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ARCEE INDUSTRIES LIMITED

2004-2005

THIRTEENTH ANNUAL REPORT

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MANAGEMENT

BOARD OF DIRECTORS

SH. R.C. GUPTA	CHAIRMAN & WHOLE TIME DIRECTOR
SMT. KRISHNA GUPTA	DIRECTOR
SH. S. P. KANODIA	DIRECTOR
SH. MANOJ GOYAL	DIRECTOR
SH. PANKAJ AGARWAL	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)

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REGD. OFFICE & WORKS

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

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NOTICE

NOTICE is hereby given that the **'THIRTEENTH 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 Thursday, the 29th day of September, 2005 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, 2005 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 a 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 appoint a Director in place of Sh. S.P. Kanodia who was appointed as Additional Director of the company by the Board of Directors at their meeting held on 17/12/2004 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 some shareholders proposing his candidature for the office of Directors under section 257 of the said Act and, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-

   "Resolved that Sh. S.P. Kanodia be and is hereby appointed a Director of the Company."

5. To appoint a Director in place of Sh. Manoj Goyal who was appointed as Additional Director of the company by the Board of Directors at their meeting held on 17/12/2004 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 some shareholders proposing his candidature for the office of Directors under section 257 of the said Act and, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-

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"Resolved that Sh. Manoj Goyal be and is hereby appointed a Director of the Company."

6. To appoint a Director in place of Sh. Pankaj Agarwal who was appointed as Additional Director of the company by the Board of Directors at their meeting held on 17/12/2004 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 some shareholders proposing his candidature for the office of Directors under section 257 of the said Act and, to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :-

   "Resolved that Sh. Pankaj Agarwal be and is hereby appointed a Director of the Company."

7. 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 198, 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 payment of remuneration to Sh. Akshat Gupta as Executive Director for the period of 01/01/2005 to 31/03/2005 @ Rs.12,000/- per month".

NOTES :-

1. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2005 to 29th September, 2005 (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

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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 to 6

Sh. S.P. Kanodia, Sh. Manoj Goyal and Sh. Pankaj Agarwal were appointed as Additional Directors of the company on 17/12/2004 by the Board of Directors of the company. According to the provisions of section 260 of the Companies Act, 1956, they holds office as Additional Directors upto the date of ensuing Annual General Meeting. The company has received proposal from some shareholders proposing the appointment of Sh. S.P. Kanodia, Sh. Manoj Goyal and Sh. Pankaj Agarwal as a Directors, as required by section 257 of the Companies Act, 1956. The Board considers it desireable that the company should continue to avail itself of their services.

None of the Directors of the Company may be deemed to be concerned or interested in the said resolutions.

Item No. 7

Sh. Akshat Gupta was appointed as Additional Director of the company on 17/12/2004 without remuneration. Board of Directors in its meeting held on 01/01/2005 decided to appoint him Executive Director for a period of 3 Years and to pay him remuneration. But later on Sh. Akshat Gupta resigned from Directorship on 31/03/2005. Therefore resolution for confirmation of action of Board of Directors regarding payment of remuneration to Sh. Akshat Gupta is placed before you for your approval.

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

REGISTERED OFFICE :
7th K.M. Barwala Road,
Talwandi Rana, Hisar-125 001

BY ORDER OF THE BOARD

(VISHESH CHUGH)
COMPANY SECRETARY

Dated : September 2, 2005

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DIRECTORS' REPORT

To
The Members,
Your directors have pleasure in presenting their **'THIRTEENTH ANNUAL REPORT'** together with the Audited Accounts of the Company for the year ending 31st March, 2005.

1. FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2004-2005	2003-2004
Sales and other income	912	574
Profit/(Loss) before depreciation	14	(19)
Depreciation for the year	23	27
Profit/(Loss) before income tax	(9)	(46)
Income Tax	–	–
Profit/(Loss) after Income Tax	(9)	(46)
Balance brought forward	(149)	(103)
Balance Carried to the Balance Sheet	(158)	(149)

2. OPERATIONS

During the year the company has achieved a turnover of Rs. 8.61 crore approximately which is 72% more compared to last year turnover. The company has also able to reduce the losses as compared to Previous Year. 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.
During the year Sh. Anil Goyal and Sh. Rajesh Goyal, Directors of the company resigned from directorship on 17/12/2004. Sh. S. P. Kanodia, Sh. Manoj Goyal, Sh. Pankaj Agarwal and Sh. Akshat Gupta have been appointed as Additional Director of the company on 17/12/2004.
Sh. Akshat Gupta who was appointed as Executive Director on 01/01/2005, resigned from the Board on 31/03/2005.

4. MANAGEMENT DISCUSSION & ANALYSIS

The monsoon was erratic in most parts of India during 2004 and the year ended with a below average monsoon. This resulted in a slightly negative growth in agriculture GDP. Despite this situation, your Company managed to post a handsome growth in the PVC pipes sales. This was possible due to the Company's strong distribution network and appropriate marketing policies. Considering the huge investments currently underway in the construction sector, the Company expects this sector to give a further fillip to the demand for PVC pipes and fittings.
The Union Budget for 2005-2006 has given a renewed thrust on agriculture, with a substantial increase in allocation to Rural

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Development Programmes and Irrigation. Various State Governments like Andhra Pradesh, Gujarat and Maharashtra have taken up large Micro Irrigation Schemes, which are expected to give a further boost to the demand for PVC pipes. The easy availability of credit to the farmers by way of Kisan Credit Cards and similar pro-agriculture schemes will also drive the growth for farm implements like PVC pipes from rural India.

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 2004-2005, the applicable Accounting Standards have been followed ;

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(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. S. P. Kanodia (Chairman), Sh. Manoj Goyal and Sh. Pankaj Agarwal. 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. REMUNERATION COMMITTEE

The remuneration Committee comprises of three independent directors *viz.*, Sh. S.P. Kanodia, Sh. Manoj Goyal and Sh. Pankaj Agarwal.

16. 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.

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-125 001

(R. C. Gupta)
Director

Dated : September 2, 2005

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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)	**397512**	362023
	Total amount (Rs.)	**1701650**	1583451
	Rate / unit (Rs.)	**4.28**	4.37
	b) Own generation		
	i) Through diesel generator		
	Units (approx.)	**38474**	33756
	Units per Ltr. of diesel oil	**5.82**	5.83
	Cost / units (Rs.)	**3.98**	3.63
	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.)	**1674**	1173
Electricity/tonnes (KWH)(APPROX.)	**260**	337
Furnace oil/ tonnes (Ltrs.)	**–**	–
Coal	**–**	–
Others	**–**	–

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B. TECHNOLOGY ABSORPTION

FORM 'B'

	Current Year	Previous Year
RESEARCH AND DEVELOPMENT (R&D)		
1. Specific areas in which R & D Carried out by the company.		
2. Benefits derived as a result of the above R & D.		
3. Future plan of action	NIL	NIL
4. Expenditure on R & D :		
a) Capital		
b) Recurring		
c) Total		
d) Total R & D expenditure as a percentage of total turnover		
TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION		
1. Efforts, in brief, made towards technology absorption, adaptation and innovation.		
2. Benefits derived as a result of the above efforts, e.g.,production,product development import substitution etc.	NIL	NIL
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year following information may be furnished).		
a) Technology imported.		
b) Year of import.		
c) Has technology been fully absorbed		
d) If not fully absorbed, areas where this has not taken place reasons therefore and future plans of action.		
C. FOREIGN EXCHANGE EARNINGS AND OUTGO		
a) Activities relating to exports; initiative taken to increase export; development of new export markets for products and services; and export plans.	NIL	NIL
b) Total foreign exchange used and earned.		

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