

21st
ANNUAL REPORT

2012-2013



RIGID PVC PIPES



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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

G.M. (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 is hereby given that the '**21st ANNUAL GENERAL MEETING**' of members of ARCEE INDUSTRIES LIMITED will be held on Monday, 30th day of September, 2013 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, 2013 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 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, (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 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. 22/01/2013 on such remuneration as detailed in explanatory statement attached with this notice formal part thereof".

"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 : 30/05/2013

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 23rd September, 2013 to 30th September, 2013 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. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail addresses. 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.

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 22/01/2008 for a period of 5 Years. The tenure of 5 Years has been over on 21/01/2013. The Board in its meeting held on 22/01/2013 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.75,000/- (Rupees Seventy Five Thousand Only) per month in the pay scale of Rs.75,000/- – Rs.1,50,000/- 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.

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

Dated : 30/05/2013

BY ORDER OF THE BOARD

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

DIRECTORS' REPORT

To

The Members,

Your directors have pleasure in presenting the '21st ANNUAL REPORT' together with the Audited Accounts for the year ended 31st March 2013

1. FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

	2012-2013	2011-2012
Revenue from Operation and Other Income	1768	1178
Profit before depreciation	27	38
Depreciation & Amortization Expenses	24	26
Profit before Taxes	3	12
Provision of Tax/Tax Paid (Incl. Deferred Taxation)	-	1
Profit after Tax	3	11
Balance brought forward	(125)	(136)
Balance Carried to the Balance Sheet	(122)	(125)

2. OPERATIONS

During the year the company has achieved gross revenue of Rs. 1768.04 Lacs, which is approximately 50% higher as compare to previous year of Rs. 1177.73 Lacs. The company has earned Profit before Tax of Rs. 2.76 Lacs as compared to previous year Profit before Tax of Rs. 12.18 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. 33.59 Lacs as against Rs. 31.82 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, Smt. Krishna Gupta retires by rotation being eligible and offer herself for reappointment.

5. 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.

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.

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 2012-2013, 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 : 30/05/2013

(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.

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

Corporate Governance Report for the Financial Year 2012-2013

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 2012-2013, the Board of Directors met 10 times on: 30/04/2012, 30/07/2012, 13/08/2012, 24/08/2012, 21/09/2012, 15/10/2012, 30/10/2012, 22/01/2013, 30/01/2013 & 29/03/2013.

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	10	Yes	2	Nil
Smt. Krishna Gupta	Promoter and Non-Executive Director	7	No	2	Nil
Sh. S.P. Kanodia	Independent and Non-Executive Director	9	Yes	3	Nil
Sh. Manoj Goyal	Independent and Non-Executive Director	8	No	2	Nil
Sh. Pankaj Agarwal	Independent and Non-Executive Director	8	Yes	5	Nil