

31st Annual Report
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ARCOTECH LIMITED

Contents :

	<i>Page No.</i>
Notice	1
Directors' Report	3
Auditors' Report	14
Balance Sheet	16
Statement of Profit & Loss	17
Cash Flow Statement	18
Notes on Financial Statement	19
Proxy Form	

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 31st Annual General Meeting of the Company will be held on Saturday, the 29th day of September, 2012 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, 2012 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 Rameshwar Dayal 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 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."

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, Whole Time Director of the Company be and is hereby re-appointed as a Whole Time Director for a period of three years w.e.f. 17th December, 2012 on a remuneration not exceeding Rs. 250000.00 per month, comprising of basic salary of Rs.125000.00 per month with perks, benefits and allowance namely of Medical Expenses, Business Promotion, Driver Salary, Telephone Bills, Conveyance expenses, Allowances namely Washing Allowance, Attire Allowance, Academic Research Allowance, Children Education Allowance."

"RESOLVED FURTHER THAT subject to the overall ceiling on remuneration to the provision of 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 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 annually 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."

By Order of the Board

Place : New Delhi
Date : 6th August, 2012

(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 22nd September, 2012, to Saturday, the 29th September, 2012 (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 and 4 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 Rameshwar Dayal 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, 2012	<ul style="list-style-type: none"> • Arcotech Biochem Ltd • Arcotech Info Ltd • Arcofemi Healthcare Ltd • Arcotech Avanced Metaliks Ltd 	<ul style="list-style-type: none"> • Amber Leasing P Ltd • Arcotech Biochem Ltd
Chairmanship/ Membership of Committees (across all public Cos.)	Member Audit & Share Transfer Committee of Arcotech Ltd	Member Audit & Remuneration Committee of 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 52 years, is an M.Com, MBA from Pune University and is having an experience of about 28 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 17th December, 2012. Remuneration has been fixed within the ceiling limit & conditions specified in Section II (A) of Schedule III of the Companies Act, 1956.

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.

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the 31st Annual Report with the Audited Statement of Accounts of your Company for the Financial Year ended the 31st March, 2012.

1. FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

PARTICULARS	2011-2012	2010-2011
Sales & Other Income	27846.44	22265.33
Profit Before Interest, Depreciation & Tax (PBDIT)	3876.55	3342.70
Less : Interest & Finance Charges	1345.48	1015.46
Profit Before Depreciation & Tax (PBIT)	2531.08	2327.24
Less : Depreciation	222.77	171.72
Profit Before Tax (PBT)	2308.30	2155.52
Less : Provision for Current Tax /Deferred Tax	(534.35)	(738.36)
Profit After Tax (PAT)	1773.96	1417.16

2. DIVIDEND

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

3. BUSINESS AND OPERATIONS REVIEW

The Company continued its efforts to strengthen its presence across various industrial segments both in domestic and international market during the year under review. Stakeholders are aware that during the FY 2010-11, the focus of the Company was primarily in diversifying its reach in different industrial segments and simultaneously we diversified geographically in domestic market as well.

During the year under review, the company has expanded itself in the international market as well. The competitive edge of providing international quality material at cost effective price has helped your Company to tap international market. The Company has made direct exports to Middle East, Far East Asia and Latin America etc.

In order to further expand and to meet the stringent quality conditions of international market, your Company has taken up a expansion cum modernization plan which will increase its installed capacity to 24000 MTPA. This would also enable Company to better its economies of scale and to reduce per unit cost of production and at the same time would bring uniformity in entire production process.

4. DIRECTORS

In pursuance with the provisions of Companies Act, 1956, Shri Rameshwar Dayal 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, 2012 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

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 as '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 are given separately in the Annexure-B which forms part of this Report.

10. MANAGEMENT DISCUSSION AND ANALYSIS

(a) Industry Scenario & Future Challenges

Company is expecting healthy demand and growth of the product. Our plan is to serve the various segment of the industries. As the company has widened its product mix, the demand for company's product has increased and the company expanded its frontier to international market. Company expects to have continuous growth in demand from its domestic as well as international customers.

(b) Human Resources / Industrial Relations

Your Company believes that a dedicated and motivated team of individuals plays a decisive role in achieving its goals. Employees today are looking for development opportunities, future career options, empowerment and work life balance in an organization. To retain leadership position, the Company continuously innovates and customises its Human Resource (HR) strategy to meet changing employee need. The Company continues to invest in its people to upgrade their technical, domain and leadership capability.

(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 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 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.

Your 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 : 6th August, 2012

**(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	53	Whole Time Director	3000000	1806000	28	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, 2012.

I. CONSERVATION OF ENERGY

- a) Energy conservation measures taken :
 - Upgraded power distribution system to minimize power loss.
 - Upgraded control system drives for various equipments for conservation of energy.
- b) Additional investment and proposals for reduction of energy consumption.
 - Electricity is being purchased through open access from Energy Exchange to reduce DG set running Hrs and thereby saving energy cost.
 - New equipments being added with new innovative ideas to produce value added products with increased productivity.
- 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 2011-2012	Previous Year 2010-2011
1. Electricity		
(a) Purchased (MWH)		
(i) Units	9623.10	7966.33
(ii) Total Amount	50737.95	40554.35
(iii) Rate per unit (Rs.)	5.27	5.07
(b) Own Generation		
(i) Through diesel generator		
Units (MWH)	597.45	196.04
Units per Ltr of diesel	2.41	2.82
Cost/ Unit (Rs.)	16.61	13.51
(ii) Through steam turbine generator	NIL	NIL
2. Coal/ Furnace Oil/ Others	N/A	

(B) Consumption per unit of Production

	Production Unit	Standards (If any)	Current Year 2011-2012 (Unit)	Previous Year 2010-2011 (Unit)
1. Copper & Brass	(Kg.)			
- Electricity		-	1.59	1.52
- 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

Certain machineries has been re-engineered to meet the specific customer requirement and to achieve internationally acceptable quality parameter.

- (b) Benefits derived as a result of the above R&D

- The operational time has been reduced.
- Quality Benchmarks has been achieved
- Capable to meet customized requirement of customers.

- (c) Future plan of action :

The upcoming modernization of the plant is in view with the conservation of energy.

- (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. : New equipment added for Value added products and the new sectors of the industry in view of the services.
- (b) Benefits derived as a result of the above efforts. : Production cost lowered due to increase in production
- (c) Technology imported during the last five years. : DC Caster, Continuous Casting Line & Pin hole Detector consists of several imported mechanical and 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) | : | 185.43 Lacs |
| - Earned | : | 252.78 Lacs |