



19th ANNUAL REPORT



2010-2011

 **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
MID CORPORATE BRANCH
SCO 53-54, COMMERCIAL U.E.-II
MODEL TOWN, DELHI ROAD
HISAR - 125 005 (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 '**19TH ANNUAL GENERAL MEETING**' of members of ARCEE INDUSTRIES LIMITED will be held on Tuesday, 27th day of September, 2011 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, 2011 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. Manoj Goyal, who retires by rotation and being eligible, offers himself 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, (ICAI Registration No. 006545N) 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 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Remuneration payable to Sh. R.C. Gupta, Whole Time Director, be enhanced from Rs.60,000/- per month to Rs.75,000/- per month with effect from 1st October, 2011".

"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: **"Certified to be true copy"** ORDER OF THE BOARD
7th K.M. Barwala Road **For Arcee Industries Limited**
Talwandi Rana, Hisar – 125 001 (VISHESH CHUGH)
G.M. (FINANCE) &

Dated : August 29, 2011


COMPANY SECRETARY
Director

NOTES :-

1. The Register of Members and Share Transfer Books of the Company will remain closed from 21st September, 2011 to 27th September, 2011 (both days inclusive).
2. 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.
3. The explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 is annexed hereto.
4. 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.
5. The Company does not distribute copies of the Annual Report at the meeting. Members may, therefore, bring their copy with them.
6. Please ensure to enclose copies of PAN Card(s) of all transferees along with Share Transfer Documents to be lodged for transfer of shares. In absence of such PAN card copies, Company cannot effect the requests for transfer/transmission/name deletion etc.
7. Information as required pursuant to Corporate Governance Clause of the Listing Agreement with respect to the Directors who are retiring by rotation and being eligible seeking re-appointment is as under :-
Sh. Manoj Goyal retires by rotation at the Annual General Meeting and being eligible offers himself for re-appointment. He has been allotted Director Identification No. 00067155. He has been appointed as director of the Company on 17/12/2004. He is a Commerce graduate and started his career by joining Shree Jagdambe Paper Mills Limited, Sirsa in the year 2002. He is Chairman of Shareholders Grievance Committee and member of Audit and Remuneration Committees of the Company. He is also Director of Shree Jagdambe Paper Mills Limited and Shree Balaji Convertors (P) Ltd.
As on 31st March, 2011 Sh. Manoj Goyal was not holding any equity shares of the company.
8. Government of India, Ministry of Corporate Affairs vide its circular No.18/2011 dated 27th April, 2011 has clarified that the company can send Annual Report by electronic mail to the members who have registered their e-mail addresses with the Company or with concerned depository. As such to enable the Company to send the soft copy of the Annual Report by electronic mail, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the depository through their respective Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses with the company by sending e-mail to : arceeind@rediffmail.com.

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/- to Rs.1,00,000/- per month. The reappointment was approved by the Shareholders in their meeting held on 27/09/2008. Presently, he is drawing a remuneration of Rs.60,000/- per month. Now, the remuneration committee of the company has recommended enhancement in his remuneration from Rs.60,000/- to Rs.75,000/- per month w.e.f. 01/10/2011 in their meeting held on 10/08/2011 which the Board has accepted in their meeting held on 10/08/2011. Accordingly the Ordinary Resolution under item No.4 is being proposed.

The earlier Resolutions passed by the shareholders in their meetings are 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 29, 2011

BY ORDER OF THE BOARD

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

DIRECTORS' REPORT

To

The Members,

Your directors have pleasure in presenting the '**19TH ANNUAL REPORT**' together with the Audited Accounts of the Company for the year ending 31st March, 2011.

1. FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2010-2011	2009-2010
Sales and other income	1667	2209
Profit before depreciation	40	38
Depreciation for the year	28	26
Profit before income tax	12	12
Provision of Tax/Tax Paid (Incl. Deferred Taxation)	11	(7)
Profit/(Loss) after Tax	1	19
Balance brought forward	(138)	(157)
Balance Carried to the Balance Sheet	(137)	(138)

2. OPERATIONS

During the year the company has achieved gross revenue of Rs.1667 Lacs. The Company's production and sale have been declined during the year due to lack of demand of PVC Pipes in the market. But the company has earned Profit before Tax of Rs.11.79 Lacs as compared to previous year Profit before Tax of Rs.11.51 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

Just when the global economy was showing signs of consolidation, the political crisis in the Middle East has once again led to uncertainty. The commodity prices are once again volatile due to uncertain global developments. Uncertain times still continue with some more economies in Europe showing financial crisis which requires to be resolved.

A very high inflation rate, supply constraints and governance issues have significantly affected the Indian economic situation during the year under review. However, the economy has shown resilience in spite of all these impediments by showing good GDP growth of over 8.50%.

The Union Budget 2011-2012 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 as well 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.

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.

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

As there are no employees drawing remuneration more than the limit prescribed under Section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) Rules, 1975, as amended, from time to time, statement under section 217(2A) is not required.

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 2010-2011, 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 (ICAI Registration No. 006545N) retire and are eligible for reappointment. The Auditors have furnished to the Company the requisite certificate under section 224 (1B) 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 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, form part of this Annual Report.

17. ACKNOWLEDGMENT

Your directors are pleased to place on record their sincere gratitude to the Government Authorities, Financial Institutions & Bankers for their continued and valuable co-operation and support to the Company.

Your directors express their deep appreciation for the devoted and sincere efforts put in by the members of the team at all levels of operations in the Company during the year. The company feels confident of continued co-operation and efforts from them in future also.

FOR AND ON BEHALF OF THE BOARD

REGISTERED OFFICE

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

Dated : August 29, 2011

**(KRISHNA GUPTA)
DIRECTOR**

**(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)	676893	820068
Total amount (Rs.)	3486664	3861800
Rate / unit (Rs.)	5.15	4.71
b) Own generation		
i) Through diesel generator		
Units (approx.)	262896	312398
Units per Ltr. of diesel oil	3.47	3.47
Cost / units (Rs.)	10.00	8.82
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.)	3520	4823
Electricity/tonnes (KWH)(APPROX.)	267	235
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
4. Expenditure on R & D :
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R & D expenditure as a percentage of total turnover

NIL
NIL
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).
 - 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.

NIL
NIL
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.
- b) Total foreign exchange used and earned.

NIL
NIL

Corporate Governance Report for the Financial Year 2010-2011

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 2010-2011, the Board of Directors met 7 times on: 15/04/2010, 29/04/2010, 05/08/2010, 24/08/2010, 12/11/2010, 28/01/2011 & 10/02/2011.

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	5	Yes
Sh. Manoj Goyal	Independent and Non-Executive Director	2	6	Yes
Sh. Pankaj Agarwal	Independent and Non-Executive Director	6	5	No

3. Code of conduct

The Board has laid down the code of conduct for the Board and Senior Management Team. The Board members and Senior Management team personnel have affirmed compliance with the code. The declaration dated 25/04/2011 received from Sh. R.C. Gupta, Director in this regard is given below:-

"I hereby declare that all board members of the company and senior management personnel have affirmed compliance with the code of conduct during the period from 1st April 2010 to 31st March, 2011".