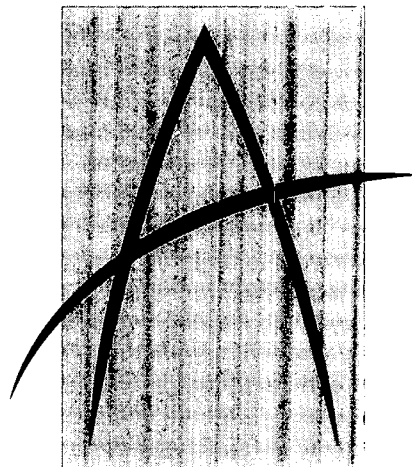


*27th Annual Report*  
*2007 - 2008*

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**ARCOTECH LIMITED**

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**BOARD OF DIRECTORS**

|                       |                            |
|-----------------------|----------------------------|
| Shri Arvind K. Saraf  | <i>Chairman</i>            |
| Shri R. N. Pattanayak | <i>Whole Time Director</i> |
| Shri Gautam Khaitan   | <i>Director</i>            |
| Shri R. D. Tayal      | <i>Director</i>            |

**COMPANY SECRETARY**

Shri Amit Sharma

**AUDITORS**

M/s. Shwetank Joshi & Co.  
Chartered Accountants  
66, Ezra Street,  
Kolkata - 700 001.

**REGISTERED OFFICE AND WORKS**

181, Industrial Growth Centre,  
Sector-3, Bawal-123501  
Distt. Rewari (Haryana)

**ARCOTECH LTD.****Annual Report 2007-2008****NOTICE**

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on Saturday, the 6th day of September, 2008 at 10.30 A.M. at the Registered Office of the Company situated at 181, Sector-3, Industrial Growth Centre, Bawal, Distt Rewari, Haryana-123501 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date, together with the Auditors' Report, Director's Report and the Cash Flow Statement thereon.
2. To reappoint Shri Arvind Kumar Saraf as Director of the Company, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT M/s Shwetank Joshi & Co., Chartered Accountant, 66, Ezra Street, Kolkata-700001, the retiring Auditors who have offered their services and who are not disqualified to act as auditors of the company under Section 224(1B) of the Companies Act, 1956, be and are hereby reappointed as Statutory Auditors of the Company to hold office for the period commencing from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors."

"RESOLVED FURTHER THAT the Board of Directors of the company be and is hereby authorized to intimate the Statutory Auditors about their appointment and take such other steps as may be necessary to give effect to this resolution."

**SPECIAL BUSINESS****ITEM NO. 4**

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 16, 94 and other applicable provisions, if any, of the Companies Act, 1956 the authorized share capital of the company be increased from Rs. 25,00,00,000 (Rupees Twenty Five Crores) to Rs. 35,00,00,000 (Rupees Thirty Five Crores) by creation of further 5,00,00,000 equity shares of Rs 2/- (Rupees Two) each and accordingly, existing Clause V of the Memorandum of Association of the Company be and is hereby substituted, in its place and stead, by the following :-

"The Authorised Share Capital of the Company is Rs 35,00,00,000 (Rupees Thirty Five Crores) divided into 17,50,00,000 (Seventeen Crores Fifty Lacs) equity shares of Rs.2/- (Rupees Two) each."

**ITEM NO. 5**

To consider, and, if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment to or re-enactment thereof), the provisions of Memorandum and Articles of Association of the Company, and the provisions of any other applicable law/s including Foreign Exchange Management Act, 1999, and, subject to the approval of the Government of India, Reserve Bank of India ("RBI"), Securities and Exchange Board of India ("SEBI"), Foreign Investment Promotion Board or any other regulatory authority/institutions, as may be necessary, and, subject also to the consents, permissions and sanctions of such other appropriate authorities, institutions or bodies, whether in India and/or abroad, as may be necessary; consent, authority and approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be

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deemed to include any Committee to which the Board may or have delegated all or any of its powers) to offer, issue and allot on rights basis and/or public issue basis and/or private placement basis and/or by way of preferential allotment and/or any other basis, through Green Shoe Option and/or any other option/method, equity shares / preference shares / debentures / bonds / warrants / securities, fully or partly convertible into equity / preference shares / securities linked to equity / preference shares, the right of conversion or to receive securities, at the option of the Company and/or the holders thereof, or otherwise, American Depositary Receipt/s ("ADR") / Global Depositary Receipt/s ("GDR") / Foreign Currency Convertible Bond/s ("FCCB"), in Indian currency and/or foreign currency, in India and/or abroad, (hereinafter collectively referred to as "the Securities"), as the Company may be advised, to the shareholders / beneficial owners of shares of the Company, public, any other person/s including Foreign Institutional Investors (FIIs), Overseas Corporate Bodies (OCBs), Non-Resident Indians (NRIs), Mutual Funds, Trusts or any other non residents, promoters, promoter group, persons acting in concert, their relatives, associates, associate companies, their shareholders, trusts, societies, mutual funds, financial institutions, banks, companies, firms, body corporate and employees of the Company or subsidiary / ies or associates/associate companies, as the Board may in its absolute discretion decide (hereinafter collectively referred to as "the Investors"), whether or not the Investors are members of the Company, to all or any of them, jointly or severally, such offer, issue and allotment to be made at such time/s, in such tranches or tranches, at such price/s, at a discount or premium, and in such manner and form including in physical/demat, and on such terms and conditions as the Board may in its absolute discretion think fit and proper and in accordance with the laws, rules, regulations and guidelines prevailing in this regard, provided that, the aggregate value of all securities issued and allotted or to be issued and allotted on conversion and/or on exercise of option by the Company and/or Investors, shall not exceed Rs. 100 crores.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of shares as may be required to be issued and allotted upon conversion of any Securities and/or on exercise of option by the Company and/or Investors or as may be necessary in accordance with the terms of the above offerings and/or issues, subject to the provisions of applicable law/s.

**RESOLVED FURTHER THAT** in the event of the Company making a bonus issue of shares or rights issue of shares/debentures prior to allotment of equity/preference shares on exercise of rights attached to the Securities/conversion of Securities, the holders of such Securities shall be entitled to all bonus shares or right shares/debentures, in such proportion/s as may be decided by the Board, at any time after the date of issue of the Securities with rights attached or convertible securities, subject to such terms and conditions as the Board may deem fit and proper, and also subject to the provisions of applicable law/s.

**RESOLVED FURTHER THAT** the Company and/or any agency or body authorized by the Company may issue GDR/s/ ADR/s and/or other form of securities mentioned herein above representing the underlying Equity Shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the capital markets.

**RESOLVED FURTHER THAT** subject to necessary approval, consent, permission, the Board be and is hereby authorized to convert the GDR/s/FCCB/s, into ADR/ ADS and to list them at NASDAQ/NYSE/ Luxembourg/London or in any other Overseas Stock Exchange/s.

**RESOLVED FURTHER THAT** the shares so issued and allotted shall rank pari passu in all respects with the existing shares of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, the Board be and is hereby authorised to agree to and to make and accept all such conditions, modifications and alterations stipulated by any relevant authorities while according approvals or consents to the issue, as may be required/considered necessary, proper or expedient, and to take all such actions/steps as may be necessary, desirable or expedient, including to take further consent/authority/ approval of members through postal ballot/s, if required/necessary, under any law/s or otherwise, and, to resolve and settle all questions and difficulties that may arise in the proposed issues and allotments of the Securities, and, to do all acts, deeds, matters and things which are incidental and consequential, as the Board may at its absolute discretion deem necessary or desirable for such purposes, including, if necessary, creation of such mortgages and/or charges in respect of the Securities on the whole or any part of the undertaking/s or uncalled capital of the Company, if any, under Section 293(1)(a) and other

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applicable provisions of the Companies Act, 1956, and, to execute such documents or writings as Board may consider necessary or proper or incidental to give effect to this Resolution."

**"RESOLVED FURTHER THAT** Board of Directors of the Company, be and is hereby authorized to make appointments, as may be required of Managers (including Lead Managers), Merchant Bankers, Underwriters, Guarantors, Financial and/or Legal Advisors, Depositories, Custodians, Principal Paying/Transfer/Conversion Agents, Registrars, Trustees and all other Agencies, whether in India or overseas and to enter into and execute all such arrangements(s)/agreement(s) with any such Managers (including Lead Managers)/ Merchant Bankers/ Underwriters /Guarantors/ Depositors, Custodians, Principal Paying/Transfer/conversion Agents, Listing Agents, Registrars, Trustees and all such Agents as may be involved or concerned in with the offering of securities and to remunerate all such Agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue/offer of securities and other expenses, if any."

**By Order of the Board**

Place : New Delhi

Date : 30th April, 2008

**(Amit Sharma)**

**Company Secretary**

**NOTES:**

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.**
2. **The proxy form duly completed must reach the Company's Registered Office atleast 48 hours before the commencement of the meeting.**
3. **The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, the 30th August 2008, to Saturday, the 6th September, 2008 (both days inclusive).**
4. **All documents referred to in the above notice, the explanatory statement, are open for inspection at the Registered Office of the Company between 10.00 A.M. and 1.00 P.M. on all working days, except Saturdays upto the date of Annual General Meeting. The Statutory Registers shall remain open during the meeting for inspection by the members.**
5. **Members/Proxies should bring the attendance slip duly filled in for attending the meeting.**
6. **The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business is annexed hereto.**
7. **Members are already aware that the Company had appointed M/s. Maheshwari Datamatics Pvt Ltd, 6, Mangoe Lane, 2nd Floor, Kolkata-700001, as Share Transfer Agent (STA), both for electronic connectivity and Share Transfer work. Members can make correspondence with STA for Share Transfer requests and change of address related queries.**
8. **Members having multiple accounts in identical names or joint accounts in the same order are requested to intimate the Company / STA, the ledger folio of such accounts to enable the Company to consolidate all such shareholdings into one account.**
9. **The Company is registered with the following depositories for dematerialization of its Equity Shares:-**
  - i) **National Securities Depositories Ltd. (NSDL) at Trade World, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400013**
  - ii) **Central Depository Services (India) Ltd. (CDSL), at Phiroze Jeejeebhoy Towers, 28th Floor, Dalal Street, Mumbai- 400001**
10. **Members desirous of obtaining any information/clarification on the Annual Accounts are requested to write to the Company at its Registered Office at least 15 days before the date of Annual General Meeting so that the same may be attended to, well in advance.**

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11. The relevant information of Directors, by way of brief resume, seeking reappointment under items no. 2 as required under Clause – 49 of the Listing Agreement entered with the Stock Exchanges are given herein below:

|   |  |
|---|--|
| Name of the Director/s  | <b>Shri Arvind Kumar Saraf</b>   |
| Date of Birth   | 24.09.1958   |
| First date of Appointment   | 22.03.2006   |
| Expertise in specific functional areas                                      | Management   |
| Qualification/s   | B.Com  |
| Directorship in other Companies as on 31st March, 2008 (Excluding Pvt Ltd.) | <ul style="list-style-type: none"> <li>• Medsave Health Care Ltd</li> </ul>  |
| Chairmanship/ Membership of Committees (across all public Cos.)             | <b>Chairman, Remuneration Committee</b><br>Arcotech Ltd<br><b>Chairman, Share Transfer Committee</b><br>Arcotech Ltd |
| Shareholding in the Company   | 4.59%  |

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****ITEM NO. 4 & 5**

The Company to optimize the utilization of its existing plant at Bawal, needs to install balancing equipment to bring in economies of scale as well as add new machineries to widen the product mix increase its production and productivity. Your Board of Directors consider it advisable to raise funds through further issue of capital by way of equity shares / preference shares / debentures / bonds / warrants / securities, fully / partly convertible into equity / preference shares and/or securities linked to equity / preference shares, ADRs / GDRs / FCCBs, on rights basis / public issue basis / any other basis, keeping in view the applicable law/s.

In terms of Section 81(1A) of the Companies Act, 1956, it is required to obtain approval of the shareholders, by way of passing of a special resolution in a General Meeting, for making any further issue of shares to any person/s other than existing Equity Shareholders of the Company. Accordingly, the Board has recommended the Resolution contained in Item No. 4 & 5 to be passed by the shareholders, to enable it to make further issue of shares as detailed in the said resolution up to the maximum extent of Rs. 100 crores.

The shareholders at their General Meeting held on 29th September, 2007 had passed a special resolution for the issue of securities to the extent of Rs. 5 crores. However due to increased requirement of funds this resolution has been proposed.

None of the Directors, except to the extent of their shareholding in the company, is deemed to be concerned or interested in this resolution.



**ARCOTECH LTD.****Annual Report 2007-2008****DIRECTORS' REPORT**

Dear Members,

Your Directors take pleasure in presenting the 27th Annual Report with the Audited Statement of Accounts of your Company for the Financial Year ended the 31st March, 2008.

**1. FINANCIAL HIGHLIGHTS**

(Rs. in Lacs)

| PARTICULARS  | 2007-2008 | 2006-2007 |
|--|-----------|-----------|
| Sales & Other Income                               | 3129.99   | 397.88    |
| Profit Before Interest, Depreciation & Tax (PBDIT) | 215.45    | 39.12     |
| Less : Interest & Finance Charges                  | 62.37     | 15.55     |
| Profit Before Depreciation & Tax (PBDT)            | 153.08    | 23.57     |
| Less : Depreciation                                | 47.45     | 16.67     |
| Profit Before Tax (PBT)                            | 105.63    | 6.90      |
| Less : Provision for Current Tax (FBT)             | 3.57      | 1.41      |
| Add : Deferred Tax Assets                          | 100.99    | 811.76    |
| Profit After Tax (PAT)                             | 203.05    | 817.25    |

**2. DIVIDEND**

In view of the inadequate profits, your Directors do not recommended any Dividend for the year under review.

**3. BUSINESS AND OPERATIONS REVIEW**

The overall demand for the products manufactured by your Company is spread over various industrial segments. The biggest demand comes from Automobile sector, Power & Electricity, Defence and consumables goods. The automobile sector in India is growing at the rate of 16% pa and is expected to have similar growth in the future. The increase in sophistication and size of passenger vehicles will increase the usage of copper in automobiles. Conversion from oil fuel to electricity has also created a niche for copper in railway sector.

Similarly, the power generation has been increasing by more than 10% P.A. India's priority is to increase its availability by adding additional 70% generation capacity by 2012 and strengthening the inter-regional power transmission. All this will result in an increase in demand for copper in power generation, transmission and distribution.

The Company has completed one year of its operations at its new site at Bawal, Haryana. The quality of our products has been well accepted by our reputed customers and we are getting regular orders from them.

Your Company is striving hard to accelerate the pace of its growth. In such endeavor, it has been decided to install certain balancing equipments to achieve better capacity utilization by way of removing bottlenecks at various stages of production and to broaden the product mix.

**4. DIRECTORS**

In accordance with the provisions of Companies Act, 1956, Shri Arvind Kumar Saraf retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. In terms of Clause 49 of the Listing Agreement with the Stock Exchange, the details of the Director to be re-appointed are being provided in the notice of the ensuing Annual General Meeting.

**5. FIXED DEPOSITS**

During the Year under review, your Company has not accepted any fresh deposit within the meaning of Section 58A and 58B of the Companies Act, 1956.

**6. AUDITORS' REPORT AND AUDITORS**

The Notes to Accounts, forming part of Balance Sheet as at 31st March, 2008 and Profit & Loss Account for the year ended on that date, referred to in the Auditors' Report are self explanatory.

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M/s. Shwetank Joshi & Associates, Chartered Accountants, 66, Ezra Street, Kolkata-700001, Statutory Auditors of the Company who will retire at the conclusion of this Annual General Meeting, are eligible for re-appointment. The Company has received Certificate from the auditors to the effect that their appointment, if made, would be within the limit prescribed under Section 224 (IB) of the Companies Act, 1956. The Board of Directors of your Company recommends their re-appointment.

**7. LISTING AND DEMAT OF SHARES**

Equity Shares of your Company have got re-listed at Bombay Stock Exchange (BSE) w.e.f 28th December, 2007 vide its letter no. DCS/IPO/MT/DL-IP/1530/2007-08 dated 26th December, 2007 The Scrip code of your Company is 532914.

Equity Shares of the Company are available in dematerialized form with NSDL & CDSL with ISIN No. INE574I01019.

**8. STATUTORY STATEMENTS****A. Conservation of Energy and Technology Absorption**

The information relating to Conservation of Energy and Technology Absorption as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed herewith as **Annexure - 'A'**.

**B. Foreign Exchange Earnings and Outgo**

During the year under review, your Company has not dealt with foreign exchange earning and outgo, and as such there are no disclosures to be made pursuant to section 217(1)(e) of the Companies Act, 1956 read with Rule 2(c) of the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988.

**C. Particulars of Employees**

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies Particulars of Employees Rules, 1975, as amended, regarding employees is given in the Annexure to the Directors' Report.

**9. CORPORATE GOVERNANCE**

A report on Corporate Governance together with a certificate from the Statutory Auditors of the Company as required under Clause 49 of the Listing Agreement are given separately in the **Annexure-B** which forms part of this Report.

**10. MANAGEMENT DISCUSSION AND ANALYSIS****(a) Industry Scenario & Future Challenges**

Copper ranks third in world metal consumption after steel and aluminum. Copper is the best non-precious metal conductor of electricity. Copper is an essential component of energy efficient motors, transformers and automobiles. Large quantities of copper & copper alloy rolled products are consumed by automobile, electrical and electronic industries.

The major copper-consuming nations are Western Europe, the United States, Japan, USSR, China and India. Economic, technological and societal factors influence the supply and demand of copper. The Global copper industry witnessed a demand growth of over 8.5% in 2007. The growth was backed by rising consumption from China and India and better industrial production in the US, Europe and the Asian region.

Demand from China and India is slated to grow in double digits during 2008. The Asian region comprising China, India, Taiwan, South Korea and Japan will be the principal engine of growth, resulting in higher average capacity utilization rates in future and lower relative inventory levels, driving considerable production capacity expansions.

The strong growth in demand, lagging supplies and subsequent fall in inventories have led to buoyant LME prices with March, 08 seeing copper prices touching all time high of \$8700/MT in March, 08. The average LME prices for the year was around \$7500/MT.

**(b) Human Resources / Industrial Relations**

Your Company believes that a dedicated and motivated team of individuals plays a decisive role in achieving its goals. The Company offers a conducive environment wherein each and every individual can utilize his/her



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capabilities to the optimum level. Our Company has young, able, experienced and dedicated team of professionals at all levels to support the management. Various training programs at various levels are organized to help employees in upgrading their skills, managing stress and staying focused.

**(c) Adequacy of Internal Controls**

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are authorized, recorded, and reported correctly. The Company is in process of installation of ERP package to strengthen the MIS and internal control procedures.

**(d) Operating Performance, Future Outlook etc.**

The foregoing paragraphs under the head - Financial Results, Operations, and Future Outlook have discussed and analyzed other requisite issues mentioned in Clause 49 of the Listing Agreement.

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors hereby confirms, in terms of Section 217(2AA) of the Companies Act, 1956:

- i) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any.
- ii) That appropriate accounting policies have been selected and applied consistently, and, judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii) That the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Annual Accounts have been prepared on a going concern basis.

**12. ACKNOWLEDGMENT**

Your Directors wish to place on record their sincere thanks and gratitude to :-

- a) Its bankers for extension of financial facilities and continued support;
- b) The Central and State Government as well as their respective departments connected with the business of the Company for their co-operation and continued support; and
- c) The members, suppliers, contractors and customers for the trust and confidence reposed by them in the Company.

Your Directors also take this opportunity to convey their appreciation and sincere gratitude for the hard work put in by all the employees of the Company, at all levels, without which your Company could not have reported commendable growth during the year under review.

**On behalf of the Board  
For Arcotech Limited**

Place: New Delhi  
Date : 30th April, 2008

**(Arvind Kumar Saraf)  
Chairman**

**Annexure to Directors' Report**

| S. No. | Name               | Age (Years) | Designation         | Gross Remuneration (Rs.) | Net Remuneration (Rs.) | Total Experience (Years) | Date of Commencement of Employment | Late Employment |
|--------|--------------------|-------------|---------------------|--------------------------|------------------------|--------------------------|------------------------------------|-----------------|
| 1      | Mr. R N Pattanayak | 48          | Whole Time Director | 3000000                  | 2502120                | 22                       | 18.12.2006                         | Business        |