

ARCEE INDUSTRIES LIMITED



2008-2009

17th
ANNUAL REPORT

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

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 29/04/2009 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 2008 to 31st March, 2009".

4. Audit Committee :

The Company has an Audit Committee in accordance with the requirement of section 292 A of the Companies Act, 1956 and terms of reference are in conformity with Clause 49 of the Listing Agreement.

The Audit Committee has three members viz. Sh. S.P. Kanodia (Chairman), Sh. Manoj Goyal and Sh. Pankaj Agarwal. All Members of the Audit Committee are financially literate.

The Committee met 5 times during the year, on 28/04/2008, 31/07/2008, 25/08/2008, 31/10/2008 & 29/01/2009.

Audit Committee Meeting

Date of Meeting	Total Members	Attendance by No. of Members	Date of Meeting	Total Members	Attendance by No. of Members
28/04/2008	3	3	31/10/2008	3	3
31/07/2008	3	3	29/01/2009	3	3
25/08/2008	3	3			

The Company Secretary acts as the Secretary of the Audit Committee.

5. Remuneration Committee :

The Committee comprises of three members viz Sh. S.P. Kanodia, Chairman, Sh. Manoj Goyal and Sh. Pankaj Agarwal as the other two members.

Remuneration Committee Meeting (Attendance) : During the Year ended 31st March, 2009, no meeting of this committee was held.

Remuneration Policy : The Whole Time Director is paid remuneration approved by the Board of Directors on the recommendation of Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders at the Annual General Meeting and such other authorities as the case may be. The Non-Executive Directors do not draw any remuneration from the company.

Remuneration to Directors for the F.Y. 2008-2009 :

Name of Director	Designation	Salary & Allowances	Company's Contribution to PF
Sh. R.C. Gupta	Whole Time Director	540000	64800

Shareholding of the Non-Executive Directors :

The shareholding of the Non-Executive Directors of the company as on 31/03/2009 is as under :-

S.No.	Name	No. of Shares held
1	Smt. Krishna Gupta	203902
2	Sh. S.P. Kanodia	NIL
3	Sh. Manoj Goyal	NIL
4	Sh. Pankaj Agarwal	NIL

6. Share Transfer and Shareholders/Investors Grievances Committee :

The Committee comprises of two members viz. Sh. Manoj Goyal (Chairman) and Sh. Pankaj Agarwal, as a member.

The Committee ensures the effective redressal of the complaints of the shareholders such as dematerialisation, transfer, non-receipt of balance sheet etc. The Committee also recommends steps to be taken for further improvement in the quality of service to the investors. During the Financial year 2008-2009 one complaint was received and the complaint was disposed off. No complaint was outstanding as on 31/03/2009.

In compliance to clause 47 (f) of the Listing Agreement of Stock Exchange, the company has created for the help of Investors an exclusive e-mail ID viz. arcecind@rediffmail.com.

The Company has appointed M/s. MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi - 110 020 as Share Transfer Agent to give services to the shareholders holding shares in physical or dematerialisation form. All requests for dematerialisation of shares are processed and confirmations thereof are sent to the shareholders within the prescribed time.

The Company has appointed Sh. Vishesh Chugh, General Manager (Finance) & Company Secretary as the Compliance Officer to monitor the Share Transfer process, Dematerialisation/Rematerialisation and liaison with the regulatory bodies. The company has complied with the various requirements of the listing agreements and the depositories with respect to transfer of shares. The requisite certificates are sent to them within the prescribed time.

7. General Body Meetings :

The details of the location, date and time for last Three Annual General Meetings were held given in Table below :-

Year	Location	Date	Time
2005-06	7th K.M. Barwala Road, Talwandi Rana, Hisar-125 001 (Haryana)	Saturday, 30/09/2006	10:00 A.M.
2006-07	7th K.M. Barwala Road, Talwandi Rana, Hisar-125 001 (Haryana)	Saturday, 29/09/2007	10:00 A.M.
2007-08	7th K.M. Barwala Road, Talwandi Rana, Hisar-125 001 (Haryana)	Saturday, 27/09/2008	10:00 A.M.

The details of special resolutions passed during last 3 years are given in table below :-

Sr. No.	Date of AGM	Item of special resolution
1	30/09/2006	None
2	29/09/2007	None
3	27/09/2008	None

There were no resolutions which have been passed by the shareholders through postal ballot at any of the above meetings. Further there is no item in the Notice for the forthcoming Annual General Meeting that is proposed to be passed through a Postal ballot.

8. Disclosures:

- No transaction of material nature has been entered into by the company with its promoters, directors or management or relatives etc. that may have potential conflict with the interest of the company. Transactions with related parties are disclosed in Schedule 16 to accounts in Annual Report.
- There were no instances of non-compliance or penalty, strictures imposed on the company by Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital markets, during last three years.
- The company has complied with all the mandatory requirement of clause 49 of the Listing Agreement.

9. Means of Communication:

The Board of Directors of the Company approves and takes on record the annual, half-yearly and quarterly Financial Results in the proforma prescribed by the Stock Exchanges. These results are promptly submitted to the Bombay Stock Exchange Limited, Mumbai, where the shares of the Company are listed. The same are also published in The Pioneer (Delhi Edition) and Danik Tribune/Business Bhaskar (Regional Language) (Haryana Edition). The results are also posted on the EDIFAR system of SEBI.

Management Discussion and Analysis Report forms part of this Annual Report.

10. General Shareholder Information:

Annual General Meeting

Day, Date & Time : Tuesday, 22nd September, 2009 at 10.00 A.M.
Venue : 7th K.M. Barwala Road, Talwandi Rana, Hisar (Haryana)
Financial Year : April 2009 to March 2010

Results for the quarter ending June 30, 2009	By end of July, 2009
Results for the quarter ending September 30, 2009	By end of October, 2009
Results for the quarter ending December 31, 2009	By end of January, 2010
Results for the quarter ending March 31, 2010	By end of April, 2010
Annual General Meeting for the year ending March, 2010	By end of September, 2010

Book Closure : 15/09/2009 to 22/09/2009 (Both days inclusive)
Listing on Stock Exchange : The Bombay Stock Exchange Limited, Mumbai
Stock Code : 520121
Demat ISIN Number : INE276D01012

Share Transfer Agent :

All the works relating to the share registry both for the shares held in the physical as well in the electronic form (demat) are being done at the single point and for this purpose SEBI Registered Category - I Registrar and Share Transfer Agent has been appointed w.e.f. 01/04/2003 whose address is under :-

MAS Services Limited

T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi - 110 020

Ph No. 011-26387281,26387282, Fax No. 011-26387384

Shares received for transfer in the physical form are processed and the share certificates returned within a period of 30 days from the date of the receipt subject to the documents being complete and valid in all respects.

Distribution of Shareholding:

The Distribution of Shareholding as on 31st March, 2009 given in Table below:-

No. of equity shares held	Total share Holders	% of share holder	No. of shares held	% of share holding
Upto 500	5416	82.48	1123375	21.86
501 to 1000	652	9.93	549741	10.70
1001 to 5000	416	6.34	894912	17.41
5001 to 10000	35	0.53	267376	5.20
10001 to 50000	40	0.61	902174	17.56
50001 to 100000	4	0.06	285092	5.55
100001 and above	3	0.05	1116107	21.72
TOTAL	6566	100.00	5138777	100.00

Categories of Shareholders as on 31st March, 2009 given in Table below:-

Category	No. of Shares	% of Shareholding
Indian Promoters	1219707	23.74
Private Corporate Bodies	230957	4.49
Indian Public	3688113	71.77
TOTAL	5138777	100.00

Dematerialisation of Shares : As on 31st March 2009, 3408807 shares (66.33 %) are in Electronic Form and 1729970 shares (33.67 %) are in Physical Form.

Plant Location : 7th K.M. Barwala Road, Talwandi Rana
Hisar - 125 001 (Haryana)

Address for Correspondence : Arcee Industries Limited
7th K.M. Barwala Road, Talwandi Rana
Hisar - 125 001 (Haryana)
Email : arceeind@rediffmail.com

Compliance Officer : The name and designation of the Compliance Officer of the company is Mr. Vishesh Chugh, G.M. (Finance) & Company Secretary.

Compliance : Compliance certificate obtained from the Auditors is attached to this report.

CEO/CFO CERTIFICATION

As required by sub-clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, we have certified to the Board that for the financial year ended March 31, 2009, the Company has complied with the requirement of the said sub-clause.

For : ARCEE INDUSTRIES LIMITED**(R.C. GUPTA)
DIRECTOR****For : ARCEE INDUSTRIES LIMITED****(VISHESH CHUGH)
G.M. (FINANCE) &
COMPANY SECRETARY****AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To,
The Members of
Arcee Industries Limited

We have examined the compliance of conditions of Corporate Governance by Arcee Industries Limited for the year ended 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the company with the Stock Exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us we certify that company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**FOR : AGGARWAL & MAHAJAN
CHARTERED ACCOUNTANTS**

Place : Hisar
Dated : August 24, 2009

**(VINOD MAHAJAN)
PROP.**

AUDITORS' REPORT

To
The Members of

ARCEE INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **ARCEE INDUSTRIES LIMITED** as at 31st March, 2009 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India, in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (1) above, we also report that :-
 - i) We have obtained all the informations and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit ;
 - ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books ;
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account ;
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956
 - v) On the basis of the written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;

- vi) In our opinion and to the best of our informations and according to explanations given to us, the said accounts read together with the Company's Accounting Policies and Notes thereto in Schedule "16" give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :-
- a) In the case of Balance Sheet, of the state of affairs of the Company, as at, 31st March, 2009 ;
 - b) In the case of Profit & Loss Account, of the profit for the year ended on that date ; and
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**FOR AGGARWAL & MAHAJAN
CHARTERED ACCOUNTANTS**

**Place : Hisar
Dated : August 24, 2009**

**(VINOD MAHAJAN)
PROP.**

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our report of even date)

1. The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. Fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on verification. No substantial part of the Fixed Assets has been disposed off during the year.
2. The management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3.
 - (a) The company has granted unsecured loan to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 amounting to Rs.923.54 Lacs.
 - (b) No interest has been charged on the outstanding amount as the arrangement is on current account basis and the amount is receivable on demand.
 - (c) The payment of principal amount is also regular.
 - (d) There is no overdue amount of loan granted to the company listed in the register maintained under section 301 of the Companies Act, 1956.
4.
 - (a) The company has taken unsecured loan from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 amounting to Rs.129.68 Lacs.
 - (b) No interest has been paid on the outstanding amount as the arrangement is on current account basis and the amount is repayable on demand.
 - (c) The payment of principal amount is regular.
 - (d) There is no overdue amount of loan taken from the company listed in the register maintained under section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods & services. During the course of our audit, no major weakness has been noticed in the internal controls.

6. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - (a) Based on audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the transactions that needed to be entered into the register maintained under section 301, if any, have been so entered.
 - (b) According to the information and explanations given to us and where transactions is in excess of Rs. 5.00 lacs in respect of any party, if any, in our opinion, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market price at the relevant time.
7. The company has not accepted any deposits from the public.
8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
9. The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 for the product of the company.
10. According to the records of the company and information and explanations given to us, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other Statutory Dues, if any, with the appropriate authorities during the year.
11. The company have accumulated losses as at the end of the year which are not more than 50 % of its networth. Further the company has not incurred cash losses during current year and the immediately preceding financial year.
12. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institutions or banks. The company has not issued any debenture.
13. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The Provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the Company.

15. (a) The company does not deal or trade in shares, securities, debentures and other Investments.
- (b) Based on our audit procedures and to the best of our knowledge and belief and according to the information and explanations given to us, the shares and securities have been held by the company in its own name.
16. During the year the company has not given any guarantee for loans taken by others from Banks or Financial Institutions.
17. During the year the company has not taken any Term Loan.
18. According to the Cash Flow Statement and records examined by us and according to the information and explanations given to us, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
19. The Company has not made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Companies Act, 1956, during the year and the question whether the price at which the shares have been issued is prejudicial to the interest of the Company does not arise.
20. The company did not have any outstanding debentures during the year.
21. The company has not raised money by any public issues during the year and hence the question of disclosure and verification of end use of such money does not arise.
22. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company was noticed or reported during the year.

**FOR AGGARWAL & MAHAJAN
CHARTERED ACCOUNTANTS**

**Place : Hisar
Dated : August 24, 2009**

**(VINOD MAHAJAN)
PROP.**

BALANCE SHEET AS AT 31ST MARCH, 2009

PARTICULARS	SCHEDULE	31.03.2009	31.03.2008
		Rupees	Rupees
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	5,13,87,770	5,13,87,770
Reserve and Surplus	2	<u>2,10,06,515</u>	<u>1,56,69,810</u>
		7,23,94,285	6,70,57,580
LOAN FUNDS			
Secured Loans	3	1,91,77,169	18,33,212
Unsecured Loans		10,00,000	41,00,000
Deferred Taxation Liability		-	19,15,435
		<u>9,25,71,454</u>	<u>7,49,06,227</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	4	4,99,97,290	4,78,19,927
Less up to date depreciation		<u>2,90,11,642</u>	<u>2,73,54,223</u>
Net block		2,09,85,648	2,04,65,704
INVESTMENTS			
	5	15,18,587	16,63,367
CURRENT ASSETS LOANS & ADVANCES			
Inventories	6	1,45,04,066	78,37,221
Sundry Debtors	7	2,59,47,406	1,86,35,717
Cash and Bank Balance	8	34,99,298	17,19,923
Loans and Advances	9	<u>1,22,83,335</u>	<u>1,40,69,931</u>
		<u>5,62,34,105</u>	<u>4,22,62,792</u>
Less :			
Current liabilities & provisions	10	<u>49,12,649</u>	<u>57,41,006</u>
Net Current Assets		5,13,21,456	3,65,21,786
MISCELLANEOUS EXPENDITURE			
(To the extent not written off/adjusted)			
Profit & Loss Account		1,56,90,337	1,62,55,370
Deferred Taxation Assets		30,55,426	-
		<u>9,25,71,454</u>	<u>7,49,06,227</u>

NOTES ON ACCOUNTS AS PER SCHEDULE '16'

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

(R.C. GUPTA)
DIRECTOR

(KRISHNA GUPTA)
DIRECTOR

Signed in terms of our report of even date annexed hereto.
FOR AGGARWAL & MAHAJAN
CHARTERED ACCOUNTANTS

Place : Hisar
Dated : August 24, 2009

(VINOD MAHAJAN)
PROP.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH, 2009

PARTICULARS	SCHEDULE	31.03.2009 Rupees	31.03.2008 Rupees
INCOME			
Sales and other income	11	18,64,87,737	15,08,95,192
Closing stock of finished goods		82,15,940	25,45,375
		<u>19,47,03,677</u>	<u>15,34,40,567</u>
EXPENDITURE			
Opening stock of finished goods		25,45,375	32,38,329
Material manufacturing and operating expenses	12	15,73,01,396	11,98,60,352
Employees remuneration and benefits	13	47,92,818	40,93,895
Administrative selling and other expenses	14	23,22,911	18,65,329
Financial expenses	15	22,05,676	9,05,837
Depreciation		22,58,336	21,86,398
Excise Duty		2,22,37,986	2,05,89,410
		<u>19,36,64,498</u>	<u>15,27,39,550</u>
Profit for the year		10,39,179	7,01,017
Provision for Tax/Tax Paid			
- Income Tax		(70,088)	-
- Deferred Taxation		(3,65,844)	(7,80,485)
- Fringe Benefit Tax		(38,214)	(27,127)
Profit/(Loss) after tax		5,65,033	(1,06,595)
Previous (Loss) brought forward		(1,62,55,370)	(1,61,48,775)
Balance carried to Balance sheet		<u>(1,56,90,337)</u>	<u>(1,62,55,370)</u>

NOTES ON ACCOUNTS AS PER SCHEDULE '16'

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

(R.C. GUPTA)
DIRECTOR

(KRISHNA GUPTA)
DIRECTOR

Signed in terms of our report of even date annexed hereto.
FOR AGGARWAL & MAHAJAN
CHARTERED ACCOUNTANTS

Place : Hisar
Dated : August 24, 2009

(VINOD MAHAJAN)
PROP.

SCHEDULES FORMING PART OF BALANCE SHEET & PROFIT & LOSS ACCOUNT

	31.03.2009 Rupees	31.03.2008 Rupees
SCHEDULE 1		
SHARE CAPITAL		
AUTHORIZED		
1,00,00,000 equity shares of Rs 10/- each	<u>10,00,00,000</u>	<u>10,00,00,000</u>
ISSUED SUBSCRIBED & PAID UP		
51,38,777 equity shares of Rs. 10/- each fully paid up in cash	<u>5,13,87,770</u>	<u>5,13,87,770</u>
	<u>5,13,87,770</u>	<u>5,13,87,770</u>
SCHEDULE 2		
RESERVE & SURPLUS		
General Reserve		
Opening	12,85,050	—
Transfer during the year	—	24,20,000
	<u>12,85,050</u>	<u>24,20,000</u>
Less Deferred Taxation Liabilities of earlier Year	—	11,34,950
	<u>12,85,050</u>	<u>12,85,050</u>
Add Deferred Taxation Assets of earlier years	34,21,270	—
Add Reversal of Deferred Liabilities of earlier years	<u>19,15,435</u>	—
	66,21,755	12,85,050
Capital Reserve (Profit on re-issue of forfeited shares)	90,500	90,500
Share forfeiture account	<u>1,42,94,260</u>	<u>1,42,94,260</u>
	<u>2,10,06,515</u>	<u>1,56,69,810</u>
SCHEDULE 3		
SECURED LOANS		
Cash credit from Punjab National Bank Hisar (Secured by way of hypothecation of stocks Book debts first charge on fixed assets of Hisar unit of the company and guaranteed by two Directors of the Company)	1,86,12,394	18,33,212
ICICI BANK (Car Loan) (Secured by way of Hypothecation of car)	5,64,775	—
	<u>1,91,77,169</u>	<u>18,33,212</u>



SCHEDULE 4

FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	AS ON	ADDITIONS	SALE/ TRANSFER	AS ON	UP TO	FOR THE	TRANSFER/ ADJUST.	UP TO	AS ON
	01.04.2008			31.03.2009	31.03.2008	YEAR		31.03.2009	31.03.2008
Land (freehold)	1,27,161	-	-	1,27,161	-	-	-	-	1,27,161
Land (leasehold)	9,90,610	-	-	9,90,610	1,25,752	10,005	-	1,35,757	8,64,858
Shed & building	78,11,201	-	-	78,11,201	35,18,679	2,60,894	-	37,79,573	40,31,628
Plant & machinery	3,49,39,853	8,46,965	6,39,425	3,51,47,393	2,15,80,794	16,24,233	4,82,272	2,27,22,755	1,24,24,638
Vehicles	21,60,549	20,72,723	45,050	41,88,222	10,62,672	2,59,616	45,048	12,77,240	29,10,982
Lab equipment	6,42,176	-	-	6,42,176	4,19,739	30,503	-	4,50,242	1,91,934
Furniture & fixture	6,81,987	-	-	6,81,987	4,39,834	35,660	-	4,75,494	2,06,493
Office equipments	2,01,677	50,000	1,15,000	1,36,677	1,06,519	8,361	73,597	41,283	95,394
Computer	2,64,713	7,150	-	2,71,863	1,00,234	29,064	-	1,29,298	1,42,565
TOTAL	4,78,19,927	29,76,838	7,99,475	4,99,97,290	2,73,54,223	22,58,336	6,00,917	2,90,11,642	2,09,85,648
PREVIOUS YEAR	4,65,85,333	20,48,873	8,14,279	4,78,19,927	2,56,98,478	21,86,398	5,30,653	2,73,54,223	2,04,65,704

SCHEDULE 5	31.03.2009	31.03.2008
	Rupees	Rupees
INVESTMENTS (AT-COST)		
INVESTMENT IN SECURITIES (AT COST)		
A' NON TRADE : UNQUOTED		
22,500 Equity Shares of Phoenix Irrigation Limited of Rs. 10/- each	2,25,000	2,25,000
Total 'A'	2,25,000	2,25,000
B' NON TRADE: QUOTED		
2,400 Equity Shares (including 2,000 bonus shares) of VLS Finance Limited (Market value Rs.14,784/- previous year Rs.42,240/-)	1,60,000	1,60,000
268 Equity Shares of JSW Steel Limited (Market value Rs.62,136/- previous year Rs.2,19,519/-)	61,700	61,700
Provision for fall in value	2,21,700	2,21,700
Total 'B'	1,44,780	-
	76,920	2,21,700
C' INVESTMENT IN IMMOVABLE PROPERTIES		
Investment in shops	12,16,667	12,16,667
Total 'C'	12,16,667	12,16,667
Total (A+B+C)	15,18,587	16,63,367
Aggregate market value of quoted investment	76,920	2,61,759

SCHEDULE 6
INVENTORIES

(At cost unless otherwise stated Taken valued and certified by the management)		
Finished goods (At lower of estimated cost & net realisable value)	65,56,977	21,90,706
Raw Materials	56,47,969	46,04,106
Scrap and Byproducts (at net realisable value)	16,58,963	3,54,669
Stores & Spares	52,000	1,35,500
Others	5,88,157	5,52,240
	1,45,04,066	78,37,221

SCHEDULE 7
SUNDRY DEBTORS

(Unsecured considered good)		
Outstanding for a period exceeding six months	75,91,211	42,93,145
Less : Provision for Doubtful debts	38,95,365	38,95,365
	36,95,846	3,97,780
Others	2,22,51,560	1,82,37,937
	2,59,47,406	1,86,35,717

SCHEDULE 8	31.03.2009	31.03.2008
	Rupees	Rupees
CASH AND BANK BALANCE		
Cash in hand (as certified by management)	34,93,124	17,17,852
With schedule bank : In Current Account	6,174	2,071
	<u>34,99,298</u>	<u>17,19,923</u>
SCHEDULE 9		
LOANS & ADVANCES		
Security and Earnest money deposits	33,82,298	43,27,298
Prepaid expenses	93,663	1,30,735
Due from suppliers	51,406	8,45,473
Interest receivable	16,73,921	23,25,551
TDS & Income Tax refundable	4,57,921	4,57,023
Others	66,24,126	59,83,851
	<u>1,22,83,335</u>	<u>1,40,69,931</u>
SCHEDULE 10		
CURRENT LIABILITIES & PROVISIONS		
Creditors for goods and expenses	31,03,097	38,23,028
Other liabilities	11,62,210	14,50,336
Advance from Customer	5,70,068	4,67,642
	<u>48,35,375</u>	<u>57,41,006</u>
Provision for : Income Tax	70,088	-
Fringe Benefit Tax	7,186	-
	<u>49,12,649</u>	<u>57,41,006</u>
SCHEDULE 11		
SALES AND OTHER INCOME		
Finished goods	18,55,85,762	14,44,11,532
Scrap etc.	8,41,873	24,41,349
Raw Material	56,350	-
Other	3,752	40,42,311
	<u>18,64,87,737</u>	<u>15,08,95,192</u>
SCHEDULE 12		
MATERIAL MANUFACTURING & OPERATING EXPENSES		
Raw material consumed		
Opening stock	46,04,106	22,25,787
Add: Purchases	15,04,18,219	11,51,33,289
	<u>15,50,22,325</u>	<u>11,73,59,076</u>
Less: Closing stock	56,47,969	46,04,106
	<u>14,93,74,356</u>	<u>11,27,54,970</u>
Stores, spares & tools consumed	5,08,396	3,93,707
Carriage Inward	11,41,883	8,21,700
Power and fuel	56,40,881	53,95,147
Repairs to machinery	6,35,880	4,94,828
	<u>15,73,01,396</u>	<u>11,98,60,352</u>

	31.03.2009 Rupees	31.03.2008 Rupees
SCHEDULE 13		
EMPLOYEES REMUNERATION AND BENEFITS		
Salary and Wages	37,73,367	33,17,406
Staff welfare expenses	56,707	9,084
Bonus	3,12,397	67,814
Contribution to PF, ESIC & Gratuity fund	6,50,347	6,99,591
	<u>47,92,818</u>	<u>40,93,895</u>

SCHEDULE 14
ADMINISTRATIVE SELLING & OTHER EXPENSES

Advertisement and sales promotions	41,480	51,172
Auditors remuneration	7,500	7,500
Commission on Sale	5,35,293	2,27,495
Bad Debts	2,96,949	—
Fee, taxes and subscription	1,31,228	1,60,240
Insurance	1,69,265	1,63,074
Loss on sale of assets	13,758	2,18,409
Miscellaneous expenses	20,753	41,456
Postage and telephones	2,47,009	2,02,089
Printing and stationery	33,102	19,153
Professional charges	43,000	57,094
Provision for Investment	1,44,780	—
Rent	9,084	6,390
Service Tax Paid	35,896	26,746
Vehicle upkeep	5,93,814	6,84,511
	<u>23,22,911</u>	<u>18,65,329</u>

SCHEDULE 15
INTEREST & FINANCIAL EXPENSES

Interest	19,94,267	7,10,766
Bank charges	2,11,409	1,95,071
	<u>22,05,676</u>	<u>9,05,837</u>

SCHEDULE "16"**NOTES ON ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES****I) GENERAL**

- a) The financial statements are prepared under the historical cost convention and in accordance with the requirement of the Companies Act, 1956.
- b) Accounting Policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

II) BASIS OF ACCOUNTING

The company follows the mercantile system of Accounting and recognises income and expenditure on accrual basis.

III) SALES

Sales comprise sale of goods and includes excise duty, wherever applicable, but does not include sales tax.

IV) FIXED ASSETS AND DEPRECIATION

- a) All fixed assets are valued at cost less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalised and include incidental expenses & financing costs relating to borrowed funds attributable to construction or acquisition of fixed assets upto the date, the asset is put to use.
- b) Depreciation is provided under the "Straight Line Method" at the rates provided in schedule XIV to the Companies Act, 1956.
- c) Lease premium for leasehold land is amortised over the period of lease.

V) VALUATION OF INVENTORIES

- a) Raw Materials, Stores and Spares and Loose Tools are valued at cost.
- b) Finished Goods is valued at lower of estimated cost or net realisable value.
- c) Scrap is valued at net realisable value.

VI) RETIREMENT BENEFITS

The Company has taken an Employees Group Gratuity of LIC for meeting out the liability of Gratuity. Premium paid is debited as and when due. Actuarial Valuation is also kept in view for determining the liabilities, if any. Leave Encashment, if any, is accounted for on accrual basis.

VII) EVENTS OCCURRING AFTER BALANCE SHEET DATE

Events occurring after Balance Sheet date have been considered in the preparation of Financial Statements.

VIII) CONTINGENT LIABILITIES

Contingent liabilities not provided for in the accounts are separately disclosed.

2. CONTINGENT LIABILITIES

Nil

3. TAXATION

Current Tax is determined as the amount of tax payable in respect of taxable income for the year. The deferred tax for timing difference between the book and tax profit for the year is accounted for using tax rates and tax laws that have been enacted or substantially enacted at the Balance Sheet date. Deferred Tax assets arising from the timing difference are recognized to the extent that there is virtual certainty that sufficient future taxable income will be available.

Deferred Taxation Assets and Deferred Taxation Liabilities have been calculated as per AS-22 issued by the ICAI. Deferred Taxation Assets has been taken in to consideration as the management is assured that the company will generate sufficient profits in future to derive full benefit of current unabsorbed depreciation and losses. This assurance is based upon company's track record and the future outlook of the PVC pipe industry.

During the year a number of Income Tax assessments have been revised under section 154 of the Income Tax Act which has changed the amounts of carry forward business loss and unabsorbed depreciation. Therefore Deferred Taxation Assets and Deferred Taxation Liabilities have been re-calculated for all years since 2001-2002. Due to this the cumulative effect of the Deferred Taxation Assets and Deferred Taxation Liabilities up to 2007-2008 has been charged to Reserve and Surplus with current year's amount charged to the profit and Loss account as per the below calculation :-

	31/03/2009	31/03/2008
W.D.V. as per Books	2,09,85,648	2,04,65,704
W.D.V. as per Income Tax	83,86,386	65,50,048
Difference	1,25,99,262	1,39,15,656
Less : Unabsorbed Depreciation	2,24,87,373	2,31,13,621
Less : Unabsorbed Business Loss	-	18,74,105
	(98,88,111)	(1,10,72,070)
Effective Tax Rate	30.90%	30.90%
Total Deferred Taxation Assets	30,55,426	34,21,270
Current Year Provision for Deferred Taxation Assets	3,65,844	

4. SEGMENT INFORMATION (AS-17)

The company is engaged primarily in the business of Rigid PVC Pipes. The production facility is located at one place and the business is fully concentrated in India. As the basic of nature of these activities are governed by the same set of risks and returns, these have been grouped as a single business segment. Accordingly, segment reporting disclosure as envisaged in Accounting Standard (AS-17) "Segment Reporting", issued by the Institute of Chartered Accountants of India, is not applicable to the Company.

5. IMPAIRMENT OF ASSETS (AS-28)

Pursuant to accounting standard (AS-28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the company assessed its assets for impairment as at 31st March, 2009 and concluded that there has been no significant impaired assets that needs to be recognized in the books of accounts.

6. RELATED PARTY DISCLOSURES

Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below :-

RELATED PARTIES
A) Associate Companies

- | | |
|----------------------------------|-------------------------|
| (i) Arcee Ispat Udyog Limited | (ii) APL Fincap Limited |
| (iii) Phoenix Irrigation Limited | |

B) Key Management personnel

- | | |
|---|-----------------------------------|
| (i) Sh. R.C. Gupta, Whole Time Director | (ii) Smt. Krishna Gupta, Director |
| (iii) Sh. S.P. Kanodia, Director | (iv) Sh. Manoj Goyal, Director |
| (v) Sh. Pankaj Agarwal, Director | |

Disclosure on related party transaction:
(Rs. In Lacs)

Transactions for the year ended 31.03.2009	Key Management Personnel		Associate Concerns	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Managerial Remuneration	5.40	4.80	-	-
Loan Given	-	-	923.54	598.10
Loan Received	-	-	129.68	-
Freight Paid	-	-	7.90	7.43
Freight Received	-	-	-	0.68
Outstanding as on 31.03.2009				
Due to	-	-	-	2.11
Due from	-	-	-	-

7. In the opinion of Board of Directors Current Assets, Loans and Advances have the value at which these have been stated in the Balance Sheet, if realised in the ordinary course of business.

8. EARNING PER SHARE (AS-20)

Basic Earning per share is calculated by dividing the Net Profit after tax attributable to the equity shareholders by the weighted average number of Equity Shares outstanding during the year.

	2008-2009	2007-2008
Basic and diluted Earnings per share (Rs.)	0.11	NIL

9. Creditors include amount due to Small Scale Industrial Undertakings Rs.3,25,739/- Creditors include the following Small Scale Industrial Undertaking having outstanding balance exceeding Rupees One Lacs for more than 30 days.

Ayush Industries, Delhi

10. The balances in parties account are subject to confirmation.

11. Details of Managerial Remuneration paid to Directors :-

(Amount in Rs.)

	Current year	Previous year
Salary & allowances	5,40,000	4,80,000
Company's contribution to provident fund	64,800	57,600

12. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 3 & 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

A. LICENSED AND INSTALLED CAPACITY, PRODUCTION AND GOODS MANUFACTURED RIGID PVC PIPES

	Current year	Previous year
a) Licensed capacity	N.A.	N.A.
b) Installed capacity	8740 M.T.	8740 M.T.
c) Actual production	4167 M.T.	3507 M.T.

Installed capacity as certified by the Management and not verified by the Auditors being a technical matter.

B. DETAILS OF OPENING STOCK, TURNOVER AND CLOSING STOCK

	Current year		Previous year	
	M.T.	Rs.	M.T.	Rs.
a) OPENING STOCK				
Pipes	52	21,90,706	85	24,26,616
Scrap	17	3,54,669	55	8,11,713
b) TURNOVER				
Pipes	3,911	18,55,85,762	3,453	14,44,11,532
Scrap etc.	29	8,41,873	125	24,41,349
Ram Material	8	56,350	—	—
c) CLOSING STOCK				
Pipes	199	65,56,977	52	21,90,706
Scrap	97	16,58,963	17	3,54,669

C. RAW MATERIAL CONSUMED

PVC Resin	2,622	12,97,66,686	2,038	9,66,81,052
Cal. Carbonate	1,408	80,94,787	1,335	72,09,018
Chemicals	149	1,15,43,161	137	89,96,867
Mixing/Sweep	5	2,26,769	4	94,802

- Process Loss 3 M.T. (Previous Year 2 M.T.).
- Raw Material Consumed include 8 M.T. of Sale of Raw Material for Rs.56,350/- (Previous Year Nil).
- Raw Material Consumed include 6 M.T. Closing Stock of Mixing/Sweep for Rs.2,57,047/- (Previous Year 5 M.T. for Rs.2,26,769/-).

- D. Break up of employees in respect of remuneration in the aggregate not less than Rs.24,00,000/- per year when employed through out the year or Rs.2,00,000/- per month when employed for a part of the year.

	Current year	Previous year
a) When employed through out the year	NIL	NIL
b) When employed for part of the year	NIL	NIL
E. C.I.F. VALUE OF IMPORT	NIL	NIL

F. BREAK UP OF CONSUMPTION OF RAW MATERIALS AND STORES AND SPARES INTO IMPORTED & INDIGENOUS :

a) RAW MATERIAL	%	Rs.	%	Rs.
Imported	-	-	-	-
Indigenous	100	14,93,74,356	100	11,27,54,970
b) STORES AND SPARES				
Imported	-	-	-	-
Indigenous	100	5,08,396	100	3,93,707

13. Paise has been rounded off to the nearest rupees.
14. Previous year figures have been regrouped/rearranged wherever necessary.
15. Schedule 1 to 16 form integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.

Signature to Schedule "1" to "16"

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

(R.C. GUPTA)
DIRECTOR

(KRISHNA GUPTA)
DIRECTOR

FOR AGGARWAL & MAHAJAN
CHARTERED ACCOUNTANTS

Place : Hisar
Dated : August 24, 2009

(VINOD MAHAJAN)
PROP.

AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of M/s. Arcee Industries Limited, for the year ended 31st March, 2009. The statement has been prepared by the company in accordance with the requirements of Clause 32 of listing agreements with The Bombay Stock Exchange Limited, Mumbai and is based on and in agreement with the corresponding Balance Sheet of the Company covered by our report of 24th day of August, 2009 to the Members of the Company.

FOR AGGARWAL & MAHAJAN
CHARTERED ACCOUNTANTS

Place : Hisar
Dated : August 24, 2009

(VINOD MAHAJAN)
PROP.

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT 1956

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I	REGISTRATION DETAILS	(Rupees in thousand)
	Registration number	031681
	Company Identification No.	L29120HR1992PLC031681
	State code	05
	Balance sheet date	31.03.2009
II	CAPITAL RAISED DURING THE YEAR	
	Public issue	Nil
	Rights issue	Nil
	Bonus issue	Nil
	Private placement	Nil
III	POSITION OF MOBILIZATION AND DEPLOYMENT OF FUNDS	
	Total liabilities	92571
	Total assets	92571
	a) Sources of funds	
	Paid up capital	51388
	Reserve & surplus	21006
	Secured loans	19177
	Unsecured loans	1000
	b) Application of funds	
	Net fixed assets	20986
	Investments	1519
	Net current assets	51321
	Misc. expenditures	Nil
	Accumulated losses	15690
	Deferred Taxation Assets	3055
IV	PERFORMANCE OF THE COMPANY	
	Turnover (Gross revenue)	186488
	Total expenditure	185449
	Profit before tax	1039
	Profit (Loss) after tax	565
	Earning per share (Rs.)	0.11
	Dividend (Rate)	Nil
V	GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF THE COMPANY	
	Item code No.	39172390
	Description	PVC Pipes

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

(R.C. GUPTA)
DIRECTOR

(KRISHNA GUPTA)
DIRECTOR

Place : Hisar

Dated : August 24, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2009

	(Rs. in Lacs)	
	Year Ended 31/03/2009	Year Ended 31/03/2008
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net profit /(Loss) before tax & extraordinary items	10.39	7.01
Adjustments for :		
Depreciation (including Lease money written off)	22.58	21.86
Loss on sale of fixed assets	0.14	2.19
Provision for change in Market Value of Investment	1.45	(0.52)
Operating profit/(Loss) before working capital changes	34.56	30.54
Adjustments for :		
Trade and other receivables	(73.12)	21.57
Inventories	(66.67)	(21.99)
Other Current Assets	17.87	16.94
Trade payables & Current Liabilities	158.73	(24.54)
Fringe Benefit Tax	(0.31)	(0.27)
Cash Flow before extraordinary items	71.06	22.25
Extra Ordinary items	—	—
Net Cash from operating activities	71.06	22.25
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed assets	(29.77)	(20.49)
Sale of Fixed assets	1.85	1.49
Net Cash used in investing activities	(27.92)	(19.00)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Unsecured Loan	(31.00)	—
Term Loan	5.65	(0.16)
Net Cash used in financing activities	(25.35)	(0.16)
Net increase in Cash and Cash equivalents	17.79	3.09
Cash and Cash equivalents (Opening Balance)	17.20	14.11
Cash and Cash equivalents (Closing Balance)	34.99	17.20

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

(R.C. GUPTA)
DIRECTOR

(KRISHNA GUPTA)
DIRECTOR

Place : Hisar

Dated : August 24, 2009

ARCEE INDUSTRIES LIMITED

Regd. Office & Works: 7th K.M. Barwala Road, Talwandi Rana, Hisar.

PROXY FORM

Folio No. : _____ No. of Shares : _____
DP ID : _____ Client ID : _____
I/We _____
of _____ being a
member/members of **ARCEE INDUSTRIES LIMITED** hereby appoint _____
of _____
or failing him/her _____ of _____
as my/our proxy to attend and vote for me/us on my/our behalf at the
Seventeenth Annual General Meeting of the Company to be held on
Tuesday, the 22nd day of September, 2009 at 10.00 A.M. at its Regd. Office
at 7th K.M. Barwala Road, Talwandi Rana, Hisar - 125 001 and at any
adjournment thereof.

AFFIX
ONE
RUPEE
REVENUE
STAMP

Signed this _____ day of _____ 2009

Signature

N.B. : Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself/herself on a poll and the proxy need not be a member of the Company. The form duly completed should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the Meeting.

----- TEAR HERE -----

ARCEE INDUSTRIES LIMITED

Regd. Office & Works: 7th K.M. Barwala Road, Talwandi Rana, Hisar.

ATTENDANCE SLIP

Folio No. : _____ No. of Shares : _____
DPID : _____ Client ID : _____

Name of the attending Member's/Proxy's (in block letters) _____

I hereby record my presence at the **Seventeenth Annual General Meeting** of the Company held on Tuesday, the 22nd day of September, 2009 at 10.00 A.M. at its Regd. Office at 7th K.M. Barwala Road, Talwandi Rana, Hisar-125 001 (Haryana) and at any adjournment thereof.

Member's/Proxy's Signature

Notes : Members/Proxy holders are requested to bring duly filled in and signed attendance slip for the meeting and hand it over at the entrance.

BOOK POST



If undelivered please return to :

ARCEE INDUSTRIES LIMITED

7th K.M. Barwala Road

Talwandi Rana, Hisar-125 001 (Haryana)