

 **ARCEE INDUSTRIES LIMITED**

2002-2003

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ELEVENTH ANNUAL REPORT

MANAGEMENT**BOARD OF DIRECTORS**

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

COMPANY SECRETARY

SH. VISHESH CHUGH

AUDITORS

Messers 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 '**ELEVENTH 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 Friday, the 22nd day of August, 2003 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, 2003 and reports of Directors and Auditors thereon.
2. To appoint director in place of Sh. Anil Goyal 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 :-
 "The company accords its approval to appoint Sh. R.C. Gupta as Whole Time Director for the period of five years w.e.f. 22/01/2003 without remuneration".
 "Further Resolved that Sh. R.C. Gupta while holding the office as Whole Time Director shall not be subject to the retirement by rotation and he shall not be taken into account in determining the rotation of the directors but he shall be subject to the same provisions as to resignation, removal and vacation of office as the other directors of the company and if he ceases to hold office of director for any cause he shall ipsofacto and immediately cease to be the Whole Time Director".
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution** :-
 "Resolved that subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the Rules framed there under and in terms of the clause 5 of SEBI (Delisting of Securities) guidelines-2003 dated 17 Feb., 2003 and other terms and conditions specified by the authority concerned pertaining to delisting of the shares, the Board be and is hereby authorised to get the shares of the company delisted from The Delhi Stock Exchange Association Limited, Delhi, The Jaipur Stock Exchange Limited, Jaipur and The Hyderabad Stock Exchange Limited, Hyderabad".



"Resolved further that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things in connection therewith and incidental thereto to give effect to this resolution".

6. To appoint Director in place of Sh. Rajesh Goyal who was appointed as Additional Director of the company by the Board of Directors w.e.f 30/10/2002 under section 260 of the Companies Act, 1956 and holds office upto the Annual General Meeting, but is eligible for re-appointment in respect of whom the company has received notice in writing from a shareholder proposing his candidature for the office of Director under section 257 of the said Act.

NOTES:

1. The Register of Members and Share Transfer Books of the Company will remain closed from 19th August, 2003 to 22nd August, 2003 (both days inclusive).
2. 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.
3. Members holding shares in physical form are requested to immediately notify change in their address to the Company's Share Transfer Agent MAS Services Pvt. Ltd., AB-4, Safdarjung Enclave, New Delhi-110 029.
4. Members holding shares in electronic form are requested to notify change in their address to their depository participant.
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 (2) OF THE COMPANIES ACT, 1956.

Item No. 4

Sh. R.C. Gupta was appointed Whole Time Director of the company on 22/01/1998 for 5 years. The tenure of 5 years had been over on 21/01/2003. The Board think it prudent to again appoint Sh. R.C. Gupta as Whole Time Director of the company w.e.f. 22/01/2003. Therefore, Board of Directors recommended the resolution for your approval as ordinary resolution at terms that he will not draw any remuneration and while holding the office as Whole Time Director shall not be subject to the retirement by rotation and he shall not be taken into account in determining the rotation of the



directors but he shall be subject to the same provisions as to resignation, removal and vacation of office as the other directors of the company and if he ceases to hold office of director for any cause he shall ipso facto and immediately cease to be the Whole Time Director".

Smt. Krishna Gupta , Sh Anil Goyal and Sh. Rajesh Goyal (in addition to himself Sh. R.C. Gupta) being the relatives of Sh. R.C. Gupta may be deemed to be interested in this resolution.

Item No. 5

The equity shares of your company are listed at the Stock Exchanges of Delhi, Mumbai, Jaipur and Hyderabad. There is hardly any trading in equity shares of the company on Delhi, Jaipur and Hyderabad Stock Exchanges for the last few years. Hence it is proposed to delist the shares of the Company from these three stock exchanges. This has been done with a view to reduce the regulatory formalities in complying with the listing agreements of different stock exchanges, which duplicates the work of the Company as well as to pass on the substantial saving in the cost to the Company.

Since Stock Exchange Mumbai (BSE) have extensive networking and their extension and terminals are also available at other cities. Investors have access to on-line trading in the company's shares on such terminal across the country. Therefore, the de-listing proposal will not be prejudicial to the interest of the investors.

In terms of relevant guidelines, approval of the Members is being sought by way of a Special Resolution for enabling voluntary de-listing as above. The resolution as Item No.5 is recommended for approval of the members.

None of the directors is concerned or interested in the said resolution.

Item No. 6

Sh. Rajesh Goyal was appointed as an Additional Director of the company on 30/10/2002 by the Board of Directors of the company. According to the provisions of section 260 of the Companies Act, 1956, he holds office as Director only upto the date of ensuing Annual General Meeting. The company has received proposal from a shareholder proposing the appointment of Sh. Rajesh Goyal as a Director, as required by section 257 of the Companies Act, 1956. The Board considers it desirable that the company should continue to avail itself of his services.

Sh. R.C. Gupta and Smt. Krishna Gupta being the relatives may be deemed to be interested in this resolution.

REGISTERED OFFICE :
7th K.M. Barwala Road,
Talwandi Rana, Hisar

Dated : June 28, 2003

BY ORDER OF THE BOARD

Sd/-
(VISHESH CHUGH)
COMPANY SECRETARY

DIRECTORS' REPORT

To

The Shareholders,

Your directors have pleasure in presenting their '**ELEVENTH ANNUAL REPORT**' together with the Audited Accounts of the Company for the year ending 31st March, 2003.

1. FINANCIAL HIGHLIGHTS

	2002-2003	(Rs. in Lacs) 2001-2002
Sales and other income	555	182
Profit/(Loss) before depreciation	7	(25)
Depreciation for the year	26	25
Profit/(Loss) before income tax	(19)	(50)
Income Tax	—	—
Profit/(Loss) after Income Tax	(19)	(50)
Balance brought forward	(84)	(34)
Balance Carried to the Balance Sheet	(103)	(84)

2. OPERATIONS

During the year the company has achieved a turnover of Rs. 5.00 crores which is 216 % more compared to last year turnover. The company has been consistently trying to capture the local market. It is expected that the company in the near future will do better.

3. DIRECTORS

During the year Sh. R.C. Gupta has been re-appointed as Whole Time Director of the company w.e.f. 22/01/2003. Sh. Sita Ram and Sh. Pawan Kumar were appointed as Additional Directors w.e.f. 27/09/2002 to hold office upto the conclusion of this Annual General Meeting, who have resigned on 28/06/2003. The Board of Directors of the company convey their thanks to Sh. Sita Ram and Sh. Pawan Kumar for their valuable support during the tenure of his office as Director. Sh. Rajesh Goyal was appointed as Additional Director w.e.f. 30/10/2002 to hold office upto the conclusion of this Annual General Meeting and is eligible for appointment as Director liable to retire by rotation.

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

4. MANAGEMENT DISCUSSION & ANALYSIS

PVC Pipes are fast becoming the preferred mode of carrying water from the location of its source to the location of its use. Inversely, PVC Pipes are also useful for carrying the used water and sanitary waste towards the location of its disposal. Safety, reliability and strength – the important attributes of PVC Pipes – are gradually yet definitely finding favour with the users as well as government and quasi-government authorities responsible for water and waste water management.

During the year 2002-2003 the country witnessed one of the severest droughts in its history. As many as 17 states in the country were declared drought-hit. The PVC Pipes business is to a great extent dependent upon the success mustered by the agriculture sector. Widespread crop failure, resulting in lower purchasing power of the farmers, has an unfavourable impact on the demand pattern for pipes.

On the positive side, the government continues to consider agriculture 'the lifeline'



of the country's economy. The Finance Minister stressed in his recent budget speech that agriculture holds a place of pride in the "Paanch Priorities" and continues to be an important postulate of the policy making process. As such, there are efforts to bring down the costs of agriculture inputs, signified by the decision by the state-owned banks to charge an interest rate of only 2 percent higher than the Prime Lending Rate for advances made to agriculture. To further liberalise the agriculture finance, the government sector banks have been aggressively popularising 'Kissan Credit Cards' that empower the farmers to make spot decisions on purchasing agricultural implements, pipes, fertilisers or pesticides. The overall effect of these changes will translate into a strong demand for PVC Pipes in the medium term.

PVC Pipes business are to some extent dependent on the success of monsoon. The company does not foresee any possibility of a drastic reduction in demand over a longer period. Your company also does not perceive any serious threat from import of PVC Pipes because the high incidence of freight on PVC Pipes gives a natural protection to the domestic industry.

The company has instituted adequate internal control procedure commensurate with the nature of its business and the size of its operations. Internal Audit is conducted at regular intervals and covers the key areas of operations. All significant audit observations and follow-up actions thereon are reported to the Audit Committee.

Your company's industrial relations continued to be harmonious during the year under review. The focus is on maintaining employee motivation at a high level with stress on leadership development.

5. 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.

6. 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.

7. PARTICULARS REGARDING CONSERVATION OF ENERGY ETC.

Information in accordance with the provisions of Section 217(1)(e) of Companies Act, 1956 read with Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed hereto forming part of the Report.

8. COMPLIANCE OF GUIDELINES OF SEBI/STOCK EXCHANGES

Guidelines issued by Sebi/Stock Exchanges from time to time have been duly complied with. The shares of the Company are listed at Delhi, Mumbai, Jaipur & Hyderabad Stock Exchanges. The Company is regular in paying the Annual Listing Fees to each of Stock Exchanges.

9. INSURANCE

The Company's properties have been adequately insured.

10. PERSONNEL

The relations between the employees and the management continued to be cordial. Directors take this opportunity to place on record their appreciations for the devoted and loyal services rendered by all members of the staff and workers.

11. DIRECTOR'S RESPONSIBILITY STATEMENT

In pursuance to the provision of Section 217 (2AA) of the Companies Act, 1956 your Directors hereby declare :-

- (i) that in the preparation of the Annual Accounts for the Financial Year 2002 - 2003, the applicable Accounting Standards have been followed ;
- (ii) that the Directors 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 loss of the company for that period;
- (iii) that the Directors 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 ;
- (iv) that the Directors have prepared the enclosed Annual Accounts on a going concern basis.

12. AUDITORS

M/s. Aggarwal & Mahajan, Chartered Accountants retire and are eligible for reappointment. The Auditors have furnished to the Company the requisite certificate under section 224 (1) of the Companies Act, 1956 that their appointment, if made, would be within the prescribed limit.

13. AUDITORS OBSERVATIONS

The auditors observations being self explanatory, have been duly explained in the notes to the accounts.

14. AUDIT COMMITTEE

The current Audit Committee has three members viz. Sh. Anil Goyal, F.C.A. (Chairman), Smt Krishna Gupta and Sh. Rajesh Goyal. The terms of reference of the Audit Committee, covers the area mentioned in clause 49 of the Listing Agreement of the Stock Exchange and Section 292 A of the Companies Act, 1956.

15. CORPORATE GOVERNANCE

The company has obtained a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance. The same is annexed to this Report.

16. SHARE REGISTRY ACTIVITIES

During the year the company has appointed Mas Services Pvt. Limited, AB-4, Safdarjung Enclave, New Delhi - 110 029 as Registrar and Transfer Agent for the maintenance of Share Registry in term of Physical and Electronics Form.

17. ACKNOWLEDGMENT

Your directors express their sincere appreciations for the abundant assistance, sincere cooperation and valuable guidance from the Financial Institutions, Banks, Central and State Government Authorities. The Board members also convey their gratitude to all the well wishers, customers and suppliers for their continued support and encouragement.

FOR AND ON BEHALF OF THE BOARD

REGISTERED OFFICE

7th K.M. Barwala Road,
Talwandi Rana, Hisar
Dated : June 28, 2003

Sd/-
(R.C. GUPTA)
DIRECTOR

**ANNEXURE TO DIRECTOR'S REPORT :**

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and outgo Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The following measures have been taken by the company for conservation of energy :-

- (i) Improving power factor by proper choice of capacitors from time to time depending upon the load.
- (ii) Utilising the proper load of plant and equipments, electric motors etc.
- (iii) Reducing the maximum demand by properly distribution of load.

Total energy consumption and energy consumption per unit of production as Form 'A' is as under :-

FORM 'A'

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT
TO CONSERVATION OF ENERGY**

(A) POWER AND FUEL CONSUMPTION

	CURRENT YEAR	PREVIOUS YEAR
1. ELECTRICITY		
a) Purchase units (KWH)	376145	330733
b) Total amount (Rs.)	16,15,507	14,63,150
Rate / unit (Rs.)	4.29	4.42
b) Own generation		
i) Through diesel generator		
Units (approx.)	84609	64163
Units per Ltr. of diesel oil	6.07	5.98
Cost / units (Rs.)	2.78	2.66
ii) Through steam turbine generator	N.A.	N.A.
2. COAL	N.A.	N.A.
3. FURNACE OIL (LIGHT DIESEL OIL)	N.A.	N.A.
4. OTHER INTERNAL GENERATION	N.A.	N.A.

CONSUMPTION PER UNIT OF PRODUCTION**PRODUCTION OF RIGID PVC PIPES**

Unit (M.T.)	1051	489
Electricity/tonnes (KWH)(APPROX.)	438	807
Furnace oil/ tonnes (Ltrs.)	-	-
Coal	-	-
Others	-	-