

*32nd Annual Report*  
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**ARCOTECH LIMITED**

### **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

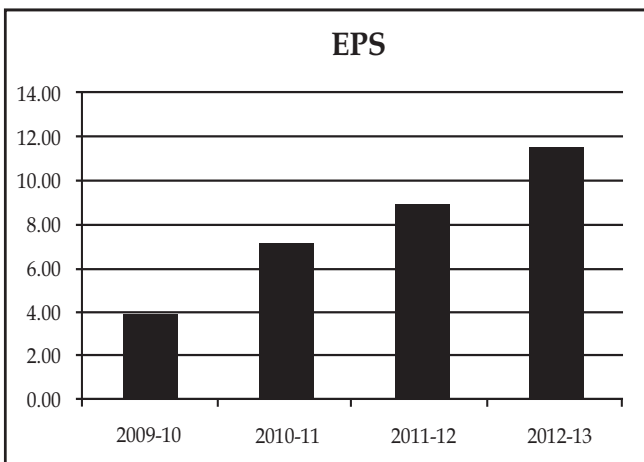
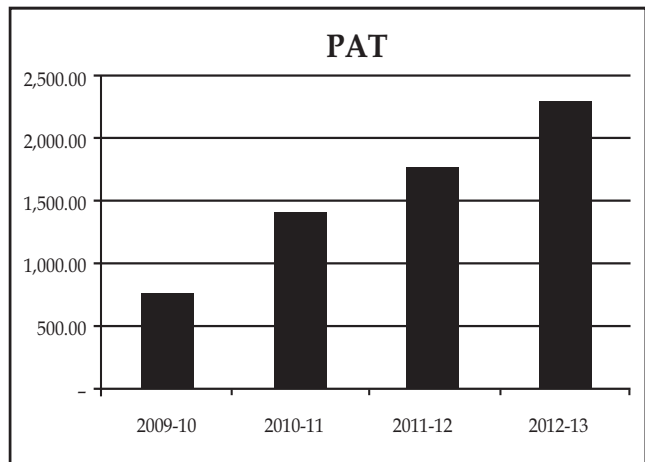
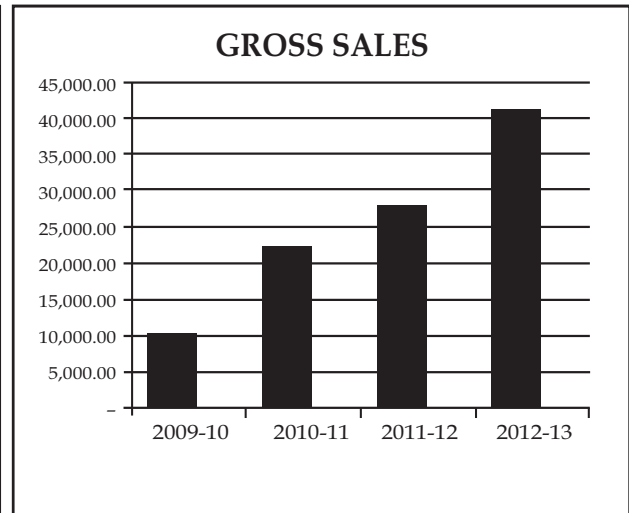
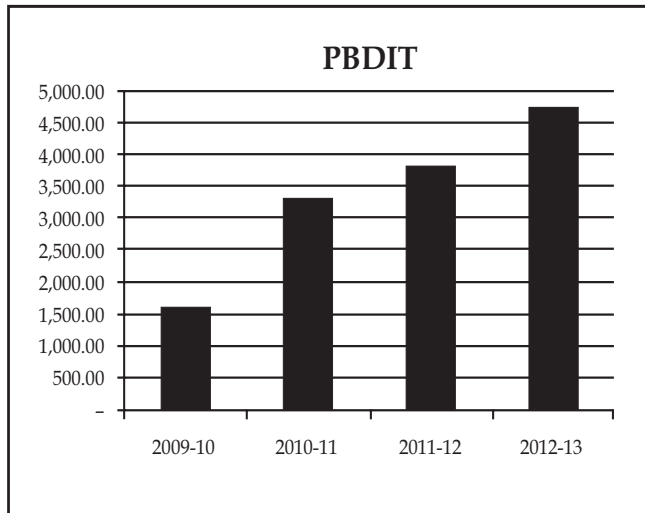
### **AUDITORS**

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)

## FINANCIAL HIGHLIGHTS



## **NOTICE**

Notice is hereby given that the 32nd Annual General Meeting of the Company will be held on Saturday, the 28<sup>th</sup> day of September, 2013 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, 2013 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 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.  
**"FURTHER RESOLVED** 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 an ORDINARY RESOLUTION:**

**"RESOLVED THAT,** in supersession to earlier resolution passed by the Members at Annual General Meeting held on 29th September, 2007, and pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956, as may be amended from time to time, and other applicable provisions, if any, of the Companies Act, 1956, and the Articles of Association of the Company, approval and consent of the Company be and is hereby accorded to the Board of Directors of the Company to charge / mortgage / create security/encumber in respect of the whole or substantially the whole of the undertaking/s of the Company including all or any of its movable or immovable property(ies), both present and future, from time to time, on behalf of the Company, for securing the loan(s) up to Rs. 2000 crores availed / to be availed by the Company, in any form or manner or otherwise, in one or more tranches, from any bank/ financial institution/other lenders, on such terms and conditions, as may be decided by the Board of Directors, from time to time.

**"RESOLVED FURTHER THAT** the Board of Directors of the Company or its Committee/s to which the Board may delegate its powers, from time to time, be and are hereby authorized and empowered, on behalf of the Company, to do or cause to be done all such acts, deeds, things and matters, as may be necessary, and, also incidental thereto to give effect to this Resolution which include, to finalize, sign and/or execute any document(s)/ agreement(s), other deeds or writings, and affixing the common seal of the Company on such paper/s, as may be necessary, as per the provisions of the Articles of Association of the Company".

#### **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,** in supersession to earlier resolution passed by the Members at Annual General Meeting held on 29th September, 2007, and pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, as may be amended from time to time, and other applicable provisions, if any, of the Companies Act, 1956, and the Articles of Association of the Company, approval and consent of the Company be and is hereby accorded to the Board of Directors of the Company, to borrow money(s), from time to time, for and on behalf of the Company, from any bank/ financial institution/lenders, in any form or manner or otherwise, in one or more tranches, whether unsecured or secured, on such terms and conditions as may be decided by the Board of Directors, notwithstanding that the moneys to be borrowed together with money(s) already borrowed by the Company (apart from the temporary loans obtained / to be obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of paid up share capital and free reserves of the Company, (i.e. reserves not set apart for any specific purpose), provided that the total amount of the borrowings by the Board of Directors, at any time, shall not exceed the limit of Rs. 2000 crores over and above the aggregate of paid up share capital and free reserves of the Company .

"RESOLVED FURTHER THAT the Board of Directors of the Company or its Committee/s to which the Board may delegate its powers, from time to time, be and are hereby authorized and empowered, on behalf of the Company, to do or cause to be done all such acts, deeds, things and matters, as may be necessary, and, also incidental thereto to give effect to this Resolution which include, to finalize, sign and/or execute any document(s)/ agreement(s), other deeds or writings, and affixing the common seal of the Company on such paper/s, as may be necessary, as per the provisions of the Articles of Association of the Company".

By Order of the Board

Place : New Delhi  
Date : 16th July, 2013

(Amit Sharma)  
Company Secretary  
& 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 Saturday, the 21st September, 2013, to Saturday, the 28th September, 2013 (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 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                   | Shri Gautam Khaitan |
|--|---------------------|
| Date of Birth                          | 06.05.1965          |
| First date of Appointment              | 22.03.2006          |
| Expertise in specific functional areas | Lawyer              |
| Qualification/s                        | LLB                 |

| <b>Name of the Director</b>                                     | <b>Shri Gautam Khaitan</b>  |
|---|---|
| Directorship in other Companies as on 31st March, 2013          | <ul style="list-style-type: none"> <li>• Arcotech Uniexpat Limited</li> <li>• Arcofemi Healthcare Limited</li> <li>• Aravali Securities and Finance Ltd</li> <li>• Bharat Seats Limited</li> <li>• Facor Alloys Limited</li> <li>• JK Sugar Limited</li> <li>• KRBL Limited</li> <li>• Salora International Limited</li> <li>• Texmaco Infrastructure and Holdings Limited</li> <li>• QH Talbros Limited</li> <li>• Medsave Healthcare (TPA) Limited</li> </ul>               |
| Chairmanship/ Membership of Committees (across all public Cos.) | <p>Chairman Audit &amp; Share holders/investor grievance committee</p> <ul style="list-style-type: none"> <li>• Arcotech Limited</li> <li>• Bharat Seats Limited</li> <li>• Salora International Limited</li> </ul> <p><u>Member Audit &amp; Share holders/investor grievance committee</u></p> <ul style="list-style-type: none"> <li>• Aravali Securities and Finance Limited</li> <li>• JK Sugar Limited</li> <li>• Texmaco Infrastructure and Holdings Limited</li> </ul> |
| Shareholding in the Company                                     | 200   |

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

As per the provisions of Section 293(1)(a) of the Companies Act, 1956 {The Act}, the Board of Directors of a public company shall not without the consent of the company in a general meeting, sell, lease or otherwise dispose off the whole, or substantially the whole of the undertaking of the company. The creation of charge/ mortgage/ other security/ encumbrance by a company of its undertakings/ properties in favour of lending institutions/ other lenders from which it borrows moneys, is covered under this provision.

In view of the expansion of the business of your Company, and requirement for raising more funds, from time to time, the Board of Directors has approved the said charging /mortgaging /creating security / encumbering of the undertaking/s of the Company including its properties for an increased limit of borrowing up to Rs 2000 crores, at its Meeting held on the 8th July, 2013, subject to the approval of Members by way of an ordinary resolution under the aforesaid Section and other applicable Section/s, if any. This is only an enabling resolution so that Board can take relevant decision/s for giving security for its borrowings, at appropriate time(s).

The Articles of Association of the Company permit the above and can be inspected by the Members of the Company at its Registered Office on any working day during business hours, and, at the Annual General Meeting.

Your Directors recommend to pass the proposed Resolution given in item no.4 as an Ordinary Resolution.

None of the Directors is interested in the proposed Resolution.

**ITEM NO. 5**

As per the provisions of Section 293(1) (d) of the Companies Act, 1956 (The Act), the Board of Directors of a public company shall not, without the consent of the company in a general meeting, borrow, together with moneys already borrowed, (excluding temporary loans from bankers in the ordinary course of business), exceeding the aggregate of paid-up share capital and free reserves of the company.

In view of the expansion of the business activities of the Company which requires raising of more funds, from time to time, your Board of Directors, at its Meeting held on the 8th July, 2013, has decided to increase the said borrowing limit to Rs. 2000 crores which shall be over and above the aggregate of paid up share capital and free reserves of the Company. The aforesaid Board resolution has been passed keeping in view the provisions of said Section 293(1)(d) and other applicable provisions of the Companies Act, 1956, if any, and the said decision is subject to the approval of Members, by way of an ordinary resolution. This is only an enabling resolution so that the Board can take relevant decision/s for borrowing/s, at appropriate time(s).

The Articles of Association of the Company permit the above and can be inspected by the members of the Company at its Registered Office on any working day during business hours, and, at the Annual General Meeting.

Your Directors recommend to pass the proposed Resolution given in item no.5 as an Ordinary Resolution

None of the Directors is interested in the proposed Resolution.

**DIRECTORS' REPORT**

Dear Members,

Your Directors take pleasure in presenting the 32<sup>nd</sup> Annual Report with the Audited Statement of Accounts of your Company for the Financial Year ended the 31st March, 2013.

**1. FINANCIAL HIGHLIGHTS**

(Rs. in Lacs)

| PARTICULARS  | 2012-2013 | 2011-2012 |
|--|-----------|-----------|
| Sales  | 41235.98  | 27846.44  |
| Profit Before Interest, Depreciation & Tax (PBDIT) | 4890.03   | 3876.55   |
| Less : Interest & Finance Charges                  | 1538.58   | 1345.48   |
| Profit Before Depreciation & Tax (PBIT)            | 3351.45   | 2531.08   |
| Less : Depreciation                                | 279.38    | 222.77    |
| Profit Before Tax (PBT)                            | 3072.07   | 2308.30   |
| Less : Provision for Current Tax /Deferred Tax     | 781.47    | 534.35    |
| Profit After Tax (PAT)                             | 2290.60   | 1773.96   |

**2. DIVIDEND**

In view of the future plans of the company in relation to the expansion, your Directors do not recommended any Dividend for the year under review.

**3. BUSINESS AND OPERATIONS REVIEW**

As you are aware your Company is one of the leading manufacturers of non ferrous semis in India. During the year under review, your Company has received prestigious order worth more than Rs 361 Crores from India Government Mint through global tender for supply of Nickel Brass for manufacturing of Rs 5/- Coin blanks.

The capex plan which was initiated last year has helped the Company to produce bigger billets and to obtain larger coil weights as per international market requirement and at the same time enabled Company to bring better economies of scales and to reduce cost of production per unit . The installed capacity of the plant has also doubled to 24000 MTPA.

**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, 2013 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 the 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**

Pursuant to the approval of share holders in an Extra Ordinary General Meeting held on 16th March, 2013, the Company had received an amount of Rs 5.10 Crores from promoters towards the issuance of 1000000 equity shares having face

value of Rs 10/- per share of the Company at a premium of Rs 41/- per equity share aggregating to Rs 51/- per share on preferential issue basis. The allotments of shares were made on 3rd April, 2013 and have been listed at BSE.

The Equity Shares of the Company are available in dematerialized form with NSDL & CDSL. The ISIN number of the Company is 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 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, is annexed herewith in 'Form-B'.

### **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 is given separately in the Annexure-B which forms part of this Report.

## **10. CORPORATE SOCIAL RESPONSIBILITY**

As a responsible corporate citizen and a respected manufacturing enterprise, your Company understands its responsibility towards the society. During the year, a free eye checkup camp was organized at our manufacturing facility at Bawal. The camp was inaugurated by Estate Officer, HSIIDC Bawal and was open for all the people of the area. Qualified eye specialist doctors from reputed Vasan Eye Care Hospital, New Delhi conducted the eye check up using state-of-the-art technology machine and methods accompanied by careful guidance to take care of eyes. Arcotech group has started a venture with a name Arcotech Uniexpat Limited for the purpose of nurturing talent of students across the world. Your Company assures all stakeholders that it will continue to comply with its social responsibilities in future as well.

## **11. MANAGEMENT DISCUSSION AND ANALYSIS**

### **(a) *Industry Scenario & Future Challenges***

During the year, Industrial Output of the economy has been sluggish; primarily because of higher interest rates in macroeconomic concerns. However, your Company's approach of diversification of customer base has helped it to maintain steady growth.

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

Your Company acknowledges the commitment, competence and dedication of its employees at all areas of business. The Company is committed to nurturing, enhancing and retaining best talent through investment in its people to upgrade their technical, domain and leadership capability. To retain leadership position, the Company continuously innovates and customizes its Human Resource (HR) strategy to meet changing employee needs.

### **(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.



**12. 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.

**13. ACKNOWLEDGMENT**

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the Industry. Your Company looks upon them as partners in its progress and has shared with them the rewards of growth.

Directors also take this opportunity to thank all investors, clients, vendors, banks, government authorities and stock Exchange for their continued support.

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

Place : New Delhi  
Date : 16<sup>th</sup> July, 2013

**(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 | 54          | Whole Time Director | 3000000                  | 1806000                | 29                       | 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, 2013.

**I. CONSERVATION OF ENERGY**

- a) Energy conservation measures taken :
  - PLC with VFD in Break down mill have been commissioned for consuming low energy.
  - New LNTOR Drive installed in 20 Hi mills resulting into lower consumption of energy.
- b) Additional investment and proposals for reduction of energy consumption.
  - VFD for More number of machines shall be installed.
  - New Digital Drives are proposed to be installed in other finishing as well as intermediate mills for optimum utilization of power.
- 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 measure would help in increasing the productivity, lowering the power cost.

## FORM-A

### PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

#### (A) Power and Fuel Consumption

|                                      | Current Year 2012-2013 | Previous Year 2011-2012 |
|--------------------------------------|------------------------|-------------------------|
| 1. Electricity                       |                        |                         |
| (a) Purchased (MWH)                  |                        |                         |
| (i) Units                            | 12478.92               | 9623.10                 |
| (ii) Total Amount                    | 79161.01               | 50737.95                |
| (iii) Rate per unit (Rs.)            | 6.34                   | 5.27                    |
| (b) Own Generation                   |                        |                         |
| (i) Through diesel generator         |                        |                         |
| Units (MWH)                          | 262.62                 | 597.45                  |
| Units per Ltr of diesel              | 2.48                   | 2.41                    |
| Cost/ Unit (Rs.)                     | 19.46                  | 16.61                   |
| (ii) Through steam turbine generator | NIL                    | NIL                     |
| 2. Coal/ Furnace Oil/ Others         | N/A                    | N/A                     |

#### (B) Consumption per unit of Production

|                    | Production Unit (Kg.) | Standards (If any) | Current Year 2012-2013 (Unit) | Previous Year 2011-2012 (Unit) |
|--------------------|-----------------------|--------------------|-------------------------------|--------------------------------|
| 1. Copper & Brass  |                       |                    |                               |                                |
| - Electricity      |                       | -                  | 1.51                          | 1.59                           |
| - 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
  - 2Hi Hot Rolling Mill has been re-engineered to meet the specific customer requirement and to achieve internationally acceptable quality parameter.
  - Study was conducted to do Hot Rolling of Nickel Brass
- (b) Benefits derived as a result of the above R&D
  - Capable to do Hot Rolling of Nickel Brass to meet customized requirement of customers.
  - Productivity has been increased.
- (c) Future plan of action :
  - Additional Base for Bell Annealing will be installed.
  - 2nd PSA plant will be Commissioned
- (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 commissioned. : Technological up gradation of various equipments have been undertaken.
- (b) Benefits derived as a result of the above efforts. : Efficient consumption of electricity and lower Production cost due to increase in production.
- (c) Technology imported during the last five years. : DC Caster, Continuous Casting Line & Pin hole Detector 20Hi Mill, Robertson Mill Coreless furnace consists of several imported mechanical, electronic components.

#### 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. : Company bagged repeat orders from various countries covering geographical segments like far-east asia, middle-east, Latin America.
- (b) Total foreign exchange used and earned. (equivalent to Rupees) :
 

|                        |   |              |
|------------------------|---|--------------|
| - Used (on cash basis) | : | 1474.30 Lacs |
| - Earned               | : | 1033.99 Lacs |