligible and offer himself for reappointment.

Sh. Anil Goyal has been appointed as Director on 02/06/2001 to fill the casual vacancy caused by death of Sh. R.K. Goyal.

4. PARTICULARS OF EMPLOYEES

During the year there was no employee in respect of whom information as per section 217 (2A) of the Companies Act, 1956 is required to be given in the Director's Report.

5. FIXED DEPOSITS

The company has not accepted any fixed deposits from the public in terms of provisions of Section 58A of the Companies Act, 1956 and rules made thereunder.

6. FORFEITURE OF SHARES

28,58,023 Equity Shares were forfeited by Board of Directors in their meeting held on 30/07/2001 for Non Payment of Allotment Money.

7. PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.

Information in accordance with the provisions of Section 217(1)(e) of Companies Act,