

20th ANNUAL REPORT



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

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

CONTENTS

Notice ~~~~~	1
Directors' Report ~~~~~	3
Report on Corporate Governance ~~~~~	8
Auditors' Report ~~~~~	16
Balance Sheet ~~~~~	21
Statement of Profit & Loss ~~~~~	22
Notes Forming Part of the Accounts---	23
Corporate Information & Additional Notes to Accounts ~~~~~	29
Cash Flow Statement ~~~~~	36

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)

	<u>2011-2012</u>	<u>2010-2011</u>
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
4. Expenditure on R & D :
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R & D expenditure as a percentage of total turnover

NIL

NIL

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.
2. Benefits derived as a result of the above efforts, e.g., production, product development import substitution etc.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year following information may be furnished).
 - a) Technology imported.
 - b) Year of import.
 - c) Has technology been fully absorbed
 - d) If not fully absorbed, areas where this has not taken place reasons therefore and future plans of action.

NIL

NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- a) Activities relating to exports; initiative taken to increase export; development of new export markets for products and services; and export plans.
- b) Total foreign exchange used and earned

NIL

NIL

Corporate Governance Report for the Financial Year 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:-

"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 2011 to 31st March, 2012".

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.

Required information for review was placed before the Audit Committee meetings held during the year.

During the Financial Year 2011-2012, the Audit Committee met 5 times on 25/04/2011, 10/08/2011, 29/08/2011, 12/11/2011 & 30/01/2012. The attendance of the members of the Committee is given below :-

Committee Members	Category	No. of Audit Committee Meetings Attended
Sh. S.P. Kanodia, Chairman	Non-Executive, Independent Director	5
Sh. Manoj Goyal, Member	Non-Executive, Independent Director	5
Sh. Pankaj Agarwal, Member	Non-Executive, Independent Director	4

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) : The remuneration committee met once during the year on 10/08/2011 and was attended by all the three members.

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 paid to Sh. R.C. Gupta, Whole Time Director for the F.Y. 2011-2012 :

	(Amount in Rs.)
Salary	8,10,000
Company's Contribution to PF	97,200

Note : None of the non-executive directors has any pecuniary relationship or transaction vis-à-vis the company.

Shareholding of the Non-Executive Directors :

The shareholding of the Non-Executive Directors of the company as on 31.03.2012 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 year, Company received 3 complaints and all of them were resolved during the year.

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. arceeind@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 location, date and time, where last three Annual General Meetings were held

Year	Location	Date	Time
2008-2009	7th K.M. Barwala Road, Talwandi Rana, Hisar – 125 001 (Haryana)	Tuesday, 22/09/2009	10.00 A.M.
2009-2010	7th K.M. Barwala Road, Talwandi Rana, Hisar – 125 001 (Haryana)	Tuesday, 21/09/2010	10.00 A.M.
2010-2011	7th K.M. Barwala Road, Talwandi Rana, Hisar – 125 001 (Haryana)	Tuesday, 27/09/2011	10.00 A.M.

The details of special resolutions passed in the previous 3 Annual General Meetings :

Sr. No.	Date of AGM	Item of Special Resolution
1	22/09/2009	None
2	21/09/2010	None
3	27/09/2011	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 financial section of this 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 shares of the company are listed. The same are also published in national and regional newspapers such as The Pioneer, Delhi Edition and Hari Bhoomi, Haryana Edition.

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

10. General Shareholder Information:

Annual General Meeting

Day, Date & Time : Friday, 28th September, 2012 at 10.00 A.M.

Venue : 7th K.M. Barwala Road, Talwandi Rana, Hisar (Haryana)

Financial Year : April 2012 to March 2013

Results for the quarter ending June 30, 2012	By 14 th August, 2012
Results for the quarter ending September 30, 2012	By 14 th November, 2012
Results for the quarter ending December 31, 2012	By 14 th February, 2013
Results for the quarter ending March 31, 2013	By 14 th May, 2013
Annual General Meeting for the year ending March, 2013	By end of Sept., 2013

Book Closure : 22/09/2012 to 28/09/2012 (Both days inclusive)
Listing on Stock Exchange : The Bombay Stock Exchange Limited, Mumbai
Stock Code : 520121
Demat ISIN Number : INE276D01012

Market Price Data : High, Low during each month in the financial year 2011-2012

MONTHS	HIGH PRICE	LOW PRICE
APRIL, 2011	4.75	3.61
MAY, 2011	5.23	3.04
JUNE, 2011	3.60	3.00
JULY, 2011	3.81	3.00
AUGUST, 2011	4.30	3.97
SEPTEMBER, 2011	4.51	4.04
OCTOBER, 2011	4.50	4.19
NOVEMBER, 2011	3.99	3.00
DECEMBER, 2011	3.15	2.90
JANUARY, 2012	2.90	2.76
FEBRUARY, 2012	2.84	2.70
MARCH, 2012	3.20	2.97

These data is from BSE Site : www.bseindia.com

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

Shares received for transfer in the physical form are processed and the share certificates returned within a period of 15 days from the date of the receipt subject to the documents being complete and valid in all respects.

Distribution of Shareholding as on 31.03.2012 :

No. of equity shares held	Total Holders	% of share holder	No. of shares held	% of share holding
Upto 500	5291	83.22	1081112	21.03
501 to 1000	600	9.44	505134	9.83
1001 to 5000	385	6.06	828804	16.13
5001 to 10000	32	0.50	239913	4.67
10001 to 50000	41	0.64	907983	17.67
50001 to 100000	5	0.08	352922	6.87
100001 and above	4	0.06	1222909	23.80
TOTAL	6358	100.00	5138777	100.00

Shareholding Pattern as on 31.03.2012 :

Category	No. of Shares	% of Capital
Indian Promoters	12,19,707	23.74
Private Corporate Bodies	2,96,008	5.76
Indian Public	36,23,062	70.50
TOTAL	51,38,777	100.00

Dematerialisation of Shares : As on 31st March, 2012, 35,02,811 shares (68.16%) are in Electronic Form and 16,35,966 shares (31.84%) 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.

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

CERTIFICATE OF CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

We, R. C. Gupta, Whole Time Director and Vishesh Chugh, G.M. (Finance) & Company Secretary of **ARCEE INDUSTRIES LIMITED** certify that :

We have reviewed the financial statements and the Cash Flow Statement for the year ended 31st March, 2012 and to the best of our knowledge and belief :

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. To the best of our knowledge and belief, no transactions entered into by the company during the year ended 31st March, 2012 which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal control system and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal control system, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We further certify that we have indicated to the Auditors and the Audit Committee :
 - a) There have been no significant changes in internal control over financial reporting system during the year.
 - b) There have been no significant changes in accounting policies during the year except for the changes disclosed in the notes to the financial statements, if any; and
 - c) There have been no instances of significant fraud, of which we have become aware, involving management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Hisar

Dated : 24/08/2012

**(R.C. GUPTA)
WHOLE TIME DIRECTOR**

**(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, 2012 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 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 the company has complied with the conditions of Corporate Governance as stipulated. we state that no investor grievance is pending for a period exceeding one month against the Company as certified by Registrar and Transfer Agents of the company, in the above mentioned Listing Agreements.

We 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
Firm Registration No.006545N**

**Place : Hisar
Dated : 24/08/2012**

**(KULDIP KHERA)
Partner
Membership No.080670**

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, 2012 and Statement of 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 (3) above, we also report that :-
 - i) We have obtained all the information 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, the Statement of 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, Statement of 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 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 information and according to explanations given to us, the said accounts read together with the Notes thereon 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, 2012 ;
 - b) In the case of Statement 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
Firm Registration No.006545N**

**Place : Hisar
Dated : 24/08/2012**

**(KULDIP KHERA)
Partner
Membership No.080670**

ANNEXURE TO THE AUDITORS' REPORT

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

1. The company has maintained 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. 805.75 Lacs. The outstanding amount as on Balance Sheet date is Rs. NIL.
 - (b) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above loan granted by the company, are not prima facie, prejudicial to the interest of the company.
 - (c) According to the information and explanations given to us, the company to whom loan and advance in the nature of loan have been given, is repaying the principal amount as stipulated and is also regular in payment of interest.
 - (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.
 - (e) The Company has not taken any secured or unsecured loan from any Company listed in the register maintained under section 301 of the Companies Act, 1956.
4. 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.

5. 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 of the Companies Act, 1956 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.
6. The company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. 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.
9. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
10. According to the records of the company and information and explanations given to us, the company is generally 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. According to the information and explanations given to us, the term loans raised by the Company have been applied for the purpose for which they were raised.
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.
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.
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
Firm Registration No.006545N**

**Place : Hisar
Dated : 24/08/2012**

**(KULDIP KHERA)
Partner
Membership No.080670**

BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	NOTE NO.	31.03.2012 Rupees	31.03.2011 Rupees
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share Capital	1	5,13,87,770	5,13,87,770
b) Reserve and Surplus	2	84,75,873	73,44,841
2. Non-Current Liabilities			
Long Term Borrowings	3	12,13,951	18,87,378
3. Current Liabilities			
a) Short Term Borrowings	5	2,55,02,675	2,13,05,364
b) Trade Payable	6	1,18,90,039	94,67,263
c) Other Current Liabilities	7	12,41,999	9,06,262
d) Short Term Provisions	8	2,34,648	2,18,789
TOTAL		9,99,46,955	9,25,17,667
II. ASSETS			
1. Non-Current Assets			
a) Fixed Assets			
i) Tangible Assets	9	1,69,95,158	2,01,63,315
ii) Intangible Assets		5,382	9,353
b) Non-Current Investments	10	16,63,367	16,63,367
c) Deferred Tax Assets (Net)	4	32,49,442	31,01,832
d) Long Term Loans and Advances	11	18,16,178	18,16,178
2. Current Assets			
a) Inventories	12	2,99,35,614	2,20,80,280
b) Trade Receivables	13	1,19,11,760	1,29,25,536
c) Cash and Cash Equivalents	14	67,87,164	58,02,855
d) Short Term Loans and Advances	15	2,75,82,890	2,49,54,951
TOTAL		9,99,46,955	9,25,17,667
Significant accounting policies and additional notes to Accounts	24		

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

(R.C. GUPTA)
WHOLE TIME DIRECTOR

(KRISHNA GUPTA)
DIRECTOR

As per our report of even date attached.
FOR AGGARWAL & MAHAJAN
CHARTERED ACCOUNTANTS
Firm Registration No.006545N

Place : Hisar
Dated : 24/08/2012

(KULDIP KHERA)
Partner
Membership No.080670

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	NOTE NO.	31.03.2012 Rupees	31.03.2011 Rupees
I. Revenue from Operation	16	11,77,59,169	15,12,89,711
II. Other Income	17	13,921	2,546
Total Revenue (I+II)		11,77,73,090	15,12,92,257
III. EXPENSES :			
Cost of Materials Consumed	18	10,01,97,609	12,53,59,660
Purchases of Traded Goods		-	-
Changes in Inventories of Finished Goods, Work-in-progress and Traded Goods	19	(25,31,700)	24,43,661
Employee Benefits Expenses	20	49,57,820	56,50,070
Finance Cost	21	31,82,327	30,06,364
Depreciation and amortization expenses	9	26,38,882	27,53,689
Other Expenditure	22	81,10,082	1,08,99,394
Total Expenses		11,65,55,020	15,01,12,838
IV. Profit/(Loss) before exceptional and extraordinary items and tax		12,18,070	11,79,419
V. Exceptional Items		-	-
VI. Profit/(Loss) before extraordinary items and tax		12,18,070	11,79,419
VII. Extraordinary Items		-	-
VIII. Profit/(Loss) before Tax		12,18,070	11,79,419
IX. Tax Expenses			
Current Tax		2,34,648	3,03,789
Deferred Tax		(1,47,610)	7,43,008
X. Profit/(Loss) for the period		11,31,032	1,32,622
XI. Earning per equity Share (Face Value Rs. 10/-)			
Basic		0.22	0.03
Diluted		0.22	0.03

Significant accounting policies and additional notes to Accounts 24

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

(R.C. GUPTA)
WHOLE TIME DIRECTOR

(KRISHNA GUPTA)
DIRECTOR

As per our report of even date attached.
FOR AGGARWAL & MAHAJAN
CHARTERED ACCOUNTANTS
Firm Registration No.006545N

Place : Hisar
Dated : 24/08/2012

(KULDIP KHERA)
Partner
Membership No.080670

NOTES FORMING PART OF THE ACCOUNTS

NOTE -1 SHARE CAPITAL	31.03.2012		31.03.2011	
	Rupees		Rupees	
1 Authorised				
1,00,00,000 equity shares of Rs 10/- each (Previous Year 1,00,00,000 Equity Shares of Rs. 10/- each)	<u>10,00,00,000</u>		<u>10,00,00,000</u>	
2 Issued, Subscribed & Paidup				
51,38,777 equity shares of Rs. 10/- each fully paid up (Previous Year 51,38,777 Equity Shares of Rs. 10/- each fully paid up)	<u>5,13,87,770</u>		<u>5,13,87,770</u>	
3 Reconciliation of number of Shares outstanding at the beginning & at the end of the reporting year	31.03.2012		31.03.2011	
	Shares	Value	Shares	Value
At the beginning of the year	51,38,777	5,13,87,770	51,38,777	5,13,87,770
Movement during the period	-	-	-	-
Outstanding at the end of the year	51,38,777	5,13,87,770	51,38,777	5,13,87,770
4 Shareholder holding Equity Shares more than 5%	Shares held	% of Total Shares	Shares held	% of Total Shares
APL FINCAP LTD.	6,90,605	13.44%	6,90,605	13.44%

NOTE - 2 RESERVE AND SURPLUS

1 Capital Reserve	90,500	90,500
2 General Reserve	2,09,16,015	2,09,16,015
3 Surplus/(deficit) in the statement of Profit & Loss		
Opening Balance	(1,36,61,674)	(1,37,94,296)
Add : Profit (Loss) for the current year	11,31,032	1,32,622
Less : Transfer to Reserve	-	-
Closing Balance	<u>(1,25,30,642)</u>	<u>(1,36,61,674)</u>
Total	<u>84,75,873</u>	<u>73,44,841</u>

NOTE - 3 LONG TERM BORROWING
Secured

1 Term Loan from Reliance Capital Ltd. (Secured by way of Hypothecation of Car)	2,13,951	8,16,390
2 Term Loan from ICICI Bank Limited (Secured by way of Hypothecation of Car)	-	70,968
Sub Total	<u>2,13,951</u>	<u>8,87,378</u>

Unsecured

Loan from company	10,00,000	10,00,000
Sub Total	<u>10,00,000</u>	<u>10,00,000</u>
Total	<u>12,13,951</u>	<u>18,87,378</u>

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 4 DEFERRED TAX ASSETS (Net)	31.03.2012 Rupees	31.03.2011 Rupees
Fixed Assets	32,49,442	31,01,832
Total	<u>32,49,442</u>	<u>31,01,832</u>

NOTE - 5 SHORT TERM BORROWINGS
Secured

Loans repayable on demand		
- From Bank		
1 Cash Credit from Punjab National Bank (Secured by way of Hypothecation of Stocks, Book Debts, Current Assets, First Charge on Fixed Assets of Hisar Unit and Guaranteed by two Directors of the Company)	1,63,57,835	2,13,05,364
2 Inland Letter of Credit (First Charge on Fixed Assets of Hisar Unit and Guaranteed by two Directors of the Company)	91,44,840	-
Total	<u>2,55,02,675</u>	<u>2,13,05,364</u>

NOTE - 6 TRADE PAYABLES
Trade Payables

- MSME	14,26,085	12,60,722
- Others	1,04,63,954	82,06,541
Total	<u>1,18,90,039</u>	<u>94,67,263</u>

NOTE - 7 OTHER CURRENT LIABILITIES

1 Expenses Payable	5,42,719	2,78,397
2 Advances from Customer	1,24,707	43,960
3 Salary, Bonus & PF Payable	5,44,212	5,53,950
4 Other Liabilities	30,361	29,955
Total	<u>12,41,999</u>	<u>9,06,262</u>

NOTE - 8 SHORT TERM PROVISIONS

Provison for Income Tax	2,34,648	2,18,789
Total	<u>2,34,648</u>	<u>2,18,789</u>

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 9 FIXED ASSETS

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	Balance as at 01.04.2011	Additions/ Adjustments	Deduction/ Amortisation	Balance as at 31.03.2012	For the Year 01.04.2011	On Disposals	Balance as at 31.03.2012	Balance as at 31.03.2011
TANGIBLE ASSETS								
Land (Freehold)	1,27,161	-	-	1,27,161	-	-	1,27,161	1,27,161
Land (Leasehold)	9,90,610	-	-	9,90,610	1,55,767	10,005	8,24,838	8,34,843
Shed & Building	78,11,201	-	-	78,11,201	43,01,361	2,60,894	32,48,946	35,09,840
Plant & Machinery	3,67,24,223	-	-	3,67,24,223	2,61,41,503	17,44,400	88,38,320	1,05,82,720
Office Equipments	1,36,677	-	-	1,36,677	54,267	6,492	75,918	82,410
Lab. Equipments	6,42,176	-	-	6,42,176	5,11,248	30,503	1,00,425	1,30,928
Furniture & Fixtures	6,81,988	-	-	6,81,988	5,42,512	19,119	1,20,357	1,39,476
Other Assets	15,600	-	-	15,600	1,383	741	13,476	14,217
Vehicles	67,64,446	3,16,194	12,81,137	57,99,503	20,98,227	4,31,697	36,00,342	48,66,219
Computer	2,55,913	-	-	2,55,913	1,80,412	30,126	45,375	75,501
TOTAL	5,41,49,995	3,16,194	12,81,137	5,31,85,052	3,39,86,680	26,34,911	1,69,95,158	2,01,63,315
INTANGIBLE ASSETS								
Computer Software	24,500	-	-	24,500	15,147	3,971	5,382	9,353
TOTAL	5,41,74,495	3,16,194	12,81,137	5,32,09,552	3,40,01,827	26,38,882	1,70,00,540	2,01,72,668
As at 31/03/2011	5,42,57,837	5,44,248	6,27,590	5,41,74,495	3,16,11,581	27,53,689	2,01,72,668	

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 10 NON-CURRENT INVESTMENTS	31.03.2012	31.03.2011
	Rupees	Rupees
1 Long Term Investments - Unquoted		
Non Trade, At Cost : In Shares of Companies		
22,500 (Previous Year 22,500) Equity Shares of Phoenix Irrigation Limited of Rs. 10/- each fully paid.	2,25,000	2,25,000
Sub Total	<u>2,25,000</u>	<u>2,25,000</u>
2 Long Term Investments - Quoted		
Non Trade, At Cost : In Shares of Companies		
268 (Previous Year 268) Equity Shares of JSW Steel Limited of Rs. 10/- each fully paid. (Market Value Rs. 1,93,389/-, previous year Rs. 2,45,568/-)	61,700	61,700
2,400 (Previous Year 2,400) Equity Shares of VLS Finance Limited of Rs. 10/- each fully Paid. (Market Value Rs. 31,680/-, previous year Rs. 36,072/-)	1,60,000	1,60,000
Sub Total	<u>2,21,700</u>	<u>2,21,700</u>
3 Long Term Investment in Immovable Properties		
Shops (At Cost)	12,16,667	12,16,667
Sub Total	<u>12,16,667</u>	<u>12,16,667</u>
Total	<u>16,63,367</u>	<u>16,63,367</u>
NOTE - 11 LONG TERM LOANS AND ADVANCES (Unsecured - Considered Goods)		
Security and Earnest Money Deposit	18,16,178	18,16,178
Total	<u>18,16,178</u>	<u>18,16,178</u>
NOTE - 12 INVENTORIES		
Raw Materials	2,42,75,368	1,89,60,605
Finished Goods	52,58,991	26,79,096
Scrap & By Product	1,69,869	2,18,064
Store & Spares	10,200	12,500
Others	2,21,186	2,10,015
Total	<u>2,99,35,614</u>	<u>2,20,80,280</u>
NOTE - 13 TRADE RECEIVABLES (Unsecured - Considered Goods)		
Trade Receivables outstanding for a period less than six months from the date they are due for payment	1,16,92,407	1,23,54,800
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment	2,19,353	5,70,736
Total	<u>1,19,11,760</u>	<u>1,29,25,536</u>

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 14 CASH & CASH EQUIVALENTS	31.03.2012	31.03.2011
	Rupees	Rupees
Balances with Banks		
- In Current Accounts	72,533	67,572
- In Fixed Deposits (Maturity Period less than 12 months)	10,75,000	1,25,000
Cash in Hand	56,39,631	56,10,283
Total	<u>67,87,164</u>	<u>58,02,855</u>
NOTE - 15 SHORT TERM LOANS AND ADVANCES (Unsecured - Considered good)		
Advance to Suppliers	2,12,64,780	2,12,65,976
Cenvat	27,65,079	19,65,877
VAT/SALE TAX	10,71,802	1,86,248
Interest Receivable	3,02,172	2,56,983
Prepaid Expenses	3,30,131	2,83,769
Service Tax Refundable	1,49,918	1,27,985
TDS & Income Tax Refundable	2,73,076	3,65,973
Others	14,25,932	5,02,140
Total	<u>2,75,82,890</u>	<u>2,49,54,951</u>
NOTE - 16 REVENUE FROM OPERATIONS		
Sale of Product	11,13,81,920	16,43,85,797
Other Operative Revenue	1,69,03,433	22,81,647
	<u>12,82,85,353</u>	<u>16,66,67,444</u>
Less : Excise Duty	1,05,26,184	1,53,77,733
Total	<u>11,77,59,169</u>	<u>15,12,89,711</u>
NOTE - 17 OTHER INCOME		
Dividend Received	3,283	2,546
Misc. Income	10,638	-
Total	<u>13,921</u>	<u>2,546</u>
NOTE - 18 COST OF MATERIAL CONSUMED		
Raw Materials		
Opening Stock	1,89,60,605	1,32,09,897
Add : Purchases	10,55,12,372	13,11,10,368
	<u>12,44,72,977</u>	<u>14,43,20,265</u>
Less : Closing Stock	2,42,75,368	1,89,60,605
Total	<u>10,01,97,609</u>	<u>12,53,59,660</u>

NOTES FORMING PART OF THE ACCOUNTS

NOTE - 19 INCREASE/(DECREASE) IN VALUE OF STOCK	31.03.2012 Rupees	31.03.2011 Rupees
Finished Goods		
Opening Stock	28,97,160	53,40,821
Closing Stock	54,28,860	28,97,160
Total	<u>(25,31,700)</u>	<u>24,43,661</u>
NOTE - 20 EMPLOYEE BENEFIT EXPENSES		
Salaries, Bonus & Allowances	41,52,036	47,81,293
Contribution to P.F., ESI and Gratuity Funds	6,00,706	7,56,863
Staff Welfare Expenses	2,05,078	1,11,914
Total	<u>49,57,820</u>	<u>56,50,070</u>
NOTE - 21 FINANCE COST		
Interest	29,09,836	28,06,715
Bank Charges	2,72,491	1,99,649
Total	<u>31,82,327</u>	<u>30,06,364</u>
NOTE - 22 OTHER EXPENDITURE		
Advertisement and Sales Promotions	71,944	1,41,104
Apprenticeship	6,396	11,845
Auditor's Remuneration	15,000	7,500
Commission on Sale	11,901	-
Carriage Inward	10,87,475	13,01,343
Fee, Taxes & Subscription	1,73,217	1,59,689
Insurance	2,83,438	2,91,924
Late Delivery/Defective Supply Charges	-	9,69,640
Loss on Sale of Assets	2,22,440	94,147
Misc. Balance Written Off	-	47,751
Misc. Expenses	36,172	12,080
PF Admin. Expenses	39,210	43,004
Postage & Telephones	1,82,441	1,95,798
Power & Fuel	52,99,030	61,23,778
Printing & Stationery	37,514	45,388
Professional Charges	95,943	72,208
Rent	7,008	7,628
Repair to Machinery	3,20,544	9,26,452
Sale Tax/Service Tax/ED Paid	31,064	18,008
Store, Spares & Tools Consumed	80,726	2,85,345
Vehicle upkeep	1,01,456	1,43,413
Wealth Tax	7,163	1,349
Total	<u>81,10,082</u>	<u>1,08,99,394</u>

23. CORPORATE INFORMATION

Arcee Industries Limited was incorporated in the year 1992. The company is engaged in the activity of manufacturing of Rigid PVC Pipes.

The Equity Shared of the Company is listed in Bombay Stock Exchange Limited, Mumbai.

24. ADDITIONAL NOTES TO ACCOUNTS**I. Significant Accounting Policies****1. BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS**

The financial statements of the company have been prepared on accrual basis under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under section 211 (3C) of the Companies Act, 1956 and the relevant provisions thereof.

2. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates, if any, are recognized in the period in which the results are known/materialized.

3. REVENUE RECOGNITION

- i. Sales Revenues are recognized when goods are invoiced and dispatched to customers, and are recorded inclusive of Excise Duty, but are net of Sales Returns, Trade Discounts and Sales Tax.
- ii. Dividend Income is recognized when the company's right to receive dividend is established. Interest Income is recognized on a time proportion basis based on the amount outstanding and the rate applicable.
- iii. Other Incomes are generally accounted on accrual basis as they are earned.

4. FIXED ASSETS

Tangible and intangible fixed assets are stated at cost of acquisition (net of CENVAT, wherever applicable), less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use. Direct costs are capitalized till the assets are ready to be put to use. Interest on borrowings, wherever applicable, attributable to new projects is capitalized and included in the cost of fixed assets as appropriate.

5. DEPRECIATION AND AMORTIZATION

Depreciation in respect of Fixed Assets, is provided adopting Straight Line Method over the useful life of the Assets as estimated by the Management.

Depreciation for assets purchased/sold during the period is proportionately charged.

6. INVENTORIES

- i. Raw Materials are valued at cost comprising purchase price, freight and handling, non refundable taxes and duties and other directly attributable costs.
- ii. Finished Products are valued at lower of cost and net realizable value.
- iii. Scrap & By Products are valued at net realizable value.
- iv. Stores and Spares are valued at cost comprising of purchase price, freight and handling, non refundable taxes and duties and other directly attributable costs.

7. EMPLOYEE BENEFITS

- i. **Short Term Employee Benefits** : Benefits payable to employees within 12 months of rendering services such as wages, salaries, bonus, paid annual leave, etc are classified as Short Term Employee Benefits and are recognized in the period in which the employee renders related services.
- ii. **Long Term/Post Employment/Termination 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.
- iii. **Provident Fund** : On the basis of payments/contributions made to the concerned Provident Fund authorities.

8. INVESTMENTS

Current investments are carried at lower of cost and quoted/fair value. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

9. CASH AND CASH EQUIVALENTS

'Cash' comprises of cash on hand and demand deposits with Bank. 'Cash Equivalents' are short term, highly liquid investment, that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

10. EXPENDITURE

Expenses are accounted on the accrual basis and provisions are made for all known losses and liabilities.

11. TAXATION

Deferred Tax is recognized, subject to the consideration of prudence, in respect of deferred tax assets or liabilities, on timing differences, being the

difference between taxable income and accounting income that originate in one period, and is reversible in one or more subsequent periods.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future; however where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets and are reviewed for the appropriateness of their respective carrying values at each reporting date.

Income Taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the company will pay normal tax in future and the resultant asset can be measured reliably.

12. IMPAIRMENT

Whether events or changes in circumstances indicate that the carrying value of fixed assets may be impaired, the company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal of such assets. If the assets are impaired, the company recognizes an impairment loss as the difference between the carrying value and value in use.

13. BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction of qualifying assets are capitalized as part of the cost of such assets till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the statement of profit and loss in the period in which they are incurred.

14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when the Company has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Contingent Liability is disclosed in case of a present obligation arising from past events when it is not probable that an outflow of resources will be required to settle the obligation, or a present obligation when no reliable

estimate is possible, or a possible obligation arising from past events where the probability of outflow of resources is remote.

Contingent Assets are neither recognized nor disclosed.

15. EVENTS OCCURRING AFTER THE DATE OF BALANCE SHEET

Material events occurring after date of Balance Sheet are taken into cognizance.

16. CASH FLOW STATEMENT

Cash Flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The Cash Flows from regular revenue generating; financing and investing activities of the company are segregated.

17. EARNING PER SHARE

The company reports basic and diluted earnings per share in accordance with Accounting Standard (AS-20) – Earnings per Share. Basic earnings per equity share have been computed by dividing net profit after tax attributable to equity share holders by the weighted average numbers of equity shares outstanding during the year. Diluted earnings during the year adjusted for the effects of all dilutive potential equity shares per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

18. SEGMENT INFORMATION

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.

II. ADDITIONAL NOTES (Forming an integral part of Accounts)

1. Deferred Tax

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.

Position of Deferred Taxation Assets as on 31/03/2012 is as under :-

	(Amount in Rs.)	
	<u>31/03/2012</u>	<u>31/03/2011</u>
W.D.V. as per Books	1,70,00,540	2,01,72,668
W.D.V. as per Income Tax	83,10,951	98,47,229
Difference	86,89,589	1,03,25,439
Less : Unabsorbed Depreciation	1,92,05,583	2,03,63,730
	<u>(1,05,15,994)</u>	<u>(1,00,38,291)</u>
Effective Tax Rate	30.90%	30.90%
Total Deferred Taxation Assets	32,49,442	31,01,832
Current Year Provision for increase/ (decrease) in Deferred Taxation Assets	1,47,610	(7,43,008)

2. Contingent Liabilities on account of	(Amount in Rs.)	
	<u>2011-2012</u>	<u>2010-2011</u>
Bank Guarantee	5,00,000	5,00,000
ILC	91,44,840	-

3. Disclosure under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 :

Dues in respect, Micro and Small enterprises are being regularly met as per agreed terms and, as such, there remains no liability towards interest. Principal amount/s remaining payable in respect of such parties, as at 31st March, 2012, amount to Rs. 14,26,085/- (Rs. 12,60,722/-).

4. Certain balances representing Debtors and Creditors, are subject to reconciliation and receipt of confirmations from parties, pursuant to confirmation requests sent by the company.

5. Auditors Remuneration	(Amount in Rs.)	
	<u>2011-2012</u>	<u>2010-2011</u>
Audit Fees & Certification	15,000	7,500

6. Related Parties Disclosures

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

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: (Amount in Rs.)

Transactions for the year ended 31.03.2012	Key Management Personnel		Associate Concerns	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
Managerial Remuneration (Salary & Company's contribution to Provident Fund)	9,07,200	7,39,200	-	-
Loan Given	-	-	8,05,75,000	14,59,25,000
Freight Paid	-	-	1,15,500	1,70,500
Sale of Finished Goods	-	-	10,720	1,435
Interest Received	-	-	6,76,364	18,80,766
Outstanding as on 31.03.2012				
Due to	-	-	-	-
Due from	-	-	-	-

7. Inventory related Details (Amount in Rs.)

	2011-2012	2010-2011
A. FINISHED GOODS		
OPENING STOCK		
Pipes	26,79,096	30,69,835
Scrap	2,18,064	22,70,986
TURNOVER		
Pipes	11,06,56,393	16,15,09,003
Scrap	7,25,527	28,76,893
CLOSING STOCK		
Pipes	52,58,991	26,79,096
Scrap	1,69,869	2,18,064
B. CONSUMPTION OF RAW MATERIALS		
PVC Resin	8,88,34,003	11,32,61,621
Cal. Carbonate	53,87,354	54,24,565
Chemicals	59,76,252	61,78,230
Mixing/Sweep	-	4,95,244
C. CIF VALUE OF IMPORTS		
CIF Value of Imports	NIL	NIL

	2011-2012		2010-2011	
	%	RUPEES	%	RUPEES
D. COMPOSITION				
RAW MATERIAL				
Imported	-	-	-	-
Indigenous	100	10,01,97,609	100	12,53,59,660
STORE & SPARES				
Imported	-	-	-	-
Indigenous	100	80,726	100	2,85,345

8. Earning per Share	(Amount in Rs.)	
	2011-2012	2010-2011
Net Profit for the Year	11,31,032	1,32,622
Weighted Average Number of Equity Shares	51,38,777	51,38,777
Basic/Diluted EPS (Face Value Rs.10/- per Share)	0.22	0.03

9. Figures for the year have been rounded-off to the nearest rupees.

10. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of Financial Statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous Year's figures have been regrouped and reclassified, wherever necessary to correspond with the Current Year's classification/disclosure.

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

(R.C. GUPTA)
WHOLE TIME DIRECTOR

(KRISHNA GUPTA)
DIRECTOR

As per our report of even date attached.
FOR AGGARWAL & MAHAJAN
CHARTERED ACCOUNTANTS
Firm Registration No.006545N

Place : Hisar
Dated : 24/08/2012

(KULDIP KHERA)
Partner
Membership No.080670

CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2012

	(Amount in Rs.)	
	<u>YEARENDED</u>	
	<u>31/03/2012</u>	<u>31/03/2011</u>
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax	12,18,070	11,79,419
Adjustments for :		
Depreciation & Amortisation	26,38,882	27,53,689
Financial Costs	31,82,327	30,06,364
Loss on sale of fixed assets	2,22,440	94,147
Dividend	(3,283)	(2,546)
Operating profit/(Loss) before working capital changes	72,58,436	70,31,073
Changes in Working Capital		
Trade and other receivables	10,13,776	1,54,41,031
Inventories	(78,55,334)	(31,02,031)
Short Term Loans & Advances	(26,27,939)	(1,84,99,980)
Long Term Loans & Advances	-	16,91,120
Trade payables, Current Liabilities & Other Provisions	27,74,372	(1,48,96,955)
Cash generated from operations	5,63,311	(1,23,35,742)
Income Tax	(2,34,648)	(3,03,789)
Net Cash from operating activities → (A)	3,28,663	(1,26,39,531)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	(3,16,194)	(5,44,248)
Proceeds from Sale of Fixed assets	6,27,000	1,70,000
Dividend	3,283	2,546
Net Cash used in investing activities → (B)	3,14,089	(3,71,702)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Financial Costs	(31,82,327)	(30,06,364)
Bank Borrowings -Working Capital	41,97,311	1,38,91,499
Repayment of Long Term Loan	(6,73,427)	(8,16,867)
Net Cash used in financing activities → (C)	3,41,557	1,00,68,268
Net increase/(Decrease) in Cash and Cash equivalents → (A+B+C)	9,84,309	(29,42,965)
Cash and Cash equivalents (Opening Balance)	58,02,855	87,45,820
Cash and Cash equivalents (Closing Balance)	67,87,164	58,02,855

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

(R.C. GUPTA)
WHOLE TIME DIRECTOR

(KRISHNA GUPTA)
DIRECTOR

As per our report of even date attached.
FOR AGGARWAL & MAHAJAN
CHARTERED ACCOUNTANTS
Firm Registration No.006545N

Place : Hisar
Dated : 24/08/2012

(KULDIP KHERA)
Partner
Membership No.080670

ARCEE INDUSTRIES LIMITED

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

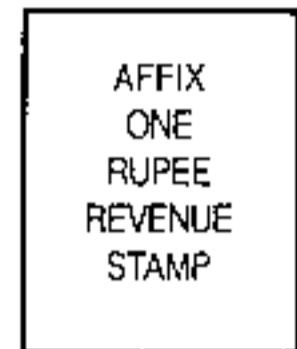
PROXY FORM

Folio No. : _____
No. of Shares : _____

DP ID : _____
Client ID : _____

I/We.....
of.....
being a member(s) 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 **20th Annual General Meeting** of the Company to be held on Friday, the 28th day of September, 2012 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.



Signed this.....day of.....2012

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 (Haryana)

ATTENDANCE SLIP

Folio No. : _____
No. of Shares : _____

DP ID : _____
Client ID : _____

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

I hereby record my presence at the **20th Annual General Meeting** of the Company held on Friday, the 28th day of September, 2012 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)