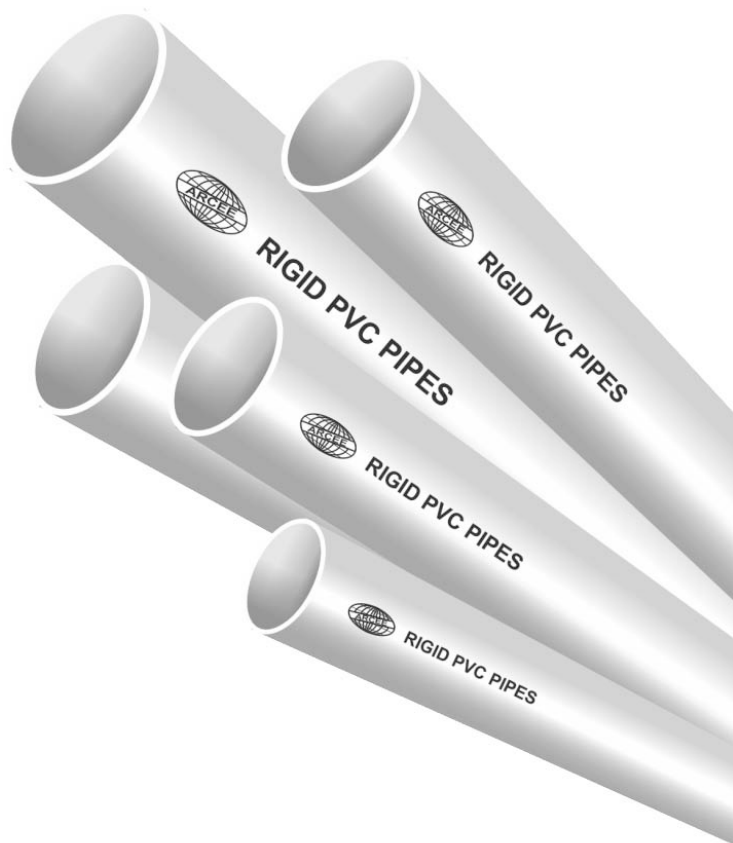


24th ANNUAL REPORT

2015-2016



 **ARCEE INDUSTRIES LIMITED**

BOARD OF DIRECTORS

SH. RAMESH CHANDER GUPTA

CHAIRMAN & WHOLE TIME DIRECTOR
(DIN – 00284823)

SMT. KRISHNA GUPTA

DIRECTOR (DIN – 00284849)

SH. SATYA PRAKASH KANODIA

DIRECTOR (DIN – 00284918)

SH. MANOJ GOYAL

DIRECTOR (DIN – 00067155)

SH. PANKAJ AGARWAL

DIRECTOR (DIN – 00020220)

AUDITORS

M/S. JAIN MITTAL CHAUDHARY & ASSOCIATES

CHARTERED ACCOUNTANTS

ABOVE ICICI BANK, RED SQUARE MARKET

HISAR – 125 001 (HARYANA)

REGISTRAR & SHARE TRANSFER AGENT

MAS SERVICES LIMITED

T-34, 2ND FLOOR, OKHLA INDL. AREA

PHASE – II, NEW DELHI – 110 020

PH. : 011-26387281, 26387282

FAX : 011-26387384

E-mail ID : info@masserv.com

REGD. OFFICE & WORKS

7TH K.M. BARWALA ROAD

TALWANDI RANA

HISAR - 125 001 (HARYANA)

PH. : 01662-276178, 98120-40111

FAX : 01662-276145

E-mail ID : arceeind@rediffmail.com

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NOTICE is hereby given that the '**24th ANNUAL GENERAL MEETING**' of members of ARCEE INDUSTRIES LIMITED (CIN L29120HR1992PLC031681) will be held on Friday, 30th day of September, 2016 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 consider and adopt the Audited Financial Statements of the Company for the year ended 31st March, 2016, together with the Report of the Directors and Auditors' thereon.
2. To appoint a director in place of Smt. Krishna Gupta (DIN - 00284849), who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 (2) and 142(1) of the Companies Act, 2013 the re-appointment of the statutory auditors of company M/s. Jain Mittal Chaudhary & Associates, Chartered Accountants (Firm Registration No. 015140N) be and is hereby ratified by the members of the company for the financial year 2016-2017 at such remuneration as may be determined by the Board of Directors of the Company.”

REGISTERED OFFICE:

7th K.M. Barwala Road,
Talwandi Rana, Hisar-125 001
Date : 30th May, 2016

BY ORDER OF THE BOARD

Vishesh Kumar Chugh
(Company Secretary)

CIN : L29120HR1992PLC031681
Phone : (01662) 276178 **Fax** : (01662) 276145
Email : arceeind@rediffmail.com

NOTES :-

1. **A member entitled to attend and vote at the Annual General Meeting (the 'Meeting') is entitled to appoint a proxy to attend and vote on a poll, instead of her/him and the proxy need not be a Member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.**
A proxy form is sent herewith. Pursuant to the provision of section 105 of the Companies Act 2013, a person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in aggregate not more than 10 (ten) percent of the total share capital of the Company. Provided that a member holding more than 10 (Ten) percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as proxy for any other member.
2. Members/Proxies should fill in the Attendance Slip for attending the Meeting and bring their Attendance Slips along with their copy of the Annual Report to the Meeting.
3. The Company's Register of Members and Transfer Books will remain closed from Saturday, September 24, 2016 to Friday, September 30, 2016 (both days inclusive).
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
6. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold share(s) in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting.
7. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days viz. Monday to Friday, between 11.00 A.M. and 1.00 P.M. from dispatch of notice till the date of the Meeting or any adjournment(s) thereof.
8. Appointment of Directors: At the ensuing Annual General Meeting, Smt. Krishna Gupta is retiring by rotation, being eligible, is offering herself for re appointment.
9. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be obtained from the Company's Registrar.

10. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.
11. Shareholders seeking any information or clarification on the accounts are requested to send written queries to the Company, at least 10 days before the date of the meeting, to enable the management to keep the required information available at the meeting.
12. As per Section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the items of business set out in the attached Notice may be transacted also through electronic voting system as an alternative mode of voting. The Company is providing the facility of casting votes through the electronic voting system from a place other than venue of AGM (remote e-voting) under an arrangement with National Securities Depository Limited (“NSDL”) as specified more fully in the instructions hereunder provided that once the vote on a Resolution is cast, a Member shall not be allowed to change it subsequently. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, 23rd September, 2016, i.e. the cut-off date are entitled to vote on the Resolutions set forth in this Notice. The Remote e-voting period will commence at 10.00 a.m. on Tuesday, September 27, 2016 and will end at 5.00 p.m. on Thursday, September 29, 2016. The Notice of the Meeting will also be available on the website of NSDL: www.evoting.nsdl.com.
13. The procedure and instructions for e-voting are as under:
 - I. **In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/Depositories):**
 - a. Open e-mail and open PDF file viz.”AIL-remote e-Voting. pdf” with your client ID or Folio No. as password containing your user ID and password for remote e-voting. Please note that the password is an initial password.
 - b. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
 - c. Click on Shareholder-Login.
 - d. Put user ID and password as initial password noted in step (i) above. Click Login.
 - e. Password change menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost

care to keep your password confidential.

- f. Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - g. Select “EVEN” of “Arcee Industries Limited”.
 - h. Now you are ready for remote e-voting as Cast Vote page opens.
 - i. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
 - j. Upon confirmation, the message “Vote cast successfully” will be displayed.
 - k. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - l. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to sanjeevacs@gmail.com with a copy marked to evoting@nsdl.co.in.
- II. In case of Members receiving Physical copy of Notice of 24th Annual General Meeting (for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy)**
- a. Initial password is provided above the attendance slip for the AGM.
 - b. Please follow all steps from Sl. No. (b) to Sl. No. (l) above, to cast vote.
14. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
 15. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
 16. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 17. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 23rd September, 2016.
 18. Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 23rd September, 2016, will be provided the notice through mail or by post after the cut-off date. Such members may also obtain the login ID and password by sending a request at evoting@nsdl.co.in or RTA, MAS

Services Limited.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

19. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
20. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
21. Sh. Sanjeev Jain, Practicing Chartered Accountants (Membership No. 500771), has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
22. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
23. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

REGISTERED OFFICE:

7th K.M. Barwala Road,
Talwandi Rana, Hisar-125 001
Date : 30th May, 2016

BY ORDER OF THE BOARD

Vishesh Kumar Chugh
(Company Secretary)

CIN : L29120HR1992PLC031681
Phone : (01662) 276178 **Fax** : (01662) 276145
Email : arceeind@rediffmail.com

DIRECTORS' REPORT

To

The Members,

Your directors have pleasure in presenting the '24th ANNUAL REPORT' together with the Audited Accounts for the year ended 31st March, 2016.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs)	
	2015-2016	2014-2015
Revenue from Operation and Other Income	428	1687
Profit/(Loss) before depreciation, Interest & Taxes	(42)	66
Depreciation & Amortization Expenses	16	15
Finance Cost	7	25
Profit/(Loss) before Taxes	(65)	26
Provision of Tax/Tax Paid (Incl. Deferred Taxation)	(20)	8
Profit/(Loss) after Tax	(45)	18
Balance brought forward	(145)	(163)
Balance Carried to the Balance Sheet	(190)	(145)

BUSINESS PERFORMANCE

During the year the company has achieved gross revenue of Rs. 428.34 Lacs as compare to previous year of Rs.1686.77 Lacs. The company has suffered loss (after tax) of Rs. 45.18 Lacs as compared to previous year profit (after tax) of Rs. 18.42 Lacs due to non availability of working capital limits. Your company has squared up the working capital limits during October, 2015 as per instruction of Punjab National Bank. But Punjab National Bank is not releasing the title deeds of property (Unit at 7th K M Barwala Road, Talwandi Rana, Hisar-125001) mortgage to bank because account of Arcee Ispat Udyog Ltd. (Associate Concern of Arcee Industries Ltd) has been declared NPA. So the production has stopped since April 2016. We are trying to convince the PNB for releasing the title deeds of property so that we may avail working capital limits from any other bank and may resume production.

DIVIDEND

The Board does not recommend any dividend for the financial year ended 31st March, 2016.

SHARE CAPITAL

The paid up Equity Share Capital as on March 31, 2016 was Rs.5,13,87,770/-. During the year under review the company has not issued any shares or any convertible instruments.

CREDIT FACILITIES

The company has squared up the working capital limits during October, 2015 as per instruction of Punjab National Bank.

MANAGEMENT DISCUSSION & ANALYSIS

Your company contributes to some of the core sectors viz. Agriculture, Water distribution, Construction and Telecom, each one playing a vital role in the health

of the economy.

In the optimistic scenario, each of the above mentioned sectors has gained increasing importance and earned special attention from both Government and the consumer. The major driver of higher growth is revival in agriculture. Initiatives have been targeted at improving rural infrastructure through various programs. The continued increase in farm credit with low interest rate to improve micro finance will boost rural incomes and facilitate the trickle down process. These measures will have positive impact on the PVC Pipes business of your company in the future. The Union Budget has laid on emphasis on accelerating irrigation and agriculture. Initiatives have been targeted at improving rural infrastructure through various programs.

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.

CORPORATE SOCIAL RESPONSIBILITY

The company has not developed and implemented any Corporate Social Responsibility initiatives as the provisions of section 135 of the Companies Act, 2013 are not applicable.

HUMAN RESOURCES

Our underlying belief is that Human Resource Development today is about nurturing human resources and leveraging human capital towards the achievement of business goals. The Company is committed towards creation of opportunities for its employees that help attract, retain and develop a diverse workforce.

BUSINESS RISK MANAGEMENT

The Company has developed & implemented Risk Management Policy. However, Company has not come across any element of risk which may threaten the existence of the Company.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

As required under section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Boards and its Powers) 2014 and erstwhile Clause 49 of the Listing Agreement, the Company has adopted a policy on vigil mechanism/ whistle blower. The policy provides direct access to the Chairman of the Audit Committee in case any employee should choose to report or bring up a complaint. Your company affirms that on one has been denied access to the Chairman of the Audit Committee and also that no complaints were received during the year.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

DIRECTORS & KMP

Mrs. Krishna Gupta, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer herself for re-appointment.

Sh. Sanjay Agarwal, Chief Financial Officer of the company left the organization on 15th March, 2016.

All independent directors have given declaration that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and regulation 16(b) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

BOARD EVALUATION

Pursuant to the provisions of companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board has carried out annual performance evaluation of its own performance, the directors individually as well the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholder committee. The manner in which the evaluation has been carried out has been explained in Corporate Governance Report.

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report.

Sh. Ramesh Chander Gupta, Whole Time Director of the company, has foregone their remuneration w.e.f. 01/04/2016 due to financial constraints being faced by the company.

MEETINGS

During the year Six Board Meetings and one independent directors' meeting was held. The Details of which are given in Corporate Governance Report. The provisions of Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, were adhered to while considering the time gap between two meetings.

AUDIT COMMITTEE

The company is having an audit committee comprising of the following directors:

1. Sh. Satya Prakash Kanodia, Chairman, Non Executive & Independent Director
2. Sh. Manoj Goyal, Member, Non Executive & Independent Director
3. Sh. Pankaj Agarwal, Member, Non Executive & Independent Director

NOMINATION AND REMUNERATION COMMITTEE

The company is having a Nomination and Remuneration Committee comprising of the following directors:

1. Sh. Satya Prakash Kanodia, Chairman, Non Executive & Independent Director
2. Sh. Manoj Goyal, Member, Non Executive & Independent Director
3. Sh. Pankaj Agarwal, Member, Non Executive & Independent Director

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the loss of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

RELATED PARTY TRANSACTIONS

There were no material contracts or arrangements entered into by the Company in accordance with provisions of section 188 of the Companies Act, 2013.

All Related Party Transactions in usual course were placed before the Audit Committee as also the Board for approval.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

The details of related party transactions required under section 134(3)(h) read with rule 8 of the Companies (Accounts) Rules, 2014, is given in form AOC2 and the same is enclosed as Annexure-3.

MATERIAL CHANGES

The production has stopped since April, 2016 due to non availability of working capital limits. Your company has squared up the working capital limits during

October, 2015 as per instruction of Punjab National Bank. But Punjab National Bank is not releasing the title deeds of property (Unit at 7th K. M. Barwala Road, Talwandi Rana, Hisar-125001) mortgage to bank because account of Arcee Ispat Udyog Ltd (Associate Concern of Arcee Industries Ltd.) has been declared NPA. We are trying to convince the PNB for releasing the title deeds of property so that we may avail working capital limits from any other bank and may resume production.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

STATUTORY AUDITORS

M/s Jain Mittal Chaudhary & Associates, Chartered Accountants (Firm Registration No. 015140N) have been appointed as statutory auditors of the company at the last Annual General Meeting held on 30.09.2014 for a period of five years subject to ratification by members at every consequent Annual General Meeting. Therefore, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing AGM. They have given their eligibility & consent for the proposed ratification.

SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Anju Jain (CP No.: 2728, ACS No: 11056), Company Secretaries to undertake the secretarial audit of the company. The Secretarial Audit Report is annexed herewith as 'Annexure 1'.

INTERNAL AUDITORS

M/s. Akanksha Chug & Associates, Chartered Accountants performs the duties of Internal Auditors of the Company and their report is reviewed by the Audit Committee from time to time.

AUDITORS OBSERVATIONS

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

FIXED DEPOSITS

The company has not accepted any fixed deposits from the public.

INSURANCE

The Company's properties have been adequately insured.

COMPLIANCE OF GUIDELINES OF SEBI/STOCK EXCHANGE

We have duly complied with all the guidelines issued by SEBI/Stock Exchange.

CORPORATE GOVERNANCE

A Corporate Governance Report is annexed separately as a part of this report together with a certificate from the auditors of the company regarding compliance with the conditions of corporate governance.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the

Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure 2".

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT - 9 is annexed herewith as "Annexure 3".

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loan or provided any guarantee or made any investment covered under section 186 of the Companies Act, 2013.

PARTICULARS OF EMPLOYEES

The Company has not appointed any employee(s) in receipt of remuneration exceeding the limits specified under Rule 5 (2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

DISCLOSURE IN TERMS OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company takes all necessary measures to ensure a harassment-free workplace and has instituted a system for redressal of complaints and to prevent sexual harassment. During the year, there were no complaints relating to sexual harassment.

ACKNOWLEDGMENT

Your directors are pleased to place on record their sincere gratitude to the Government Authorities, Financial Institutions, Bankers, Shareholders, Customers, Dealers and Vendors 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.

REGISTERED OFFICE :

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

FOR AND ON BEHALF OF THE BOARD

Date : 30th May, 2016

Krishna Gupta
(Director)
DIN – 00284849

Ramesh Chander Gupta
(Whole Time Director)
DIN – 00284823

CIN : L29120HR1992PLC031681

Phone: (01662) 276178 Fax : (01662) 276145

Email : arceeind@rediffmail.com

ANNEXURE - I

FORM No. MR – 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,
Arcee Industries Limited
7th K.M. Barwala Road, Talwandi Rana
Hisar – 125 001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Arcee Industries Limited (L29120HR1992PLC031681)** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **Arcee Industries Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Arcee Industries Limited** (“the Company”) for the financial year ended **on 31st March, 2016** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations

made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) The Environment (Protection) Act, 1986
- (vii) The EPF & Misc. Provisions Act, 1952;

We have examined compliance with the applicable clauses of the following:

- (i) The Listing Agreements(Revised) entered into by the Company with BSE Limited;

We have also examined that the company has taken due care to comply with the Secretarial Standard (SS) specified by the Institute of Company Secretaries of India namely-

- (i) SS-1: Meetings of the Board of Directors and

(ii) SS-2: General Meetings;

As approved by the Ministry of Corporate Affairs vide letter no. 1/3/2014/CL/I dated April 10,2015 as per requirement of the provisions of section 118(10) of the Companies Act,2013.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. as mention above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013, having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above).

Place : Hisar

Date : 30th May, 2016

CS Anju Jain
Company Secretary
ACS No. : 11056
C. P. No.: 2728

This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

ANNEXURE A

To,
The Members
Arcee Industries Limited
7th K.M. Barwala Road, Talwandi Rana
Hisar – 125 001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Hisar
Date : 30th May, 2016

CS Anju Jain
Company Secretary
ACS No. : 11056
C P No.: 2728

ANNEXURE -2
A. CONSERVATION OF ENERGY

The following measures have been taken by the company for conservation of energy :-

- (i) Improving power factor by proper choice of capacitors from time to time depending upon the load.
- (ii) Utilising the proper load of plant and equipments, electric motors etc.
- (iii) Reducing the maximum demand by properly distribution of load.

B. TECHNOLOGY ABSORPTION
2015-2016
2014-2015

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		

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the Financial Year ended on 31.03.2016 of Arcee Industries Limited [pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	L29120HR1992PLC031681
Registration Date	27.05.1992
Name of the Company	Arcee Industries Limited
Category/Sub-Category of the Company	Public Company, Limited by Shares
Address of the Registered Office & Contact details	7 th K.M. Barwala Road, Talwandi Rana, Hisar – 125 001 (Haryana) Tel. No. : 01662-276178
Whether listed Company	Yes
Name, Address and Contact details of Registrar & Transfer Agents (RTA), if any	MAS Services Limited, T-34, 2 nd Floor, Okhla Industrial Area, Phase – II, New Delhi–110 020 Tel. No. 011-26387281, 26387282

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

S. No.	Name and Description of Main Products/Services	NIC Code of the Product/Service	% to total turnover of the company
1.	PVC Pipes	22207	100 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Arcee Ispat Udyog Ltd. 7th KM, Barwala Road, Talwandi Rana, Hisar	U27106HR1987PLC030006	Associate	---	2 (6)
2.	APL Fincap Ltd. 71-72, Priti Nagar, Hisar	U65921HR1995PLC032593	Associate	---	2 (6)
3.	Phoenix Irrigation Ltd. 71-72, Priti Nagar, Hisar	U51909HR1995PLC032741	Associate	44.38	2 (6)

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year			% in share change holding during the year
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company	% of Shares pledged/ encumbered to total shares	
1	APL FINCAP LIMITED	690605	13.44	690605	13.44	Nil	Nil
2	RAMESH CHANDER GUPTA	221600	4.31	221600	4.31	Nil	-3.89
3	KRISHNA GUPTA	203902	3.97	3902	0.08	Nil	-3.89
4	RAMESH CHANDER GUPTA (HUF)	51000	0.99	51000	0.99	Nil	Nil
5	AKSHAT GUPTA	42500	0.83	2500	0.05	Nil	-0.78
6	VIMAL KUMAR SINGAL	5000	0.10	5000	0.10	Nil	Nil
7	VIMAL KUMAR SINGAL	3900	0.08	3900	0.08	Nil	Nil
8	APL FINCAP LIMITED	900	0.02	900	0.02	Nil	Nil
9	ARCEE ISPAT UDYOG LTD	700	0.01	700	0.01	Nil	Nil
10	VIMAL KUMAR SINGAL	500	0.01	500	0.01	Nil	Nil
11	KAMLESH SINGAL	400	0.01	400	0.01	Nil	Nil
12	BHAGWATI DEVI SINGAL	300	0.01	300	0.01	Nil	Nil
13	DEEPAK GUPTA	200	0.00	200	0.00	Nil	Nil
14	RUCHI GUPTA	100	0.00	100	0.00	Nil	Nil
15	SANTOSH GUPTA	100	0.00	100	0.00	Nil	Nil
16	S. C. GUPTA	200	0.00	200	0.00	Nil	Nil
	TOTAL	1221907	23.78	781907	15.22	Nil	-8.56

(iii) Change in Promoters' Shareholding (Please specify, if there is no change)

S. No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Sh. Ramesh Chander Gupta at the beginning of the year	221600	4.31	221600	4.31
	Purchase during the year	-	-	221600	4.31
	Sale during the year (31.10.2015)	200000	3.89	21600	0.42
	At the end of the year			21600	0.42
2	Smt. Krishna Gupta at the beginning of the year	203912	3.97	203912	3.97
	Purchase during the year	-	-	203912	3.97
	Sale during the year (31.10.2015)	200000	3.89	3912	0.08
	At the end of the year			3912	0.08
3	Sh. Akshat Gupta at the beginning of the year	42500	0.83	42500	0.83
	Purchase during the year	-	-	42500	0.83
	Sale during the year (31.10.2015)	40000	0.78	2500	0.05
	At the end of the year			2500	0.05

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

S. No.	Top 10 Shareholders	Shareholding at the beginning of the Year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Harsha Bihani	-	-	240000	4.67
2	Ashok Kumar Mittal	220399	4.29	220399	4.29
3	Manmohan Kumar Goyal	-	-	200000	0.69
4	Rahul Mittal	100238	1.95	103540	2.01
5	Narendra Kumar Gadia	95401	1.86	95401	1.86
6	Sangeeta Agarwal	-	-	75597	1.47
7	Madan Goyal	-	-	70051	1.36
8	Mohinder Kumar Bansal	50000	0.97	50000	0.97
9	Sunil Kumar	50000	0.97	50000	0.97
10	Kamlesh Aggarwal	-	-	48680	0.95
11	Sahil Kansal	38200	0.74	38200	0.74
12	Rahul Mittal	35591	0.69	35591	0.69
13	Surekha Bhagwatiprasad Mundada	106802	2.08	-	-
14	Madhu Goyal	70051	1.36	-	-
15	Fanishprasad Bhanwarlal Mundhra	48545	0.94	-	-

(v) Shareholding of Directors and Key Managerial Personnel

S. No.	For Each of the Directors and KMP	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Ramesh Chander Gupta at the beginning of the year	221600	4.31	221600	4.31
	Purchase during the year	-	-	221600	4.31
	Sale during the year (31.10.2015)	200000	3.89	21600	0.42
	At the end of the year	-	-	21600	0.42
2	Smt. Krishna Gupta at the beginning of the year	203912	3.97	203912	3.97
	Purchase during the year	-	-	203912	3.97
	Sale during the year (31.10.2015)	200000	3.89	3912	0.08
	At the end of the year	-	-	3912	0.08

Note: None of the Directors or KMPs other than the above hold any shares in the Company.

(V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	1,54,55,587	-	-	1,54,55,587
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,54,55,587	-	-	1,54,55,587
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	1,54,55,587	-	-	1,54,55,587
Net Change	(1,54,55,587)	-	-	(1,54,55,587)
Indebtedness at the end of the financial year				
i. Principal Amount	-	-	-	-
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	NIL	-	-	NIL

(VI) Remuneration of Directors and Key Managerial Personnel
a. Remuneration to Managing Director, Whole-time Director and/or Manager

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Sh. Ramesh Chander Gupta Whole Time Director	
1	Gross Salary		
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	10,08,000	10,08,000
	b) Value of perquisites u/s. 17(2) of the Income Tax Act, 1961	-	-
	c) Profits in lieu of salary u/s. 17(3) of the Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of Profit - others, specify	-	-
5	Others, please specify	-	-
	Total (A)	10,08,000	10,08,000

b. Remuneration to other Director

S.No.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors		
	a) Fee for attending board/committee meetings	-	-
	b) Commission	-	-
	c) Others, please specify	-	-
	Total (1)	-	-
2	Other Non-Executive Directors		
	a) Fee for attending board/committee meetings	-	-
	b) Commission	-	-
	c) Others, please specify	-	-
	Total (2)	-	-
	Total (B) = (1+2)	-	-
	Total Managerial Remuneration	-	-

c. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Sh. Sanjay Agarwal Chief Financial Officer	Sh. Vishesh Chugh* Company Secretary	
1	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,05,625	2,90,680	4,96,305
	b) Value of perquisites u/s. 17(2) of the Income Tax Act, 1961	-	-	
	c) Profits in lieu of salary u/s. 17(3) of the Income Tax Act, 1961	-	-	
2	Stock Option	-	-	
3	Sweat Equity	-	-	
4	Commission - as % of Profit - others, specify	-	-	
5	Others, please specify	-	-	
	Total	2,05,625	2,90,680	4,96,305

* Sh. Vishesh Chugh, Company Secretary of the company left the organization on 24th March, 2015.

(VII) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Compounding/ Punishment/ fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			None		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			None		
Compounding					
C. OTHER OFFICER IN DEFAULT					
Penalty					
Punishment			None		
Compounding					

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014) This form pertains to the disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or Transactions not at arm's length basis : Nil
2. Details of material contracts or arrangement or transactions at arm's length basis.

The contracts or arrangement or transactions entered with the related parties during the financial year 2015-16 were not material and the same were disclosed in the notes to accounts forming part of the financial statements for the year ended 31st March 2016.

REGISTERED OFFICE :

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

FOR AND ON BEHALF OF THE BOARD**Date : 30th May, 2016**

Krishna Gupta
(Director)
DIN – 00284849

Ramesh Chander Gupta
(Whole Time Director)
DIN – 00284823

Corporate Governance Report for the Financial Year 2015-2016**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.

BOARD OF DIRECTORS

The size and composition of the Board conforms to the requirements of erstwhile clause 49 of the Listing Agreement as well as regulation 17 of the SEBI (Listing Obligations and Disclosures) Regulations 2015.

During the Financial Year 2015-2016, the Board of Directors met 6 times on: 30.05.2015, 27.06.2015, 14.08.2015, 14.11.2015, 12.02.2016 & 15.03.2016.

Constitution of the Board and related information :-

Name of Director	Category	No. of Board Meetings Attended	Last Annual Meeting Attended	No. of Outside Directorship held	No. of membership/ chairmanship in other Board Committee
Sh. Ramesh Chander Gupta* - DIN-00284823	Promoter and Whole Time Director	6	Yes	2	Nil
Smt. Krishna Gupta* - DIN-00284849	Promoter and Non-Executive Director	5	No	2	Nil
Sh. Satya Prakash Kanodia - DIN-00284918	Non-Promoter, Non-Executive, Independent	6	Yes	3	Nil
Sh. Manoj Goyal - DIN-00067155	Non-Promoter, Non-Executive, Independent	6	Yes	2	Nil
Sh. Pankaj Agarwal - DIN-00020220	Non-Promoter, Non-Executive, Independent	6	Yes	4	Nil

* Sh. Ramesh Chander Gupta & Smt. Krishna Gupta are related to each other.

During the Year, information as mentioned in part A of schedule II of SEBI (Listing Obligations and Disclosures) Regulations, 2015 requirements has been placed before the Board for its consideration.

The company has formulated a policy to familiarize the independent directors with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc., through various programmes.

Shareholding of Non-Executive Director

S. No.	Name of the Director	No. of Shares held
1	Smt. Krishna Gupta	3902
2	Sh. Satya Prakash Kanodia	Nil
3	Sh. Manoj Goyal	Nil
4	Sh. Pankaj Agarwal	Nil

Code of Conduct for Board members and Senior Management

The Board of Directors has laid down the code of conduct for all the Board members and members of the Senior Management of the Company. Additionally all independent directors of the company shall be bound by duties of independent directors as set out in the Companies Act, 2013 read with the Schedules and Rules thereunder.

All the Board members and Senior Management personnel have affirmed compliance with the code of conduct.

Board Committees

The terms of reference of Board Committees are determined by the Board from time to time. Presently the Company has three committees i.e Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. All the decisions pertaining to the constitution of the Committees, appointment of members, and fixing of terms of reference for committee members are taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

Audit Committee

The audit committee was reconstituted in accordance with the provisions of Companies Act, 2013 and erstwhile clause 49 of listing agreement at a board meeting held on 25.03.2015. The Committee continues to perform its tasks under the Companies Act, 2013 as well as newly introduced SEBI (Listing Obligations and Disclosures) Regulations, 2015. The major tasks performed by the audit committee may be grouped under the following heads:-

Statutory audit, internal audit, reporting and other aspects

- i. The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal controls and financial reporting process. The Committee acts as a link between the Management, Auditors and the Board of Directors of the Company and has full access to the financial Information.
- ii. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible and ensuring timely submission to statutory authorities.
- iii. Reviewing the Management Discussion & Analysis of financial and operational performance.
- iv. Reviewing with the management, the quarterly financial statements and annual financial statements and auditor's report thereon before submission to the board for approval.
- v. Review the adequacy and effectiveness of the company's system and internal control.
- vi. Evaluation of internal financial controls and risk management systems.
- vii. To review the functioning of the Whistle Blower mechanism.

Audit & other duties

- i. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ii. Discussion with internal auditors of any significant findings and follow up there on.
- iii. Review and recommend to the Board the appointment/re-appointment of the Statutory Auditors and internal Auditors considering their independence and effectiveness and their replacement and removal.
- iv. To recommend to the Board the remuneration of the Statutory Auditors and internal auditors.
- v. To grant approval for related party transactions which are in the ordinary course of business and on an arms length pricing basis and to review and approve such transactions subject to the approval of the Board.

The Audit Committee has three members viz. Sh. Satya Prakash Kanodia (Chairman), Sh. Manoj Goyal and Sh. Pankaj Agarwal. All Members of the Audit

Committee are financially literate.

During the Financial Year 2015-2016, the Audit Committee met 5 times on 30.05.2015, 27.06.2015, 14.08.2015, 14.11.2015 & 12.02.2016. The attendance of the members of the Committee is given below:

Committee Members	Category	No. of Audit Committee Meetings Attended
Sh. Satya Prakash Kanodia, Chairman	Non-Promoter, Non-executive, Independent	5
Sh. Manoj Goyal, Member	Non-Promoter, Non-executive, Independent	5
Sh. Pankaj Agarwal, Member	Non-Promoter, Non-executive, Independent	5

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

Nomination and Remuneration Committee

The remuneration committee was renamed and reconstituted as Nomination and Remuneration Committee at a board meeting held on 25.03.2015. The committee continues to perform its tasks under the Companies Act, 2013 as well as newly introduced SEBI (Listing Obligations and Disclosures) Regulations, 2015. The major tasks performed by the committee may be grouped under the following heads:-

The terms of reference of the committee are as follows:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The remuneration policy as adopted by the company envisages payment of remuneration according to qualification, experience and performance at different levels of the organization. The workers at the factory as well as those rendering clerical, administrative and professional services are suitably remunerated according to the industry norms.

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

Nomination and Remuneration Committee Meeting (Attendance) : The committee met once during the year on 15.03.2016 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 Nomination and 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. Ramesh Chander Gupta, Whole Time Director for the F.Y. 2015-2016

(Amount in Rs.)

Salary	9,00,000
Company's Contribution to PF	1,08,000

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

Stakeholders Relationship Committee :

The Share Transfer and Shareholders/Investors Grievance Committee was renamed and reconstituted as Stakeholders Relationship Committee at a board meeting held on 25.03.2015. The committee continues to perform its tasks under the Companies Act, 2013 as well as newly introduced SEBI (Listing Obligations and Disclosures) Regulations, 2015.

This committee has been formed to specifically focus on the services to shareholders/investors. The committee periodically reviews the services rendered to the shareholders particularly redressal of complaints of the shareholders like delay in transfer of shares, non-receipt of Annual Report, non receipt of declared dividends etc., and also the action taken by the Company on the above matters.

No complaints were received from the shareholders during the year.

The committee consists of the following Directors as its members:

1. Sh. Manoj Goyal – Chairman
2. Sh. Pankaj Agarwal – Member

The Committee met 4 times during the financial year ended 31st March, 2016, on 30.05.2015, 14.08.2015, 14.11.2015 & 12.02.2016. The attendance of the members of the Committee is given below:

Committee Members	Category	No. of Stakeholders Relationship Committee Meeting Attended
Sh. Manoj Goyal Chairman	Non-Promoter, Non-Executive, Independent Director	4
Sh. Pankaj Agarwal Member	Non-Promoter, Non-Executive, Independent Director	4

Independent Directors Meeting

During the year under review, the Independent Directors met on 15.03.2016, inter alia to discuss :-

- i. Review the performance of non-independent directors and the Board as a whole;
- ii. Review the performance of the chairperson of the company, taking into account the views of executive directors and non-executive directors;
- iii. Assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as level of engagement and contribution and independence of judgment thereby safeguarding the interest of the Company.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The board also carried out annual performance evaluation of the working of its Audit, Nomination and Remuneration as well as stakeholder relationship committee. The Directors expressed their satisfaction with the evaluation process.

Policy for Preservation of Documents

In accordance with regulation 9 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 the board has during the year adopted a policy for preservation of documents.

Policy for Determination of Materiality of the Disclosure of Events & Information

In accordance with regulation 30(4) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 a policy has been adopted regarding disclosures of any events or information which, in the opinion of the board of directors is material.

Archival Policy

In accordance with regulation 30(8) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 an archival policy has been adopted during the year.

Subsidiary Company

The Company does not have any subsidiary Company.

CEO/CFO Certification

The CEO of the Company have certified to the Board with regard to the compliance by them in terms of regulation 17(8) read with schedule II of part B of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Sh. Sanjay Agarwal, Chief Financial Officer of the company left the organization on 15th March, 2016.

Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company.

Disclosures

The Company has adopted a Related Party Transaction Policy. The transactions with related parties are monitored in accordance with the policy. There were no materially significant related party transactions that would have potential conflict with the interests of the Company at large. Details of related party transactions are given elsewhere in the Annual Report as per Accounting Standard AS-18.

It is confirmed that:

The company has always ensured fair code of conduct and maintained transparency. There were no instances of non-compliance by the company, penalties, strictures imposed on the company by stock exchange or SEBI or any statutory, on any matter related to capital markets, during the last three years.

The company has ensured compliance with requirements specified in regulation 17 and 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

Compliances, rules & regulations as laid down by various statutory authorities has always been observed by the company since such change over both in letter as well as in spirit.

A Whistle Blower Policy is adopted by the Company, the whistle blower mechanism is in vogue and no personnel has been denied access to the Audit Committee.

All the mandatory requirements have been duly complied with.

The Board has obtained certificates/disclosures from key management personnel confirming they do not have any material financial and commercial interest in transactions with the company at large.

Compliance with Accounting Standards

In the preparation of the financial statements, the company has followed the Accounting Standards notified pursuant to Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provision of the Companies Act,2013 read with General Circular 8/2014 dated April 04,2014, issued by the Ministry of Corporate Affairs. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

Disclosure of Directors Inter-se Relationships

As on 31st March, 2016, Sh. Ramesh Chander Gupta & Smt. Krishna Gupta are related to each other, none of other Directors of the Company are related to each other.

General Body Meetings

The location, date and time, where last three Annual General Meetings were held:

Year	Location	Date	Time
2012-2013	7th K.M. Barwala Road, Talwandi Rana, Hisar – 125 001 (Haryana)	Monday, 30/09/2013	10.00 A.M.
2013-2014	7th K.M. Barwala Road, Talwandi Rana, Hisar – 125 001 (Haryana)	Tuesday, 30/09/2014	10.00 A.M.
2014-2015	7th K.M. Barwala Road, Talwandi Rana, Hisar – 125 001 (Haryana)	Tuesday, 29/09/2015	10.00 A.M.

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

Sr. No.	Date of AGM	Item of Special Resolution
1	30/09/2013	None
2	30/09/2014	None
3	29/09/2015	None

No resolution was passed through postal ballot last year.

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 BSE Limited, Mumbai, where shares of the company are listed. The same are also published in national and regional newspapers such as Business Standard/Financial Express (Delhi Edition) & Business Standard/Jansatta (Regional Language) (Haryana Edition).

Annual reports in respect of each financial year are mailed to all shareholders in September of each calendar year. Each report contains the annual accounts of the company in respect of the financial year with the Directors' and Auditors' Reports. Also included in each Annual Report is the notice convening the Annual General Meeting, the Financial Year's Corporate Governance Report and the Cash Flow Statement together with the corresponding reports of the Auditors.

SEBI Complaints Redressal System (Scores):

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES and during the financial year, no complaint was reported.

General Shareholder Information :

24th Annual General Meeting

Day, Date & Time	: Friday, 30 th September, 2016 at 10.00 A.M.
Venue	: 7 th K.M. Barwala Road, Talwandi Rana, Hisar (Haryana)
Financial Year	: 1st April to 31st March
Date of Book Closure	: 24 th September, 2016 to 30 th September, 2016 (Both days inclusive)
Listing on Stock Exchange	: BSE Limited, Mumbai
Stock Code	: 520121
Demat ISIN in NSDL & CDSL	: INE276D01012
Financial Calendar	: The Board of Director of the Company approves audited/unaudited results for each quarter within such number of days as may be prescribed under Listing Agreement/ SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 from time to time.

Market Price Data : High, Low during each month in the financial year 2015-2016

MONTHS	HIGH PRICE	LOW PRICE
APRIL, 2015 (No Trading)	-	-
MAY, 2015 (No Trading)	-	-
JUNE, 2015	3.23	1.79
JULY, 2015	1.71	1.24

AUGUST, 2015	1.32	1.20
SEPTEMBER, 2015	1.73	1.20
OCTOBER, 2015	2.24	1.81
NOVEMBER, 2015	2.76	2.35
DECEMBER, 2015	2.76	2.76
JANUARY, 2016	3.46	2.89
FEBRUARY, 2016	3.46	3.13
MARCH, 2016	3.44	2.65

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

Reconciliation of Share Capital Audit

A qualified Chartered Accountants carried out the Share Capital Reconciliation Audit to reconcile the total issued and paid up capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of Shares in the physical form and the total number of dematerialized shares held with NSDL and CDSL.

Registrar & Transfer Agent (RTA)

All the works relating to the shares 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

Tel. No. : 011- 26387281, 26387282

Email : info@masserv.com

Share Transfer System

Investors may kindly take note that SEBI has mandated that in case of securities market transactions and off-market/private transactions involving transfer of shares of a listed company in physical mode, it shall be compulsory for the transferee(s) to furnish a copy of the PAN card to the Company/RTA, together with the transfer documents for registering transfer of such shares.

MAS Services Limited, New Delhi handles the investor services of the Company and also share transfer related work in respect of shares held in physical form. Such transfers are registered within the stipulated time prescribed under applicable laws, if the documents are found correct and valid in all respects.

As per the requirement of clause 40 (9) & (10) of SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015, company has regularly obtained the necessary certificate from a company secretary in practice and submitted the same to BSE Limited on half-yearly basis, confirming due compliance of share transfer related activities by the Company.

As per the requirement of SEBI guidelines, the Company's shares are to be traded only in dematerialized form.

Distribution of Shareholding as on 31.03.2016

No. of equity shares held	Total Holders	% of share holder	No. of shares held	% of share holding
Upto 500	5,173	83.39	10,57,857	20.58
501 to 1000	590	9.51	4,97,969	9.69
1001 to 5000	364	5.87	7,69,116	14.97
5001 to 10000	30	0.48	2,18,940	4.26
10001 to 50000	38	0.61	8,48,302	16.51
50001 to 100000	4	0.06	2,92,049	5.68
100001 and above	5	0.08	14,54,544	28.31
TOTAL	6,204	100.00	51,38,777	100.00

Shareholding Pattern as on 31.03.2016

Category	No. of Shares	% of Paid-up Capital
Indian Promoters	7,81,907	15.22
Private Corporate Bodies	1,52,992	2.98
Indian Public	42,03,878	81.80
TOTAL	51,38,777	100.00

Dematerialisation of Shares : As on 31st March, 2016, 35,49,111 shares (69.07%) are in Electronic Form and 15,89,666 shares (30.93%) 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)
CIN – L29120HR1992PLC031681
Ph. : 01662-276178,98120-40111
Fax : 01662-276145
Email : arceeind@rediffmail.com

Compliance Officer : The name and designation of the Compliance Officer of the company is Mr. Vishesh Kumar Chugh, Company Secretary.

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

Details of Director seeking appointment/re-appointment/retiring by rotation

Director Name	Mrs. Krishna Gupta
Date of Birth	12/06/1956
Qualification	Matric
Date of Appointment	22/07/1998
Directorship in other Companies as on 31.03.2016	1) Arcee Ispat Udyog Limited 2) Phoenix Irrigation Limited
Membership/Chairmanship of Committees of other public companies as on 31.03.2016	Nil
Shareholding in Arcee Industries Limited	3,902

REGISTERED OFFICE**FOR AND ON BEHALF OF THE BOARD**

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

Date : 30th May, 2016

Krishna Gupta
(Director)
DIN – 00284849

Ramesh Chander Gupta
(Whole Time Director)
DIN – 00284823

CIN : L29120HR1992PLC031681
Phone : (01662) 276178 Fax : (01662) 276145
Email : arceeind@rediffmail.com

TO WHOMSOEVER IT MAY CONCERN

I, Ramesh Chander Gupta, the Whole Time Director of the Company, do hereby declare that all the Board Members and Senior Management personnel of the Company have affirmed their compliance on an annual basis with the code of conduct as laid down by the Company pursuant to the requirements of para D of Schedule V of SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015.

Place : Hisar
Date : 30th May, 2016

Ramesh Chander Gupta
(Whole Time Director)
DIN – 00284823

CERTIFICATE OF CHIEF EXECUTIVE OFFICER**Pursuant to Regulation 17 (8) read with schedule II part B of SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015**

As required by Regulation 17 (8) read with schedule II part B of SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015, we hereby certify that:

We, Ramesh Chander Gupta, Whole Time Director of ARCEE INDUSTRIES LIMITED certify that :

We have reviewed the financial statements and the Cash Flow Statement for the year ended 31st March, 2016 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, 2016 which are fraudulent, illegal or volatile of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control system of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, 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 fraud, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

PLACE : HISAR
Date : 30th May, 2016

Ramesh Chander Gupta
(Whole Time Director)
DIN-00284823

**SECRETARIAL AUDITORS' CERTIFICATE OF COMPLIANCES WITH THE
CORPORATE GOVERNANCE REQUIREMENT UNDER PART-E OF
SCHEDULE-V (Read with Regulations 34(3) and 53(f)
of SEBI (LODR) REGULATIONS, 2015**

To,

The Members of
Arcee Industries Limited

We have examined the compliance of Corporate Governance by Arcee Industries Limited for the year ended on 31st March, 2016 as stipulated under PART-E OF SCHEDULE-V (Read with Regulations 34(3) and 53(f) of SEBI (LODR) REGULATIONS, 2015 as per revised Listing Agreement of the said 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 in the Listing Agreement and Regulations.

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 JAIN MITTAL CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No.015140N**

Place : Hisar

Date : 30th May, 2016

**(Sachin Kumar)
Partner**

Membership No. 528180

INDEPENDENT AUDITORS' REPORT

To
The Members of
ARCEE INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of ARCEE INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the

amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 'A' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure 'B'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations, if any, on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The provisions relating to transferring any amounts to the Investor Education and Protection Fund is not applicable to the Company during the year.

FOR JAIN MITTAL CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No.015140N

Place : Hisar
Date : 30th May, 2016

Sachin Kumar
Partner
Membership No. 528180

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date in respect to statutory audit of Arcee Industries Limited for the year ended 31st March, 2016, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed Assets.
- (b) The Company has physically verified fixed assets during the year in accordance with a regular and phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. According to the information and explanations given to us, inventories have been physically verified by the management at regular intervals during the year. No material discrepancies were noticed on physical verification as compared to the book records.
- iii. In our opinion and according to the information and explanations given to us, the Company has not granted any loan to parties covered in the register maintained under section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has not made any loans or investments during the year. The Company has neither issued any guarantee nor has provided any security on behalf of any party.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act 2013 and the rules framed there under.
- vi. We have been informed that the maintenance of cost records has not been prescribed by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, value added tax, cess and other material statutory dues during the year with the appropriate authorities. VAT amounting to Rs. 67082/- is outstanding for more than six months from the date it becomes payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, no dues are outstanding of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess as at 31st March, 2016 which have not been deposited on account of dispute and the forum where the disputes are pending.

- viii. Based on our audit procedures and on the basis of information and explanations given by the management, the Company did not have any outstanding debentures or dues to the financial institution during the year. Based on our audit procedures and according to the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks/Financial Institutions.
- ix. In our opinion and according to the Information & Explanation given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans so the clause is not applicable for the company.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approval mandated by the provision of section 197 read with schedule V to the Companies Act, 2013.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

**FOR JAIN MITTAL CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No.015140N**

Place : Hisar

Date : 30th May, 2016

**(Sachin Kumar)
Partner
Membership No. 528180**

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date in respect to the internal financial control under clause (i) of sub-section 3 of section 143 of the Act of Arcee Industries Limited for the year ended 31st March, 2016, we report that:

We have audited the internal financial controls over financial reporting of Arcee Industries Ltd. ("the Company") as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls

system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention of timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls systems over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

**FOR JAIN MITTAL CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No.015140N**

Place : Hisar

Date : 30th May, 2016

**(Sachin Kumar)
Partner
Membership No. 528180**

BALANCE SHEET AS AT 31ST MARCH, 2016
(Amount in Rs.)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
a) Share Capital	1	5,13,87,770	5,13,87,770
b) Reserve and Surplus	2	12,64,100	57,81,983
2. Non-Current Liabilities			
Long Term Borrowings	3	--	--
3. Current Liabilities			
a) Short Term Borrowings	5	--	1,54,55,587
b) Trade Payable	6	14,98,707	34,96,700
c) Other Current Liabilities	7	19,22,258	25,51,188
d) Short Term Provisions	8	--	--
TOTAL		5,60,72,835	7,86,73,228
II. ASSETS			
1. Non-Current Assets			
a) Fixed Assets			
i) Tangible Assets	9	1,22,39,817	1,39,71,056
ii) Intangible Assets		1	1
b) Non Current Investments	10	15,82,256	15,82,256
c) Deferred Tax Assets (Net)	4	66,97,880	46,67,381
d) Long Term Loans and Advances	11	28,51,274	48,80,199
2. Current Assets			
a) Inventories	12	11,19,329	1,09,59,477
b) Trade Receivables	13	77,71,857	1,43,18,153
c) Cash and Cash Equivalents	14	50,02,640	74,61,831
d) Short Term Loans and Advances	15	1,88,07,781	2,08,32,874
TOTAL		5,60,72,835	7,86,73,228
Significant accounting policies	24		
Additional information to the Financial Statements	25		

As per our report of even date attached

For : JAIN MITTAL CHAUDHARY & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Registration No. 015140N

For and on behalf of Board of Director

Sachin Kumar

Partner

Membership No. 528180

Hisar : 30th May, 2016

Vishesh Kumar Chugh
(Company Secretary)

Ramesh Chander Gupta
(Whole Time Director)
DIN-00284823

Krishna Gupta
(Director)
DIN-00284849

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016
(Amount in Rs.)

Particulars	Note No.	2015-2016	2014-2015
I. Revenue from Operation	16	4,28,33,614	16,86,51,753
II. Other Income	17	4,22,116	25,020
Total Revenue (I+II)		4,32,55,730	16,86,76,773
III. EXPENSES :			
Cost of Materials Consumed	18	3,03,22,951	14,39,01,525
Purchases of Traded Goods		--	--
Changes in Inventories of Finished Goods, Work-in-progress and Traded Goods	19	65,50,940	(28,82,268)
Employee Benefits Expenses	20	42,40,474	57,38,726
Finance Cost	21	6,85,338	25,44,595
Depreciation and amortization expenses	9	15,55,685	14,91,614
Other Expenditure	22	69,48,723	1,52,89,533
Total Expenses		4,98,04,111	16,60,83,725
IV. Profit/(Loss) before exceptional and extraordinary items and tax		(65,48,381)	25,93,048
V. Exceptional Items		--	--
VI. Profit/(Loss) before extraordinary items and tax		(65,48,381)	25,93,048
VII. Extraordinary Items		--	--
VIII. Profit/(Loss) before Tax		(65,48,381)	25,93,048
IX. Tax Expenses			
Current Tax		--	--
Deferred Tax		(20,30,499)	7,50,811
X. Profit/(Loss) for the period		(45,17,882)	18,42,237
XI. Earning per equity Share (Face Value Rs.10/-)			
Basic		(0.88)	0.36
Diluted		(0.88)	0.36
Significant accounting policies	24		
Additional information to the Financial Statements	25		

As per our report of even date attached
For : JAIN MITTAL CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 015140N
For and on behalf of Board of Director
Sachin Kumar
Partner
Membership No. 528180
Hisar : 30th May, 2016
Vishesh Kumar Chugh
(Company Secretary)
Ramesh Chander Gupta
(Whole Time Director)
DIN-00284823
Krishna Gupta
(Director)
DIN-00284849

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Amount in Rs.)

Particulars	2015-2016	2014-2015
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before Tax	(65,48,381)	25,93,048
Adjustments for :		
Depreciation & Amortisation	15,55,685	14,91,614
Financial Costs	6,85,338	25,44,595
(Profit) / Loss on sale of fixed assets	(1,64,446)	(20,172)
Dividend	(2,948)	(2,948)
Operating profit/(Loss) before working capital changes	(44,74,752)	66,06,137
Changes in Working Capital		
Trade and other receivables	65,46,296	3,36,943
Inventories	98,40,147	(7,86,515)
Short Term Loans & Advances	20,25,093	1,29,53,448
Long Term Loans & Advances	20,28,925	(28,64,021)
Trade payables, Current Liabilities & Other Provisions	(26,26,923)	(42,72,048)
Cash generated from operations	1,33,38,787	1,19,73,944
Income Tax	-	-
Net Cash from operating activities → (A)	1,33,38,787	1,19,73,944
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets	-	(31,68,386)
Proceeds from Sale of Fixed assets	3,40,000	1,43,500
Dividend	2,948	2,948
Net Cash used in investing activities → (B)	3,42,948	(30,21,938)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Financial Costs	(6,85,338)	(25,44,595)
Bank Borrowings -Working Capital	(1,54,55,587)	(35,11,950)
Repayment of Long Term Loan	-	(4,50,000)
Net Cash used in financing activities → (C)	(1,61,40,925)	(65,06,545)
Net increase/(Decrease) in Cash and Cash equivalents → (A+B+C)	(24,59,191)	24,45,461
Cash and Cash equivalents (Opening Balance)	74,61,831	50,16,370
Cash and Cash equivalents (Closing Balance)	50,02,640	74,61,831

As per our report of even date attached
 For : JAIN MITTAL CHAUDHARY & ASSOCIATES
 CHARTERED ACCOUNTANTS
 Firm Registration No. 015140N

For and on behalf of Board of Director

Sachin Kumar

Partner

Membership No. 528180

Hisar : 30th May, 2016

Vishesh Kumar Chugh

(Company Secretary)

Ramesh Chander Gupta

(Whole Time Director)

DIN-00284823

Krishna Gupta

(Director)

DIN-00284849

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount	No. of Shares	Amount
NOTE - 1 SHARE CAPITAL				
Authorised Capital				
Equity Shares of Rs. 10/- each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Issued Subscribed & Paid-up				
Equity Shares of Rs. 10/- each	51,38,777	5,13,87,770	51,38,777	5,13,87,770
Reconciliation of number of shares outstanding at the beginning & at the end of year				
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

The Company has not issued any bonus shares during the last five years.

The Company does not have any holding company or ultimate holding company.

The Company has only one class of shares issued and paid-up capital referred to as equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

Shareholders holding Equity Shares more than 5% :

Particulars	As at 31.03.2016		As at 31.03.2015	
	Shares held	% of Total Shares	Shares held	% of Total Shares
APL FINCAP LIMITED	6,91,505	13.46%	6,91,505	13.46%

No Equity Shares have been reserved for issued under options and contracts/ commitments for the sale of shares/disinvestment as at the Balance Sheet date.

No Equity Shares have been bought back by the Company during the period of 5 years preceding the date as at which the Balance Sheet is prepared.

NOTES FORMING PART OF FINANCIAL STATEMENTS
(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE - 2 RESERVE AND SURPLUS		
i Capital Reserve	90,500	90,500
ii General Reserve	2,02,18,013	2,09,16,015
iii Surplus/(deficit) in the statement of Profit & Loss		
Opening Balance	(1,45,26,531)	(1,63,68,767)
Add : Profit/(Loss) for the current year	45,17,882	(18,42,237)
Less : Write down of carrying amount of assets whose remaining useful lives is Nil as per Schedule II of Companies Act, 2013 (Net of Deferred Taxes)*	-	6,98,002
Sub Total	(1,90,44,413)	(1,52,24,532)
Total (i + ii + iii)	12,64,100	57,81,983

*As per the requirement of the provisions of Schedule II of the Companies Act, 2013 the management has adopted the useful lives as per Part C of Schedule II of the Act, with effect from 1st April 2014 for all its fixed assets. Pursuant to such adoption, in accordance with the transitional provisions under Schedule II of the Act, an amount of Rs.6,98,002/- (net of deferred tax of Rs.3,12,131/-) has been recognised in the opening retained earnings, pertaining to assets whose balance useful life as on 1st April 2014 was Nil.

NOTE - 3 LONG TERM BORROWING
Unsecured Loan

Loan From Directors	-	-
Total	-	-

NOTE - 4 DEFERRED TAX ASSETS (Net)

Fixed Assets	66,97,880	46,67,381
Total	66,97,880	46,67,381

NOTES FORMING PART OF FINANCIAL STATEMENTS
(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
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NOTE - 5 SHORT TERM BORROWINGS
Secured

Loans repayable on demand

Cash Credit from Punjab National Bank	-	1,54,55,587*
Total	-	1,54,55,587

Security

*Cash Credit Limits were secured by way of Hypothecation of Stocks, Book Debts, Current Assets, First Charge on the Block Assets of Hisar Unit and guaranteed by two directors of the Company.

NOTE - 6 TRADE PAYABLES
Trade Payables

- MSME	-	3,05,958
- Others	14,98,707	31,90,742
Total	14,98,707	34,96,700

NOTE - 7 OTHER CURRENT LIABILITIES

Expenses Payable	6,01,550	5,31,970
Advances from Customer	1,54,571	3,22,500
Salary, Bonus & PF Payable	3,60,194	5,16,064
Other Liabilities	8,05,943	11,80,654
Total	19,22,258	25,51,188

NOTE - 8 SHORT TERM PROVISIONS

Provision for Income Tax	--	--
Total	--	--

NOTES FORMING PART OF FINANCIAL STATEMENTS
NOTE - 9 FIXED ASSETS

PARTICULARS	GROSS BLOCK		ACCUMULATED DEPRECIATION			NET BLOCK		
	Balance as at 01/04/2015	Additions/ Adjustments	Deduction/ Amortisation	Balance as at 01/04/2015	For the Year	On Disposals	Balance as at 31/03/2016	Balance as at 31/03/2015
TANGIBLE ASSETS								
Land (Freehold)	1,27,161	-	-	-	-	-	1,27,161	1,27,161
Land (Leasehold)	7,01,111	-	7,01,111	1,37,576	7,081	-	5,56,454	5,63,535
Shed & Building	50,54,596	-	50,54,596	35,23,551	1,49,640	-	13,81,405	15,31,045
Plant & Equipments	4,26,86,517	-	4,26,86,517	3,25,72,601	8,94,232	-	92,19,684	1,01,13,916
Office Equipments	1,36,677	-	1,36,677	1,29,843	-	-	6,834	6,834
Lab. Equipments	6,42,176	-	6,42,176	6,23,290	-	-	18,886	18,886
Furniture & Fixtures	5,60,530	-	5,60,530	5,26,170	13,146	-	21,214	34,360
Other Assets	15,600	-	15,600	5,849	2,243	-	7,508	9,751
Vehicles	37,73,049	-	6,16,194	31,56,855	4,89,343	4,40,640	9,00,392	15,65,289
Computer	1,74,185	-	1,74,185	1,73,906	-	-	279	279
TOTAL	5,38,71,602	-	6,16,194	5,32,55,408	15,55,685	4,40,640	1,22,39,817	1,39,71,056
INTANGIBLE ASSETS								
Computer Software	24,500	-	24,500	24,499	-	-	24,499	1
TOTAL	5,38,96,102	-	6,16,194	5,32,79,908	15,55,685	4,40,640	1,22,39,818	1,39,71,057
As at 31.03.2015	5,14,29,807	31,68,386	7,02,091	5,38,96,102	3,80,02,061	25,01,747	5,78,763	3,99,25,045

NOTES FORMING PART OF FINANCIAL STATEMENTS
(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
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NOTE - 10 NON-CURRENT INVESTMENTS
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
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Sub Total (A)	2,25,000	2,25,000
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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.	61,700	61,700
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(Market Value Rs. 2,43,250/-, previous year Rs. 2,77,380/-)

2,400 (Previous Year 2,400) Equity Shares of VLS Finance Limited of Rs. 10/- each fully Paid.	1,60,000	1,60,000
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(Market Value Rs. 83,040/-, previous year Rs. 31,200/-)

Sub Total (B)	2,21,700	2,21,700
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Long Term Investment in Immovable Properties

Shops (At Cost)	11,35,556	11,35,556
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Sub Total (C)	11,35,556	11,35,556
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Total (A+B+C)	15,82,256	15,82,256
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NOTE - 11 LONG TERM LOANS AND ADVANCES
(Unsecured - Considered Goods)

Security and Earnest Money Deposit	28,51,274	48,80,199
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Total	28,51,274	48,80,199
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NOTE - 12 INVENTORIES

Raw Materials	4,13,070	35,22,147
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Finished Goods	4,99,830	63,11,095
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Scrap & By Product	1,46,622	3,86,297
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Store & Spares	13,900	15,700
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Others	45,907	7,24,238
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Total	11,19,329	1,09,59,477
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Valuation Methodology

- 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
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	16,85,613	1,06,39,033
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment	60,86,244	36,79,120
Total	77,71,857	1,43,18,153
NOTE - 14 CASH & CASH EQUIVALENTS		
Balances with Banks		
- In Current Accounts	15,31,920	5,219
Cash in Hand	34,70,720	74,56,612
Total	50,02,640	74,61,831
NOTE - 15 SHORT TERM LOANS AND ADVANCES		
(Unsecured - Considered good)		
Advance to Supplies	1,82,31,524	1,94,63,695
Cervat	22,523	4,66,085
VAT/Sale Tax / Service Tax	-	3,547
Interest Receivable	4,90,919	4,90,919
Prepaid Expenses	43,095	1,98,489
TDS & Income Tax Refundable	17,402	2,07,663
Others	2,318	2,476
Total	1,88,07,781	2,08,32,874
NOTE - 16 REVENUE FROM OPERATIONS		
Sale of Product	4,76,55,908	18,86,11,881
Other Operative Revenue	4,72,853	7,97,458
	4,81,28,761	18,94,09,339
Less : Excise Duty	52,95,147	2,07,57,586
Total	4,28,33,614	16,86,51,753
NOTE - 17 OTHER INCOME		
Dividend Received	2,948	2,948
Profit on Sale of Assets	1,64,446	20,172
Misc. Income	2,54,722	1,900
Total	4,22,116	25,020
NOTE - 18 COST OF MATERIAL CONSUMED		
Raw Materials		
Opening Stock	35,22,147	56,53,062
Add : Purchases	2,72,13,874	14,17,70,610
	3,07,36,021	14,74,23,672
Less : Closing Stock	4,13,070	35,22,147
Total	3,03,22,951	14,39,01,525

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Particulars	As at 31.03.2016	As at 31.03.2015
NOTE - 19 INCREASE/(DECREASE) IN VALUE OF STOCK		
Finished Goods		
Opening Stock	66,97,392	38,15,124
Closing Stock	6,46,452	66,97,392
Total	60,50,940	(28,82,268)
NOTE - 20 EMPLOYEE BENEFIT EXPENSES		
Salaries, Bonus & Allowances	33,93,584	46,03,219
Contribution to P.F., ESI and Gratuity Funds	4,96,784	6,61,277
Staff Welfare Expenses	3,51,106	4,74,230
Total	42,40,471	57,38,726
NOTE - 21 FINANCE COST		
Interest	6,30,552	24,35,524
Bank Charges	54,786	1,09,071
Total	6,85,338	25,44,595
NOTE - 22 OTHER EXPENDITURE		
Advertisement and Sales Promotions	52,012	1,36,894
Auditors' Remuneration	25,000	25,000
Bad Debts	-	4,75,584
Carriage Inward	2,02,684	7,73,694
Donation & Charity	3,600	1,100
Fee, Taxes & Subscription	4,54,362	2,59,953
Insurance	1,56,067	2,63,979
Lease Rent	1,26,900	84,900
Misc. Expenses	26,697	1,20,512
PF Admin. Expenses	32,959	44,388
Postage & Telephones	63,951	1,13,489
Power & Fuel	54,98,933	1,21,57,163
Printing & Stationery	87,468	53,964
Professional Charges	54,637	38,625
Rent	7,704	7,704
Repair to Machinery & Shed Building	78,832	1,58,386
Sale Tax/Service Tax/ED Paid	24,837	54,443
Store, Spares & Tools Consumed	40,546	1,86,707
Vehicle upkeep	11,534	3,33,048
Total	69,48,723	1,52,89,533

NOTES FORMING PART OF FINANCIAL STATEMENTS**23. COMPANY OVERVIEW**

Arcee Industries Limited was incorporated in the year 1992. The company is engaged in the activity of manufacturing of Rigid PVC Pipes. The Equity Shares of the Company is listed in BSE Limited, Mumbai.

24. SIGNIFICANT ACCOUNTING POLICIES**BASIS OF ACCOUNTING AND PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared under historical cost convention and on accrual basis and in accordance with the provisions of the Companies Act, 2013 and accounting principles generally accepted in India and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, provisions of the Companies Act, 2013 to the extent notified and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

USE OF ESTIMATES

The preparation of financial statements are in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialized.

REVENUE RECOGNITION

- i. Revenue from the sale of goods is recognised in the statement of profit and loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue includes consideration received or receivable, excise duty but net of discounts and other sales related taxes.
- 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.

FIXED ASSETS

- i. Tangible assets are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition of its intended use. The costs comprises of the purchase price, borrowings costs if capitalization criteria are met and directly attributable costs of

NOTES FORMING PART OF FINANCIAL STATEMENTS

bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the cost of the tangible asset. Any subsequent expenses related to a tangible asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other day to day repairs and maintenance expenditure and the cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

- ii. Cost of borrowing for assets taking substantial time to be ready for use is capitalized for the period up to the time the asset is ready for use.
- iii. Intangible assets are stated at cost of construction less accumulated amortized amount and accumulated impairment losses, if any.

DEPRECIATION AND AMORTIZATION

- i. Depreciation on all assets of the Company is charged on straight line method over the useful life of assets at the rates and in the manner provided in Schedule II of the Companies Act, 2013 for the proportionate period of use during the year.
- ii. Leasehold lands are amortized over the lease period.

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.

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.

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

into known amounts of cash and which are subject to insignificant risk of changes in value.

EXPENDITURE

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

TAXES ON INCOME

Current Tax is determined as per the provisions of the Income-tax Act, 1961 in respect of taxable income for the year and based on the expected outcome of assessment /appeals.

Deferred Tax assets and liabilities are recognised on timing differences between accounting income and taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred Tax assets, other than those arising on account of unabsorbed depreciation or carry forward of losses under tax laws, are recognised and carried forward subject to consideration of prudence only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss of the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is adjusted if there has been a change in the estimate of the recoverable amount.

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.

FOREIGN CURRENCY TRANSACTION

There is no Foreign Currency Transaction during the year.

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

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.

LEASES

For assets acquired under operating lease, rentals payable are charged to statement of profit and loss on a straight line basis over a lease term.

For assets acquired under finance lease, the assets are capitalized at lower of their respective fair value and present value of minimum lease payments after discounting them at an appropriate discount rate.

EVENTS OCCURRING AFTER THE DATE OF BALANCE SHEET

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

CASH FLOW STATEMENT

Cash Flows are reported using the indirect method, as set out in the Accounting Standard on Cash Flow Statement (AS-3) whereby profit/Loss 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.

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/loss 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.

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS
25. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS
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 31.03.2016 is as under :-

(Amount in Rs.)

	2015-2016	2014-2015
W.D.V. as per Books	1,22,39,817	1,39,71,057
W.D.V. as per Income Tax	85,09,121	1,01,79,785
Difference	37,30,696	37,91,272
Less : Unabsorbed Depreciation	1,92,46,827	1,78,91,744
Less : Unabsorbed Business Loss	61,59,852	10,04,321
	(2,16,75,983)	(1,51,04,793)
Effective Tax Rate	30.90%	30.90%
Total Deferred Taxation Assets	(66,97,880)	46,67,381
Current Year Provision for increase/ (decrease) in Deferred Taxation Assets (A)	20,30,499	4,38,680
Add : Impact of change in Depreciation Policy as per Companies Act, 2013 (B)	--	3,12,131
Total (A+B)	20,30,499	7,50,811

Disclosure required by AS-29 "Provisions, Contingent Liabilities and Contingent Assets" Movement in provisions:

	2015-2016	2014-2015
Opening Balance	6,00,000	6,00,000
Provision during the year	-	-
Provision used during the year	-	-
Provision reversed during the year	-	-
Closing Balance	6,00,000	6,00,000

NOTES FORMING PART OF FINANCIAL STATEMENTS
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, 2016, amount to Rs. NIL (Previous Year Rs. 3,05,958/-).

In compliance with Accounting Standard AS-28 relating to "Impairment of Assets", the company has reviewed the carrying amount of its fixed assets & Capital work in progress as at the end of the year. Based on the future strategic plans and the valuation report of the fixed assets of the company, no impairment of fixed assets & Capital work in progress has been envisaged at the balance sheet date.

Auditors Remuneration (Amount in Rs.)

Particulars	2015-2016	2014-2015
Audit Fees & Certification	25,000	25,000

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. Satya Prakash Kanodia, Director
- (iv) Sh. Manoj Goyal, Director
- (v) Sh. Pankaj Agarwal, Director
- (vi) Sh. Vishesh Chugh, Company Secretary

Disclosure on related party transaction: (Amount in Rs.)

Transactions for the year ended 31.03.2016	Key Management Personnel		Associate Concerns	
	2015-2016	2014-2015	2015-2016	2014-2015
Managerial Remuneration (Salary & Company's contribution to Provident Fund)	15,04,305	15,73,026	-	-
Freight Paid	-	-	-	7,63,075
Lease Rent Paid	-	-	1,43,287	94,385
Outstanding as on 31.03.2016				
Due to	-	-	12,87,334	11,44,047
Due from	-	-	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS

(Amount in Rs.)

Particulars	2015-2016	2014-2015
Inventory Related Details		
A. FINISHED GOODS		
OPENING STOCK		
Pipes	63,11,095	37,26,082
Scrap	3,86,297	89,042
TURNOVER		
Pipes	4,71,91,582	18,82,08,809
Scrap	4,64,326	4,03,072
CLOSING STOCK		
Pipes	4,99,830	63,11,095
Scrap	1,46,622	3,86,297
B. CONSUMPTION OF RAW MATERIALS		
PVC Resin	2,63,70,629	12,67,27,899
Cal. Carbonate	18,00,110	68,65,442
Chemicals	21,52,212	1,03,08,184
C. CIF VALUE OF IMPORTS		
CIF Value of Imports	NIL	NIL
	2015-2016	2014-2015
	% RUPEES	% RUPEES
D. COMPOSITION		
RAW MATERIAL		
Imported	-	-
Indigenous	100 3,03,22,951	100 14,39,01,525
STORE & SPARES		
Imported	-	-
Indigenous	100 40,546	100 1,86,707
Earning per Share		
	(Amount in Rs.)	
	2015-2016	2014-2015
Net Profit/(Loss) for the Year	(45,17,882)	18,42,237
Weighted Average Number of Equity Shares	51,38,777	51,38,777
Basic/Diluted EPS (Face Value Rs.10/- per Share)	(0.88)	0.36

NOTES FORMING PART OF FINANCIAL STATEMENTS

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

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

Figures for the previous year figures have been reclassified/regrouped wherever required.

As per our report of even date attached
For : JAIN MITTAL CHAUDHARY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No. 015140N

For and on behalf of Board of Director

Sachin Kumar

Partner

Membership No. 528180

Hisar : 30th May, 2016

Vishesh Kumar Chugh
(Company Secretary)

Ramesh Chander Gupta
(Whole Time Director)
DIN-00284823

Krishna Gupta
(Director)
DIN-00284849

ARCEE INDUSTRIES LIMITED

Regd. Office & Works: 7th K.M. Barwala Road, Talwandi Rana, Hisar – 125 001 (Haryana)
PH No. 01662-276178, 98120-40111, Fax No. 01662-276145
CIN – L29120HR1992PLC031681, E-mail Id: arceeind@rediffmail.com

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member (s):	Folio No.:	
	DP ID :	
Registered Address:	Client ID :	
	e-mail ID :	

I/We, being member(s) of.....shares of **ARCEE INDUSTRIES LIMITED** hereby appoint:

1. Mr./Ms..... Address having e-mail id Signature ,or failing him
2. Mr./Ms..... Address having e-mail id Signature ,or failing him
3. Mr./Ms..... Address having e-mail id Signature

as my/our proxy to attend and vote for me/us on my/our behalf at the **24th Annual General Meeting** of the Company to be held on Friday, the 30th day of September, 2016 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 in respect of such resolutions as indicated below:

Resolution No.	Description of Resolutions
	ORDINARY BUSINESS
1	Adoption of Financial Statements, Reports of the Board of Directors and Auditors.
2	Re-appointment of Mrs. Krishna Gupta, who retires by rotation
3	Ratification of the appointment of the Auditors

Signed this _____ Day of _____, 2016

AFFIX
ONE
RUPEE
REVENUE
STAMP

Signature of the Shareholder

Notes: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



If undelivered please return to :

ARCEE INDUSTRIES LIMITED

7th K.M. Barwala Road

Talwandi Rana, Hisar-125 001 (Haryana)