

20th ANNUAL REPORT

A stylized graphic of five mountain peaks, each with a small flag on top, arranged in a row. The peaks are rendered in a simple, blocky style with a textured, stippled appearance. They are positioned behind a central rectangular box containing the year.

2011-2012

 **ARCEE INDUSTRIES LIMITED**

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

GM. (FINANCE) & COMPANY SECRETARY

SH. VISHESH CHUGH

AUDITORS

M/S. AGGARWAL & MAHAJAN
CHARTERED ACCOUNTANTS
10, AGGARSAIN MARKET
OPP. MAIN POST OFFICE
HISAR – 125 001 (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)

**REGISTRAR & SHARE
TRANSFER AGENT**

MAS SERVICES LTD.
T-34, 2nd FLOOR, OKHLA INDL. AREA
PHASE-II, NEW DELHI-110 020

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NOTICE

NOTICE is hereby given that the '20TH ANNUAL GENERAL MEETING' of members of ARCEE INDUSTRIES LIMITED will be held on Friday, 28th day of September, 2012 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 Statement of Profit & Loss for the year ended 31st March, 2012 and the Balance Sheet as at that date together with the report 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 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".

REGISTERED OFFICE :

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

Dated : 24/08/2012

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 22nd September, 2012 to 28th September, 2012 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. 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.

4. The Company does not distribute copies of the Annual Report at the meeting. Members may, therefore, bring their copy with them.
5. 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.
6. Government of India, Ministry of Corporate Affairs vide its circular No.18/2011 dated 27th April, 2011 has clarified that a 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, members holding shares in physical form are advised to forward their e-mail addresses to the company for registration at arceeind@rediffmail.com and members holding shares in dematerialized form are requested to update their e-mail IDs with the concerned Depository Participants.

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

Dated : 24/08/2012

BY ORDER OF THE BOARD

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

**Details of Director seeking appointment/re-appointment/retiring by rotation
(In pursuance of clause 49 of Listing Agreement)**

Director Name	Sh. Pankaj Agarwal
Qualification	B. Com.
Date of Appointment	17.12.2004
Expertise in specific functional area	Real Estate Business
Directorship in other Companies as on 31.03.2012	<ol style="list-style-type: none">1. GDS Project Solutions (P) Ltd.2. Kartik Trademart (P) Ltd.3. Pyramid Info Solution (P) Ltd.4. Sunrise Fabtech (P) Ltd.5. Venus Agro Engineering (P) Ltd.6. Sturdy Sales (P) Ltd.7. Sunrise Buildmore (P) Ltd.8. Vikas Planner (P) Ltd.9. Surya Maintenance Agency (P) Ltd.
Chairman/Members of Committees of the Board of which he is a Director as on 31.03.2012	Nil
No. of Shares held in the Company	Nil

DIRECTORS' REPORT

To

The Members,

Your directors have pleasure in presenting the '**20TH ANNUAL REPORT**' together with the Audited Accounts for the year ended 31st March, 2012.

1. FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2011-2012	2010-2011
Sales and other income	1178	1667
Profit before depreciation	38	40
Depreciation & Amortization Expenses	26	28
Profit before Taxes	12	12
Provision of Tax/Tax Paid (Incl. Deferred Taxation)	1	11
Profit after Tax	11	1
Balance brought forward	(137)	(138)
Balance Carried to the Balance Sheet	(126)	(137)

2. OPERATIONS

During the year the company has achieved gross revenue of Rs.1177.73 Lacs. The Company's production and sale have 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. 12.18 Lacs as compared to previous year Profit before Tax of Rs.11.79 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. FINANCE

The interest and finance charges for the year were Rs. 31.82 Lacs as against Rs. 30.06 Lacs for the previous year.

4. 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.

5. MANAGEMENT DISCUSSION & ANALYSIS

The year under review has seen decrease in production and sales of your Company's products.

Despite increase in raw material prices, the company could maintain better percentage of Net Profit as compare to previous year.

The global economic environment which has been tumultuous through out last year turned sharply adverse towards end of 2011 owing to political and economic uncertainties in the Euro Zone. With international rating agencies raising doubts about the outlook on the US economy, the possibility of a global recession became more pronounced.

Comparatively the Indian economy has shown a growth of around 6.9 % in 2011-2012 as compared to 8.4 % in the previous year. Agricultural growth remains a priority for the Indian Government in order to achieve "inclusive growth". Though the share of agriculture in India's GDP is slowly declining, the importance of the sector to the

economy continues to be very high because of its share in employment and its impact on the macro economic environment. The policy makers are still concerned that even today the agricultural growth is affected by the vagaries of nature. The Union Budget for 2012-2013 has sharply increased allocation for agriculture and irrigation. The target for agricultural credit has been raised by Rs.1,00,000 crore to Rs.5,75,000 crore in 2012-2013. Irrigation and Water Resource Finance Company is being operationalized to mobilize large resources to fund irrigation projects.

On the back of various Government initiatives to boost the rural economy, the demand for PVC Pipes will remain strong and it is expected that the Government will continue to give priority to agriculture and rural upliftment programmes in the years to come.

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.

6. 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.

7. 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.

8. 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.

9. INSURANCE

The Company's properties have been adequately insured.

10. 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 2011-2012,

the applicable Accounting Standards have been followed and no material departures have been made from the same;

- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments 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 Annual Accounts on a going concern basis.

11. 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.

12. AUDITORS OBSERVATIONS

The auditors observations being self explanatory, have been duly explained in the notes to the accounts.

13. 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 292A of the Companies Act, 1956.

14. CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreements entered into with the stock exchange, a separate section on corporate governance and a certificate obtained from the auditors of the company regarding compliance with the conditions of corporate governance are forming part of this annual report.

15. 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 : 24/08/2012

**(KRISHNA GUPTA)
DIRECTOR**

**(R.C. GUPTA)
WHOLE TIME
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)	873854	676893
Total amount (Rs.)	4762390	3486664
Rate/unit (Rs.)	5.45	5.15
b) Own generation		
i) Through diesel generator		
Units (approx.)	49364	262896
Units per Ltr. of diesel oil	3.47	3.47
Cost / units (Rs.)	10.58	10.00
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.)	2500	3520
Electricity/tonnes (KWH)(APPROX.)	369	267
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 2011-2012

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 2011-2012, the Board of Directors met 8 times on: 25/04/2011, 30/07/2011, 10/08/2011, 29/08/2011, 28/10/2011, 12/11/2011, 30/01/2012 & 31/03/2012.

The information as required under annexure IA to clause 49 was made available to the Board in all its 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	No. of Board Meetings Attended	Last Annual General Meeting Attended	No. of Outside Directorship held	No. of membership/ chairmanship in other Board Committee
Sh. R.C. Gupta	Promoter and Whole Time Director	8	Yes	2	Nil
Smt. Krishna Gupta	Promoter and Non-Executive Director	6	No	2	Nil
Sh. S.P. Kanodia	Independent and Non-Executive Director	6	Yes	3	Nil
Sh. Manoj Goyal	Independent and Non-Executive Director	7	Yes	2	Nil
Sh. Pankaj Agarwal	Independent and Non-Executive Director	7	No	9	Nil

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 30/04/2012 received from Sh. R.C. Gupta, Director in this regard is given below:-