

29th Annual Report
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ARCOTECH LIMITED

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BOARD OF DIRECTORS

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

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Company will be held on Monday, the 30th day of August, 2010 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, 2010 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 Gautam Khaitan, 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 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 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."

By Order of the Board

Place : New Delhi
Date : 15.07.2010

(Amit Sharma)
Company Secretary
And Finance Manager

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 Monday, the 23rd August, 2010, to Monday, the 30th August, 2010 (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.
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 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 re-appointment under item no.2 as required under clause-49 of the Listing Agreement entered with the Stock Exchange are given herein below:

Name of Director	Shri Gautam Khaitan
Date of Birth	06.05.1965
First date of Appointment	22.03.2006
Expertise in specific functional areas	Lawyer
Qualification	LLB
Directorship in other Companies as on 31 st March, 2010	<ul style="list-style-type: none">• Salora International Ltd• Ilpea Paramount Ltd• Medsave Healthcare (TPA) Ltd• JK Sugar Ltd• KRBL Ltd• FACOR Alloys Ltd• Aravali Securities & Finance Ltd• Bharat Seats Ltd• Emaar MGF Land Ltd• Tinna Agro Industries Ltd• Tinna Oil & Chemicals Ltd
Chairmanship/Membership of Committees (across all public Cos.)	Member Audit & Share Transfer Committee <ul style="list-style-type: none">• Salora International Ltd• JK Sugar Ltd• Aravali Securities & Finance Ltd• KRBL Ltd• Emaar MGF Land Ltd
Shareholding in the Company	NIL

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the 29th Annual Report with the Audited Statement of Accounts of your Company for the Financial Year ended the 31st March, 2010.

1. FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

PARTICULARS	2009-2010	2008-2009
Sales & Other Income	10146.40	5250.17
Profit Before Interest, Depreciation & Tax (PBDIT)	1646.10	305.85
Less : Interest & Finance Charges	388.52	113.03
Profit Before Depreciation & Tax (PBDT)	1257.58	192.82
Less : Depreciation	99.51	70.87
Profit Before Tax (PBT)	1158.07	121.95
Less : Provision for Current Tax	-	3.72
Add /Less : Deferred Tax Assets/Deferred Tax Liability	(390.57)	389.78
Profit After Tax (PAT)	767.50	508.01

2. DIVIDEND

In view of the huge funds requirement for the proposed capital expenditure, 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 installed various equipments and plant and machineries with a view to debottleneck the production process and to enhance the capacity utilization. The capex plan when completed will enhance the installed capacity to 24000 MTPA. The Company is now equipped to develop new product mix and achieve better capacity utilization. During the year 2009-10, we have added various new OEM clients of good repute.

In addition to focusing on developing high value items such as thin foils, narrow width strips and XLPE cable tapes; development of certain new product mix such as phosphorous bronze, cupro nickel & Nickel silver has successfully begun. The development of these special alloys would enable our Company in entering into diversified market segments such as electronic component, handicraft, telecom component, coinage industry etc. besides increasing its shares in torches, automobile locks, railway air-conditioning, wiring harness, radiators, lamp caps etc.

The Company is exploring export possibilities which have a huge potential of our products. Enhanced installed capacity would be earmarked for export market. The Company is in process of acquiring TS 16949:2004 which would enable us to cater to the automobile industries in America and Europe.

After witnessing steep fluctuation during the last quarter of previous financial year, the prices of copper and zinc have now stabilized. Looking at growth plans and projections for Indian GDP, your Company does not foresee any difficulty in accomplishing its targets.

4. DIRECTORS

In pursuance with the provisions of Companies Act, 1956, Shri Gautam Khaitan 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, 2010 and Profit & Loss Account for the year ended on that date, referred to in the Auditors' Report are self explanatory.

M/s. Shwetank Joshi & Associates, Chartered Accountants, 66, Ezra Street, Kolkata-700001, Auditors of the Company who will retire at the conclusion of this Annual General Meeting, are eligible for re-appointment. The Company has received peer review certificate along with 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. During the year, the Five (5) Equity Shares of face value of Rs 2/- (Two) each were consolidated into one (1) Equity Share of Rs 10/- (Ten) each with effect from 1st October, 2009. The Equity Shares of the Company are available in dematerialized form with NSDL & CDSL. The ISIN number of the consolidated shares has been changed to INE574I01027.

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, 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 Auditors of the Company 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 saw a stabled upward trend in the copper and zinc prices. Commensurate with the national and global predictions for the growth rate of economy, we expect healthy rising trend for the demand of our product. Automobile & Power sectors which are primary contributors to the growth of economy are our major customers. Therefore, we envisage steady and sustained growth rate for the current financial year.

(b) Human Resources / Industrial Relations

We, at Arcotech believe that the strength of an organization lies in its manpower. A concept of treating our employees as a family member helps in achieving new milestones and keeps up the morale of the employees.

We have adopted various welfare measures to nurture the talent of our employees and to promote them achieving new heights and setting new benchmarks.

(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.

(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 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 : 15.07.2010

**(Arvind K 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	51	Whole Time Director	3000000	2665044	25	18.12.2006	Business

ANNEXURE - 'A'

Information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010.

I. CONSERVATION OF ENERGY**a) Energy conservation measures taken :**

- Updated electrical panels and relaid several cables to optimize power distribution system thereby minimizing power loss.
- Upgraded control system of Continuous Casting lines to achieve better control.
- Awareness among members has been raised through contact programs for Conservation of Energy.
- PLC drives instead of normal analogue drives in some of the machines have been commissioned for consuming low energy.

b) Additional investment and proposals for reduction of energy consumption.

- New transformer is being purchased to achieve uniformity in power distribution and to avoid voltage fluctuations.
- Planning to install AGC systems on all mills during the current financial year so as to achieve higher productivity with lower power consumption.
- CFL tubes instead of Normal lucent tubes shall be used.
- Additional capacity of machines of high production shall be commissioned for optimization of Energy.
- PLC operating systems for more number of machines shall be installed.

c) Impact of the measures at (a) and (b) above on reduction of energy consumption and consequent impact on the cost of production of goods

The measures would help in increasing the productivity, lowering the power loss. With the help of installing Continuous Casting line the production cycle would shorten by 5-6% approx.

FORM-A**PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****(A) Power and Fuel Consumption**

	Current Year 2009-2010	Previous Year 2008-2009
1. Electricity		
(a) Purchased (MWH)		
(i) Units	4475.29	2722.88
(ii) Total Amount	19990.85	11973.05
(iii) Rate per unit (Rs.)	4.46	4.39
(b) Own Generation		
(i) Through diesel generator		
Units (MWH)	223.00	150.41
Units per Ltr of diesel	2.86	2.96
Cost/ Unit (Rs.)	11.08	13.19
(ii) Through steam turbine generator	-	-
2. Coal/ Furnace Oil/ Others	-	-

(B) Consumption per unit of Production

	Production Unit	Standards (If any)	Current Year 2009-2010 (Unit)	Previous Year 2008-2009 (Unit)
1. Copper & Brass	(Kg.)			
- Electricity		-	1.54	1.47
- Coal/ FO /Others		-	-	-

FORM-B

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Research and Development (R&D)

- (a) Specific areas in which R&D was carried out by the Company
 - Study was conducted to reduce the power consumption as well as to increase the power factor.
 - R&D was done in developing copper tape used in cable industry.
 - Phosphorous Bronze was manufactured.
 - Extruded conforming line was installed.
- (b) Benefits derived as a result of the above R&D
 - Entered copper tape market by means of development of copper tape.
 - Market base substantially widened by means of product diversification
- (c) Future plan of action
 - Further product diversification with objective to become the leaders in market.
 - PLC operated pickling line for better and cost effective Pickling process.
- (d) Expenditure on R&D:

Capital	:	Not Allocated
Recurring	:	Not Allocated
Total	:	Not Allocated
Total R&D expenditure as a percentage of total turnover	:	Not Allocated

2. Technology absorption, adaptation and innovation:

- (a) Efforts, in brief, made towards technology absorption, adaptation and innovation.
 - PLC drives for BSC mill installed
 - Continuous Casting line installed
 - Off line milling Installed
 - Extrusion conforming line installed
 - Robertson 4Hi mill installed
 - Tensile tester in Lab has been upgraded to electronic version
- (b) Benefits derived as a result of the above efforts.
 - Production cost lowered due to increase in production
 - Details of tensile test results are obtained which are useful in studying metallurgical behavior of product.
- (c) Technology imported during the last five years.

NIL

3. Total Foreign exchange earnings and outgo :

- (a) Activities relating to export initiatives taken to increase exports, development of new export markets for products and export plans.

:	Nil
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- (b) Total foreign exchange used and earned.

:	Nil
- Used (on cash basis)	:
- Earned	: