

17th ANNUAL REPORT

2008-2009



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 'SEVENTEENTH ANNUAL GENERAL MEETING' of members of ARCEE INDUSTRIES LIMITED will be held on Tuesday, 22nd day of September, 2009 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, 2009 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 Smt. Krishna Gupta, who retires by rotation and being eligible, offers herself for re-appointment.
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 provision of section 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the salary payable to Sh. R.C. Gupta, Whole Time Director, be enhanced from Rs.45,000/- per month to Rs.50,000/- per month with effect from 1st October, 2009".

"Resolved further that the other terms and conditions of his appointment shall remain as per the resolution passed by the Shareholders in Annual General Meeting held on 27th day of September, 2008".

REGISTERED OFFICE:

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

Dated : August 24, 2009

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 15th September, 2009 to 22nd September, 2009 (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 addresses to the Company's Share Transfer Agent M/s. MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi - 110 020.
4. Members holding shares in electronic form are requested to notify change in their addresses 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

The Board of Directors in their meeting held on 22/01/2008 reappointed Sh. R. C. Gupta as Whole Time Director of the company for a period of 5 years w.e.f. 22/01/2008 at a remuneration of Rs. 40,000/- per month in the pay scale of Rs. 40,000/- – Rs.1,00,000/- per month. The said Remuneration was increased to Rs. 45,000/- per month w.e.f. 01/04/2008 in the board meeting held on 10/03/2008. The reappointment and increase in remuneration were approved by the shareholders in their meeting held on 27/09/2008. Now the remuneration committee of the company has recommended enhancement in his remuneration from Rs.45,000/- to Rs.50,000/- per month w.e.f. 01/10/2009 which the Board has accepted in their meeting held on 30th July, 2009. Accordingly the Ordinary Resolution under item No.4 is being proposed.

The earlier Resolution was passed by the shareholders in their meeting held on 27th day of September, 2008 is available for inspection by the Shareholders of the company at its Registered Office between 11.00 A.M. to 3.00 P.M. on any working day prior to the date of the meeting and also at the meeting.

This may be treated as an abstract under section 302 of the Companies Act, 1956.

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

Dated : August 24, 2009

BY ORDER OF THE BOARD

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

DIRECTORS' REPORT

To

The Members,

Your directors have pleasure in presenting the '**SEVENTEENTH ANNUAL REPORT**' together with the Audited Accounts of the Company for the year ending 31st March, 2009.

1. FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2008-2009	2007-2008
Sales and other income	1865	1509
Profit before depreciation	32	29
Depreciation for the year	22	22
Profit before income tax	10	7
Provision of Tax/Tax Paid	(4)	(8)
Profit/(Loss) after Tax	6	(1)
Balance brought forward	(163)	(162)
Balance Carried to the Balance Sheet	(157)	(163)

2. OPERATIONS

During the year the company has achieved Sales & Other Income of Rs. 1865 Lacs, which is approx. 24% higher as compared to last year of Rs. 1509 Lacs. During the year the company has earned profit before Tax of Rs. 10.39 lacs as compared to previous year's profit before tax of Rs. 7.01 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, 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.

Many developed economies like the United States of America, European Union, Japan have officially declared to be in recession. Indian economy is fairing much better than most of the economies. Government of India has predicted a GDP growth of 6% for 2009-2010. The rural economy in India is the least affected by the recessionary trends. Your Company's products i.e. PVC Pipes and fittings are largely sold in the rural markets and company has witnessed strong growth of 24% during the year under review.

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.

On the back of various Government initiatives to boost the rural economy, the demand for PVC Pipes has remained buoyant. It is expected that the Government will continue

to give priority to agriculture and rural upliftment programmes in the years to come. This will ensure that demand for PVC Pipes will continue to remain strong.

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.

Estimates and expectations stated in this Management Discussion and Analysis may be "forward-looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expected or implied. Important factors that could make a difference to your Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets, changes in the Government regulations, tax laws, other statutes and other incidental factors.

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 share 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 2008-2009, 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 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

Dated : August 24, 2009

**(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)	764461	466622
Total amount (Rs.)	3483196	2126216
Rate / unit (Rs.)	4.56	4.56
b) Own generation		
i) Through diesel generator		
Units (approx.)	406913	605182
Units per Ltr. of diesel oil	5.76	5.76
Cost / units (Rs.)	5.27	5.38
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.)	4167	3507
Electricity/tonnes (KWH)(APPROX.)	281	305
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. | | |

Corporate Governance Report for the Financial Year 2008-2009
1. A brief statement on Company's Philosophy on code of Governance :

The basic philosophy of corporate governance in the company is:-

- Fair and transparent business practices.
- Effective Management Control by Board.
- Compliance of laws.
- Transparent and timely disclosure of Financial and Management information.
- Adequate representation of Promoter, Executive and Independent Directors on the Board.
- Accountability for performance.

2. Board of Directors :

The size and composition of the Board conforms to the requirements of the code on Corporate Governance under the Listing Agreement with the Bombay Stock Exchange Limited, Mumbai.

During the Financial Year 2008-2009, the Board of Directors met 7 times on: 28/04/2008, 31/07/2008, 25/08/2008, 31/10/2008, 29/01/2009, 09/02/2009 & 30/03/2009.

The information as required under annexure IA to clause 49 is made available to the Board in every meeting.

None of the directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a director. The necessary disclosures regarding Committee positions have been made by the directors.

Constitution of the Board and related information :-

Name of Director	Category	Outside Directorship	No. of Board meeting attended	Last Annual General meeting attended
Sh. R.C. Gupta	Promoter and Whole Time Director	2	7	Yes
Smt. Krishna Gupta	Promoter and Non-Executive Director	2	4	No
Sh. S.P. Kanodia	Independent and Non-Executive Director	3	6	Yes
Sh. Manoj Goya	Independent and Non-Executive Director	1	6	Yes
Sh. Pankaj Agarwal	Independent and Non-Executive Director	6	6	Yes

Details of Directors to be Appointed/Re-Appointed at the Annual General Meeting :

Smt. Krishna Gupta who is liable to retire by rotation on the date the ensuing Annual General Meeting, is to be re-appointed. Smt. Krishna Gupta (date of Birth 12/06/1956) holding 2,03,902 shares of the company was appointed on 22/07/1998 is Promoter and Non-Executive Director of the Company.

Smt. Krishna Gupta is also Directors in the following Companies :-

1. Arcee Ispat Udyog Limited
2. Phoenix Irrigation Limited