

SIXTEENTH ANNUAL REPORT

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2007-2008



ARCEE INDUSTRIES LIMITED

M A N A G E M E N T

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

G.M. (FINANCE) & 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 'SIXTEENTH ANNUAL GENERAL MEETING' of members of ARCEE INDUSTRIES LIMITED will be held on Saturday, 27th day of September, 2008 at 10.00 A.M. at the Registered office of the Company at 7th K.M. Barwala Road, Talwandi Rana, Hisar to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited balance sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date together with the reports of the Directors' and the Auditors' thereon.
2. To appoint a director in place of Sh. Pankaj Agarwal, 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. 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 in accordance with the provisions of sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to the approvals as are necessary, consent of the Company be and is hereby accorded to the reappointment of Sh. R.C. Gupta as Whole Time Director of the Company for a period of 5 Years w.e.f 22/01/2008 on such remuneration as detailed in explanatory statement attached with this notice formal part thereof".

"Resolved further that Remuneration of Sh. R.C. Gupta be increased from Rs.40,000/- to Rs.45,000/- w.e.f. 01/04/2008".

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

REGISTERED OFFICE:

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

Dated : August 25, 2008

BY ORDER OF THE BOARD

(VISHESH CHUGH)
G.M. (FINANCE) &
COMPANY SECRETARY

**NOTES :-**

1. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September, 2008 to 27th September, 2008 (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 M/s. MAS Services 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 explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed hereto.
6. The Company does not distribute copies of the Annual Report at the meeting. Members may, therefore, bring their copy with them.
7. 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 22/01/2003 for a period of 5 Years. The tenure of 5 Years has been over on 21/01/2008. The Board in its meeting held on 22/01/2008 has re-appointed Sh. R.C. Gupta as Whole Time Director for a period of 5 Years on the following Terms & Conditions :-

SALARY

The company shall pay salary of Rs.40,000/- (Rs. Forty Thousand Only) per month in the pay scale of Rs.40,000 – Rs.1,00,000/- 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.

COMMISSION

Nil

PERQUISITES

Contribution to Provident Fund and Gratuity Fund as per the rules of the Company.

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, 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 II 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.

OTHER TERMS & CONDITIONS

That the Director while holding 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.

If the period of the service of the Director is determined earlier than the expiry of the contracted period. He shall be entitled to compensation as provided under the Companies Act, 1956.

Further the Board of Directors/Remuneration Committee in their meeting held on 10/03/2008 has increased the remuneration of Sh. R.C. Gupta, Whole Time Director of the Company from Rs.40,000/- to Rs.45,000/- w.e.f. 01/04/2008.

Now, Board of Directors recommended the resolution for your approval as an Ordinary Resolution.

Smt. Krishna Gupta (in addition to himself Sh. R.C. Gupta) being the relative of Sh. R.C. Gupta 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)
G.M. (FINANCE) &
COMPANY SECRETARY

Dated : August 25, 2008

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**DIRECTORS' REPORT**

To

The Members,

Your directors have pleasure in presenting their 'SIXTEENTH ANNUAL REPORT' together with the Audited Accounts of the Company for the year ending 31st March, 2008.

1. FINANCIAL HIGHLIGHTS

	2007-2008	(Rs. in Lacs) 2006-2007
Sales and other income	1508	1201
Profit before depreciation	29	27
Depreciation for the year	22	22
Profit before income tax	7	5
Provision of Tax/Tax Paid		
- Income Tax	-	-
- Deferred Tax/Fringe Benefit Tax	8	-
Profit/(Loss) after Tax	(1)	5
Loss brought forward	(162)	(167)
Loss Carried to the Balance Sheet	(163)	(162)

2. OPERATIONS

During the year the company has achieved Sales & Other Income of Rs. 1508 Lacs, which is approx. 25 % higher compared to last year of Rs. 1201 Lacs. During the year the company has earned profit of Rs. 6.74 lacs (before Provision for Deferred Tax Liabilities) as compared to previous year's profit of Rs. 5.46 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. Pankaj Agarwal 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.

In the optimistic scenario, each of the above mentioned sectors has gained increasing importance and earned special attention from both Government and the consumer. India is maintaining high GDP growth rate. The major driver of higher growth is revival in agriculture. The Union Budget 2008-2009 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 low interest rate to improve micro finance 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 the Bombay Stock Exchange Ltd., Mumbai. The Company is regular in paying the Annual Listing Fees to the 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 2007-2008, 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

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis Report, Corporate Governance Report, Auditor's Certificate regarding compliance of conditions of Corporate Governance and declaration by Chairman for Compliance of Code of Conduct, from part of this Annual Report.

17. ACKNOWLEDGMENT

Your directors express their sincere appreciations for the abundant assistance, sincere co-operation 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

Dated : August 25, 2008

(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)	466622	490420
Total amount (Rs.)	2126216	2070955
Rate / unit (Rs.)	4.56	4.22
b) Own generation		
i) Through diesel generator		
Units (approx.)	605182	267950
Units per Ltr. of diesel oil	5.76	5.82
Cost / units (Rs.)	5.38	5.15
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.)	3507	2991
Electricity/tonnes (KWH) (APPROX.)	305	254
Furnace oil/ tonnes (Ltrs.)	-	-
Coal	-	-
Others	-	-