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28th Annual Report

2008-2009

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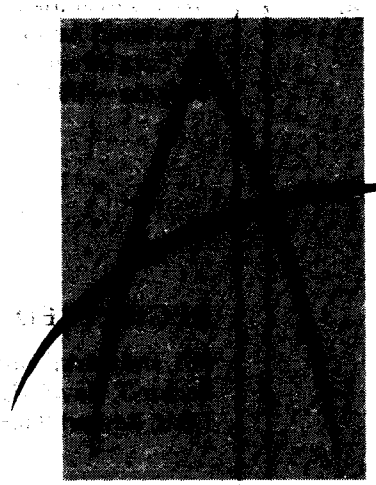

ARCOTECH LIMITED

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BOARD OF DIRECTORS

Shri Arvind K. Saraf	*Chairman*
Shri R. N. Pattanayak	*Whole Time Director*
Shri Gautam Khaitan	*Director*
Shri R. D. Tayal	*Director*

COMPANY SECRETARY

Shri Amit Sharma

AUDITORS

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

REGISTERED OFFICE AND WORKS

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

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NOTICE

Notice is hereby given that the 28th Annual General Meeting of the Company will be held on Saturday, the 25th day of July, 2009 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, 2009 and the Profit & Loss Account together with the Consolidated Financial Statement of Accounts for the year ended on that date, together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri R D Tayal, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass the following resolution :

   "RESOLVED THAT M/s Shwetank Joshi & Co., Chartered Accountant, 66, Ezra street kolkata-700001, the retiring Statutory 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 from the conclusion of the ensuing Annual General Meeting till the conclusion of 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 take 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 a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri Radha Nath Pattanayak, Director (Commercial) of the Company be and is hereby reappointed as a Whole Time Director for a period of three years w.e.f. 18th December, 2009 on the monthly remuneration of Rs 2,50,000/- per month, detailed breakup of which, may be decided by following terms and conditions:-

S. No.	Particulars	Proposed (per month) (w.e.f. 18.12.2009) (Rs.)
1	Basic Salary	125000
2	Children Education Allowance	9000
3	House Rent Allowance	22500
4	Medical reimbursement	1500
5	Reimbursement of conveyance expenses subject to maximum of	30000
6	Washing Allowance	1500
7	Uniform Allowance	3500
8	Academic Research Allowance	3500
9	Driver's Salary	7500
10	Telephone Reimbursement	12000
11	Business Promotion	34000
	Total	**250000**

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"RESOLVED FURTHER THAT subject to the overall ceiling on remuneration pursuant to the provisions of Section 198, 269 & 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Remuneration Committee be and is hereby authorized to re-fix, revise, amend and vary the remuneration and to pay a maximum of 1% commission on the net profit calculated as per the provisions of Section 350 of the Companies Act, 1956 to Shri Radha Nath Pattanayak from time to time after reviewing his performance."

"RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of the tenure of the Appointee, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary, perquisites and allowances as specified above."

ITEM NO. 5

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 13, 16 and 94(1) (b) and all other applicable provisions, if any of the Companies Act, 1956 and the provisions of the Articles of Association of the Company, and subject to the approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies every 5 (Five) existing Equity shares of having face value of Rs.2/- (Rupees Two only) each fully paid up be consolidated into 1 (one) Equity share of Rs. 10/- (Rupees Ten only) each fully paid and the relevant capital clause in the Memorandum and Articles of Association of the Company accordingly, 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 3,50,00,000 (Three Crores Fifty Lacs) equity shares of Rs.10/-, (Rupees Ten) each."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall also include any committee thereof duly authorised in this behalf) be and are hereby authorised to fix the record date and to issue new share certificates representing the consolidated shares with new distinctive numbers (except in case of shares held in demat form) in the aforesaid proportion, subject to the rules laid down in the Companies (Issue of Shares Certificates) Rules, 1960 with an option to either exchange the new shares certificates in lieu of cancellation of the old share certificates or without physically exchanging the share certificates as deemed to be cancelled and also to inform Registrar and Transfer Agents of the Company and Depositories and the Stock Exchanges where the shares of the Company are listed, to take the necessary action to give effect to the above."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds, matters and things including issue of fresh share certificates and sign and execute all such documents, instruments and writing, as may be required in the said connection and to delegate all or any of the powers herein vested in them to any committee of Directors or any Director(s) to give effect to the aforesaid resolution."

By Order of the Board

(Amit Sharma)
Company Secretary
& Finance Manager

Place : New Delhi
Date : 15.06.2009

NOTES :

1. A member entitled to attend and vote 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 18th day of July, 2009 to Saturday, the 25th day of July, 2009 (both days inclusive).
4. All documents referred to in the above notice and 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.

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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 depositaries 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 desiring 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.
11. The relevant information of Director, 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	**Shri Radha Nath Pattanayak**	**Shri R. D. Tayal**
Date of Birth	22.05.1960	30.11.1953
First date of Appointment	18.12.2006	12.11.2005
Expertise in specific functional areas	Marketing of Non-Ferrous products	Businessman
Qualification/s	B. Com, MBA	Graduate
Directorship in other Companies as on 31st March, 2009	N.A.	Amber Leasing Pvt. Ltd.
Chairmanship/ Membership of Committees (across all public Cos.)	**Member Audit & Share Transfer Committee** Arcotech Ltd	**Member Audit & Remuneration Committee** Arcotech Ltd
Shareholding in the Company	NIL	NIL

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 4

Shri Radha Nath Pattanayak, aged 49 years, is an M.Com, MBA from Pune University and is having an experience of about 25 years in the marketing of non-ferrous products. Considering his experience and track record, initially he was appointed as Whole Time Director by the Board for a period of three years w.e.f. 18th December, 2006 on the recommendation of the Remuneration Committee. His term is proposed to be extended for another three years w.e.f 18th December, 2009. Remuneration has been fixed within the ceiling limit & conditions specified in Section II (A) of Schedule III of the Companies Act 1956.

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None of the Directors except Shri Radha Nath Pattanayak himself is concerned or interested in this resolution.

Your Directors recommend resolutions at Sl. No.4 for approval.

This may be treated as an extract of the terms of appointment pursuant to Section 302 of the Companies Act.

ITEM NO. 5

Presently, the face value of the Equity Shares of the Company is Rs 2/- per share as compare to general denomination of Rs 10/- per share prevailing in the market. This is causing confusion amongst shareholders and at the same time gives an impression that the stock is a 'Penny Stock'. Therefore, in order to maintain uniformity with market trend, it is decided to change the face value to Rs 10/- per share. The change would result into consolidation of every 5 (five) shares of Rs 2/- each into 1 (one) share of Rs 10/- each. The shareholders will be eligible for new share certificates representing the consolidated shares with new distinctive numbers (except in case of shares held in demat form) in the aforesaid proportion. The number of Equity Shares resulting into fraction after consolidation be transferred in favour of a Trustee and will be sold in the open market at the Market Price and the proceeds be distributed amongst the shareholders entitled to receive the same.

None of the Directors is concerned or interested in this resolution.

Your Directors recommend resolutions at Sl. No.5 for approval.

This may be treated as an extract of the terms of appointment pursuant to Section 302 of the Companies Act.

By Order of the Board

(Amit Sharma)
Company Secretary
& Finance Manager

Place : New Delhi
Date : 15.06.2009

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DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the 28th Annual Report with the Audited Statement of Accounts of your Company for the Financial Year ended the 31st March, 2009.

1. FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

PARTICULARS	2008-2009	2007-2008
Sales & Other Income	5250.17	3129.99
Profit Before Interest, Depreciation & Tax (PBDIT)	291.88	215.45
Less : Interest & Finance Charges	99.06	62.37
Profit Before Depreciation & Tax (PBDT)	192.82	153.08
Less : Depreciation	70.87	47.45
Profit Before Tax (PBT)	121.95	105.63
Less : Provision for Current Tax	3.72	3.57
Add : Deferred Tax Assets	389.78	100.99
Profit After Tax (PAT)	508.01	203.05

2. DIVIDEND

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

3. BUSINESS AND OPERATIONS REVIEW

During the period under review your Company has successfully entered into manufacturing of high value added products such as micro thin foils up to 0.035 mm with close tolerance. Your Company is amongst very few Companies in India having capability to produce such thin Copper foils. The Company's products are having wide acceptability among the consuming industries.

The Company is now focusing on developing high value added items such as thin foils, narrow width strips and special alloys as Company is entering into diversified market.

The Company is installing various new equipments during the year under review which would help the Company in achieving better capacity utilization and to broaden the product mix which will lead to higher sales and profitability.

4. DIRECTORS

In pursuance with the provisions of Companies Act, 1956, Shri R D Tayal 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, 2009 and Profit & Loss Account for the year ended on that date, referred to in the Auditors' Report are self explanatory.

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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 your Company recommends their re-appointment.

7. LISTING AND DEMAT OF SHARES

Equity Shares of your Company are listed at Bombay Stock Exchange (BSE). 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 disclosure 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 Practicing Company Secretary as per 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

The year under review witnessed highest ever volatility in the non-ferrous metals prices and in particular in Copper and Zinc. The sudden decrease in the raw material prices and global meltdown resulted into steep fall in demand across all industrial segments and particularly in the Automobile segment. This has resulted into cascading effect on all primary manufacturers of industrial products.

However, as a result of timely government intervention and introduction of stimulus packages, the situation has reversed and last quarter of previous financial year saw a rising trend in demand. During the current financial year it is expected that the global market would stabilize and in turn would help the Company in achieving better growth.

(b) Human Resources / Industrial Relations

The Company has a team of 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,

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and reported correctly. The ERP package has become operational and would help in strengthening 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 them 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 has been taken 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 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 : 15.06.2009

(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	50	Whole Time Director	3000000	2555514	25	18.12.2006	Business

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