

14TH

ANNUAL REPORT
2005-2006

 ***ARCEE INDUSTRIES LIMITED***

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,
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)

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**NOTICE**

NOTICE is hereby given that the 'FOURTEENTH 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 Saturday, the 30th day of September, 2006 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, 2006 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 Sh. S.P. Kanodia 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".

REGISTERED OFFICE :

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

BY ORDER OF THE BOARD

(VISHESH CHUGH)
COMPANY SECRETARY

Dated : August 31, 2006

NOTES :-

1. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September, 2006 to 30th September, 2006 (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.*



DIRECTORS' REPORT

To

The Members,

Your directors have pleasure in presenting their '**FOURTEENTH ANNUAL REPORT**' together with the Audited Accounts of the Company for the year ending 31st March, 2006.

1. FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2005-2006	2004-2005
Sales and other income	1139	912
Profit/(Loss) before depreciation	13	14
Depreciation for the year	22	23
Profit/(Loss) before income tax	(9)	(9)
Income Tax	—	—
Profit/(Loss) after Income Tax	(9)	(9)
Balance brought forward	(158)	(149)
Balance Carried to the Balance Sheet	(167)	(158)

2. OPERATIONS

During the year the company has achieved a turnover of Rs. 1137.56 lacs which is 32 % more compared to last year turnover of Rs.861.53 lacs. During the year the Company has suffered a loss of Rs.8.81 lacs which is slightly lower than the loss suffered by the Company in the 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, Sh. S.P. Kanodia 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.

India's GDP growth for the financial year 2005-2006 is higher as compare to the previous year growth. The major driver of higher growth this year is revival in agriculture. The Industrial sector too has



been on a high. Industrial growth is driven by robust performances from manufacturing and construction sectors.

The Union Budget 2006-2007 has laid on emphasis on accelerating irrigation and agriculture. Initiatives have been targeted at improving rural infrastructure through various programs. The continued increase in farm credit with interest rate on short-term credit fixed at 7 % as well as efforts to improve microfinance will boost rural incomes and facilitate the trickle down process. These measures will have positive impact on the PVC Pipes business of your company in the future.

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 is listed at Bombay Stock Exchange Ltd., Mumbai. The Company is regular in paying the Annual Listing Fees to Bombay Stock Exchange Ltd., 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 2005-2006, 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. 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 (Chairman), 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 : August 31, 2006



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
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1. ELECTRICITY

a) Purchase units (KWH)	477840	397512
Total amount (Rs.)	1978779	1701650
Rate / unit (Rs.)	4.14	4.28

b) Own generation**i) Through diesel generator**

Units (approx.)	296376	38474
Units per Ltr. of diesel oil	5.82	5.82
Cost / units (Rs.)	4.85	3.98

ii) Through steam turbine generator

	N.A.	N.A.
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2. COAL

	N.A.	N.A.
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3. FURNACE OIL (LIGHT DIESEL OIL)

	N.A.	N.A.
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4. OTHER INTERNAL GENERATION

	N.A.	N.A.
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CONSUMPTION PER UNIT OF PRODUCTION**PRODUCTION OF RIGID PVC PIPES**

Unit (M.T.)	2703	1674
Electricity/tonnes (KWH)(APPROX.)	286	260
Furnace oil/ tonnes (Ltrs.)	-	-
Coal	-	-
Others	-	-