

 **ARCEE INDUSTRIES LIMITED**

2006-2007

**FIFTEENTH
ANNUAL REPORT**

MANAGEMENT

BOARD OF DIRECTORS

SH. R.C. GUPTA
SMT. KRISHNA GUPTA
SH. S. P. KANODIA
SH. MANOJ GOYAL
SH. PANKAJ AGARWAL

CHAIRMAN & WHOLE TIME DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR

COMPANY SECRETARY

SH. VISHESH CHUGH

AUDITORS

M/s. Aggarwal & Mahajan
Chartered Accountants,
80-S, Model Town,
Hisar - 125 005 (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 'FIFTEENTH 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 29th day of September, 2007 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, 2007 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. Manoj 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".

REGISTERED OFFICE :

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

BY ORDER OF THE BOARD

(VISHESH CHUGH)
COMPANY SECRETARY

Dated : August 31, 2007

NOTES:-

1. The Register of Members and Share Transfer Books of the Company will remain closed from 22th September, 2007 to 29th September, 2007 (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.

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DIRECTORS' REPORT

To

The Members,

Your directors have pleasure in presenting their 'FIFTEENTH ANNUAL REPORT' together with the Audited Accounts of the Company for the year ending 31st March, 2007.

1. FINANCIAL HIGHLIGHTS

	2006-2007	(Rs. in Lacs) 2005-2006
Sales and other income	1201	1139
Profit/(Loss) before depreciation	27	13
Depreciation for the year	22	22
Profit/(Loss) before income tax	5	(9)
Income Tax	-	-
Profit/(Loss) after Income Tax	5	(9)
Balance brought forward	(167)	(158)
Balance Carried to the Balance Sheet	(162)	(167)

2. OPERATIONS

During the year the company has achieved a turnover of Rs. 1201 lacs which is approx. 5 % higher compared to last year turnover of Rs. 1138 lacs. During the year the company has earned profit of Rs. 5.46 lacs as compared to previous year's loss of Rs. 8.81 lacs. 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. Manoj Goyal retires by rotation being eligible and offer himself for reappointment.

4. MANAGEMENT DISCUSSION & ANALYSIS

Your company contributes to some of the core sectors viz. Agriculture, Water distribution, Construction and Telecom, each one playing a vital role in the health of the economy.

While the GDP is expected to cross 9% in 2006-07 from 8.1 % in 2005-06, the per capita income of the Indians has risen three times in the last 20 years.

In this optimistic scenario, each of the above mentioned sectors has gained increased importance and earned special attention from both Government and the consumer. For instance, water management has emerged as a focus area, with the Government promoting widespread irrigation and rural water supply schemes, some with international funding.

Of 142.6 millions hectares of net cultivated area, 57 million hectares (40%) is irrigated. The remainder 85.6 million hectares (60%) is rainfed. In the coming two decades and a half, there will still be about 65 million hectares to irrigate calling for extensive piping systems and a role for your company to play.

The Union Government has increased the outlay for irrigation by 54%. Further, the

raising of the Farm Credit target to Rs.2,25,000 crores would add 5 million new farmers to the banking system. The Government's focus will be on achieving a more "inclusive" growth encompassing the rural population. These initiatives are expected to give a boost to the demand for your Company's products in the coming years.

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 2006-2007, 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 profit 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,
Tatwandi Rana, Hisar - 125 001

Dated : August 31, 2007

**(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)	490420	477840
Total amount (Rs.)	2070955	1978779
Rate / unit (Rs.)	4.22	4.14
b) Own generation		
i) Through diesel generator		
Units (approx.)	267950	296376
Units per Ltr. of diesel oil	5.82	5.82
Cost / units (Rs.)	5.15	4.85
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.)	2991	2703
Electricity/tonnes (KWH)(APPROX.)	254	286
Furnace oil/ tonnes (Ltrs.)	-	-
Coal	-	-
Others	-	-

B. TECHNOLOGY ABSORPTION**FORM 'B'**

RESEARCH AND DEVELOPMENT (R&D)	CURRENT YEAR	PREVIOUS YEAR
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.		
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).	NIL	NIL
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.		