

 **ARCEE INDUSTRIES LIMITED**

2003-2004

**TWELFTH
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)

C O N T E N T S

Notice	1
Directors' Report	4
Report on Corporate Governance	9
Auditors' Report.....	13
Balance Sheet.....	16
Profit & Loss Account	17
Schedules	18
Accounting Policies and Notes on Accounts	23
Cash Flow Statement	28



NOTICE

NOTICE is hereby given that the '**TWELFTH 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 29th day of September, 2004 at 10.00 A.M. to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited balance sheet of the company as at 31st March, 2004 and the Profit & Loss Account for the Financial Year ended on that date together with the reports of the Directors and Auditors thereon.
2. To appoint director in place of Smt. Krishna Gupta who retires by rotation and being eligible, offers herself 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 to pay remuneration to Sh. R.C. Gupta, Whole Time Director of the Company, in the scale of Rs.22000-50000 per month as the Board of Directors may decide from time to time".

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

NOTES:-

1. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2004 to 29th September, 2004 (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. Limited, 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 as Whole Time Director of the company on 22/01/2003 without remuneration. Now, Board of Directors in its meeting held on 01/10/2003 decided to pay remuneration to Sh. R.C. Gupta. The remuneration is also approved by Remuneration Committee in their meeting held on 01/10/2003. Therefore, Board of Directors recommended the resolution for your approval as per the following terms :-

SALARY

He shall be paid salary of Rs.22,000/- – Rs.50,000/- per month as decided by Board of Directors from time to time in accordance with Schedule XIII of the Companies Act, 1956, as may be amended from time to time.

PERQUISITES AND ALLOWANCES

Subject to the overall ceilings laid down under section 198 and 309 of the Companies Act, 1956, the Whole Time Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance, personal accident insurance, leave and such other perquisites and allowances in accordance with the rules of the company or as may be agreed to by the Board of Directors and the Whole Time Director.



The provision for use of company's car with driver for official duties and Company's Telephone at residence (including payment for local calls and long distance official calls).

Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund to the extent these, either singly or together are not taxable under the Income Tax Act, 1961, Gratuity payable, as per the rules of the Company and Encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites as aforesaid, subject to Schedule XIII of the Companies Act. 1956.

MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, where in any financial year, during the currency of the tenure of Sh. R.C. Gupta, Whole Time Director of the Company, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites as specified above subject to the restrictions set out in section 11 of Part-II of Schedule XIII of the Companies Act, 1956 or any other law or enactment for the time being or from time to time in force.

In addition to Sh. R.C. Gupta himself, all the directors being relatives may be deemed to be interested in this resolution.

REGISTERED OFFICE :

7th K.M. Barwala Road,
Talwandi Rana, Hisar

BY ORDER OF THE BOARD

Sd/-

(VISHESH CHUGH)

COMPANY SECRETARY

Dated : August 30, 2004



DIRECTORS' REPORT

To
The Members,

Your directors have pleasure in presenting their '**TWELFTH ANNUAL REPORT**' together with the Audited Accounts of the Company for the year ending 31st March, 2004.

1. FINANCIAL HIGHLIGHTS

	2003-2004	(Rs. in Lacs) 2002-2003
Sales and other income	574	555
Profit/(Loss) before depreciation	(19)	7
Depreciation for the year	27	26
Profit/(Loss) before income tax	(46)	(19)
Income Tax	-	-
Profit/(Loss) after Income Tax	(46)	(19)
Balance brought forward	(103)	(84)
Balance Carried to the Balance Sheet	(149)	(103)

2. OPERATIONS

During the year the company has achieved a turnover of Rs. 500 lacs approximately which is at par as 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

In accordance with the requirement of the Companies Act, 1956 and the Articles of Association of the Company, Smt. Krishna Gupta retires by rotation being eligible and offer herself 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.

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 The Stock Exchange, Mumbai. The Company is regular in paying the Annual Listing Fees to The Stock Exchange, Mumbai.

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 2003 -2004, 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. 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 : August 30, 2004

**Sd/-
(R.C. GUPTA)
DIRECTOR**

**ANNEXURE TO DIRECTOR'S REPORT :**

Companies (Disclosure of Particulars in the Report of Board 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)	362023	376145
Total amount (Rs.)	15,83,451	16,15,507
Rate / unit (Rs.)	4.37	4.29
b) Own generation		
i) Through diesel generator		
Units (approx.)	33756	84609
Units per Ltr. of diesel oil	5.83	6.07
Cost / units (Rs.)	3.63	2.78
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.)	1173	1051
Electricity/tonnes (KWH)(APPROX.)	337	438
Furnace oil/ tonnes (Ltrs.)	—	—
Coal	—	—
Others	—	—