

34th Annual Report
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ARCOTECH LIMITED

CORPORATE INFORMATION

CIN : L34300HR1981PLC012151

BOARD OF DIRECTORS

Sh.Arvind Kumar Saraf	:	Chairman & Promoter
Sh. R D Tayal	:	Independent Director
Sh. Sham Lal Mohan	:	Independent Director
Sh. Maninder Kohli	:	Non-Executive Director
Sh. Suresh Thakur	:	Independent Director
Smt. Sonia Dube	:	Independent Director
Sh. Rishabh Saraf	:	Non Executive Director
Sh. Radha Nath Pattanayak	:	Whole Time Director

AUDITORS

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

REGISTRAR

Maheshwari Datamatics Pvt Ltd,
6, Mangoe Lane, 2nd Floor, Kolkata-700001
Ph:- 033-2248 2248, Fax : 033-51410591

REGISTERED OFFICE AND WORKS

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

DIRECTORS' REPORT

Dear Members,

Your Directors have immense pleasure in presenting the 34th Annual Report on the business and operations of the Company together with Audited Statement of Accounts of your Company for the financial year ended the 31st March, 2015.

1. FINANCIAL HIGHLIGHTS

(Rs. in Crores)		
PARTICULARS	2014-2015	2013-2014
Sales	736.45	702.45
Profit Before Interest, Depreciation & Tax (PBDIT)	86.90	86.18
Less : Interest & Finance Charges	31.39	31.62
Profit Before Depreciation & Tax (PBIT)	55.51	54.55
Less : Depreciation	3.74	3.87
Profit Before Tax (PBT)	51.77	50.68
Less : Provision for Current Tax /Deferred Tax	18.01	17.58
Profit After Tax (PAT)	33.76	33.10

2. DIVIDEND

In view of the adequate profits earned by the Company, your Directors have recommended dividend of Re. 1/- per share on equity shares at the face value of Rs. 10/- each for the financial year ended 31st March, 2015

3. BUSINESS AND OPERATIONS REVIEW

During the year under review, your Company has achieved gross sales of Rs.736.45 crores as compared to Rs 702.45 crores in the previous year. In terms of productivity, the Company has achieved a growth of approx. 15% vis a vis previous year, however, the growth could not be reflected into monetary terms because of lower LME during last two quarters of the financial year.

The Company achieved a positive growth on the basis of diversified portfolio of product offering range and non-dependence on any particular industrial segment. The company has visualized the need of a forward integration to enable it to move up in the value addition chain and to meet the changing requirements of its customers. The ongoing capex would further provide your Company to serve varied product requirements of its customers and shall be able to provide material in the form of end use products like terminals, connectors to electrical and automobile sector customers, coin blanks to Mint, cups for defense establishments along with conventional strips, foils and coils of different alloys being produced by the company. The Current capex cost of Rs 110.00 crores has been funded by way of long term funds from financial institutions and internal accruals. The equipment and machineries are being procured from the best equipment manufacturers across the world.

The work on the proposed greenfield project is underway. The Company is also proposing to issue securities through QIP for an amount not exceeding Rs. 300 crores to meet its long term requirement.

4. DIRECTORS

In pursuance with the provisions of Companies Act, 2013, Shri R N Pattanayak, Whole Time Director of the Company who 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(s), the details of the Director to be re-appointed are being provided in the notice of the ensuing Annual General Meeting.

The Board of the Company is constituted in accordance with the provisions of Companies Act, 2013 and rules made there under and revised clause 49 of the listing agreement. During the year, Shri Rishabh Saraf, Non Executive Non Independent Director and Mr. S.L.Mohan, Independent Director have joined the board of the company.

None of the directors of the Company resigned from the board of the Company during the year under review.

5. POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The policy of the Company on the appointment and remuneration of the Directors, Key Managerial Personnel and Senior Executives of the Company including criteria for determining qualifications, positive attributes, independence of a Director and other related matters under section 178(3) of the Companies Act, 2013 has been provided in the Corporate Governance Report which forms part of this Report.

Further the policy also indicates the manner of the performance evaluation of the Independent directors, board and committees and other Independent directors which includes criteria for performance evaluation of Non Independent directors and Executive directors.

The statement pursuant to the provisions of the Companies Act, 2013 and revised clause 49 of the listing agreement indicating the manner in which formal annual evaluation of the Directors, the Board and the Board level Committees are given in the report on Corporate Governance, which forms part of this Annual Report.

The company has received necessary declaration from each independent director under section 149(7) of the Companies Act, 2013 that he/ she meets the criteria of independence laid down in section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement.

6. AUDITORS AND AUDITORS REPORT

M/s. Shwetank Joshi & Associates, Chartered Accountants, 66, Ezra Street, Kolkata-700001, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General meeting and are eligible for re-appointment.

The Company has received Peer Review Certificate along with the Certificate from the auditors to the effect that their re-appointment, if made, would be within the limit prescribed under Section 141(3)(g) of the Companies Act, 2013 and they are not disqualified for re-appointment. The Board of your Company recommends their re-appointment.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditor's report does not contain any qualifications, reservations or adverse remarks or disclaimers.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review

7. COST AUDITOR

The Board of your Company has appointed M/s SS Chug & Co., Cost Accountants, registration no. 101595 for conducting the audit of cost records of the Company for the financial year 2015-16.

8. SECRETARIAL AUDITORS

The Board of your Company has appointed M/s A. Upadhyaya & Associates, Company Secretaries, registration no. 4729 for conducting the secretarial audit of the Company for the financial year 2015-16. The secretarial auditor's report for the financial year 2014-15 does not contain any qualifications, reservations or adverse remarks or disclaimers.

9. NUMBER OF MEETINGS OF THE BOARD

During the year under review, there were total 6 (Six) meetings of the Board were convened and held, the details of which are given in the Report on Corporate Governance, which is a forming part of this report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and revised clause 49 of the Listing Agreement.

Audit Committee

The Composition and function of Audit Committee of the Board of Directors of the Company is disclosed in the Report on Corporate Governance, which is forming part of this report.

10. VIGIL MECHANISM

The Company has established a vigil mechanism which incorporates a whistle blower policy in terms of the listing agreement for directors and employees to report their genuine concerns. The objective of the policy is to create a window for any person who observes an unethical behavior, actual or suspected fraud or violation of Company's code of conduct. Protected disclosures can be made by the whistle blower through an email or phone or a letter to the chairman of the audit committee. The policy can be assessed from the Company's website www.arcotech.in.

11. SUBSIDIARY

As on 31st March, 2015 the Company is having only one subsidiary with a name Arcotech International, Hongkong. However, the Company has not yet commenced its economic activities.

12. DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 134(3)(C) OF THE COMPANIES ACT, 2013

The Board of Directors hereby confirms, in terms of Section 134(5) of the Companies Act, 2013:

- a) 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;
- b) That appropriate accounting policies have been selected and applied consistently, and made 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.
- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That the Annual Accounts have been prepared on a going concern basis.
- e) That the Directors have laid down internal financial controls to be followed by the company and such internal financial controls are adequate and are operating effectively.
- f) That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

13. EXTRACT OF ANNUAL RETURN

In accordance with the provisions of section 134(3)(a) of the Companies Act, 2013 an extract of the Annual Return in Form MGT-9 is given as Annexure-B of this report.

14. FIXED DEPOSITS

During the Year under review, your Company has not accepted any fresh deposit within the meaning of Section 73 and 74 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014

15. 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 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure - 'A' -Form 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 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed herewith as Annexure - 'A' -Form B.

C. Particulars of Employees

Information in accordance with the provisions of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Persons) Rules, 2014, as amended, regarding employees is given in the Annexure to the Directors' Report.

Disclosures regarding ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are as under :-

Managerial Remuneration:

- i) The Ratio of the remuneration of Directors to the Median remuneration of the employees of the Company for the year 2014-15:
 - Non Executive & Independent: **1.64:1**
 - Executive Director : Mr. RN Pattanayak - **11.04:1**
- ii) The percentage increase in remuneration of each Director, CS in the financial year:
There was no increase in the remuneration of any of the Director or CS during the financial year.

- iii) The percentage increase in the median remuneration of employees in the financial year: **11.69%**
- iv) The number of permanent employees on the rolls of Company: **222 employees**
- v) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company: **The remuneration of the two KMP's in the Company i.e, the Whole time Director and CS remain unchanged.**
- vi) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate of previous year.

Particulars	As at 31st March, 2015	As at 31st March, 2014	Variation(%)
Closing Share Price	342.60	176.30	94.33
Market Capitalization (Rs in Crores) (Market Value per share *No. of Outstanding Shares)	719.46	370.23	94.33
P/E ratio (Market Value per share/EPS)	21.32	10.81	97.41

- vii) average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration : **There has been no increase in the remuneration of KMP's during the financial year.**
- viii) Comparison of the each remuneration of the Key Managerial personnel against the performance of the Company:

	WTD	CS
Remuneration in FY 15 (Rs in Cr.)	0.30	0.10
Revenue (Rs in Cr.)	655.79	
Remuneration as % of revenue	0.045%	0.015%
Profit before Tax (PBT) (Rs in Cr.)	51.52	
Remuneration (as % of PBT)	0.58%	0.19%

- ix) the key parameters for any variable component of remuneration availed by the Directors: **There is no such variable component**
- x) The ratio of the remuneration of the highest paid director to that of the employees who are not Directors but receive remuneration in excess of the highest paid director during the year: **NONE**
- xi) The Remuneration is as per the remuneration policy of the Company.

16. CORPORATE GOVERNANCE

The report on Corporate Governance and the Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to the report on Corporate Governance.

17. RISK MANAGEMENT POLICY

The company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed at the meetings of the board of directors of the company.

The company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by statutory as well as internal auditors.

18. CORPORATE SOCIAL RESPONSIBILITY

The Company has duly formulated CSR policy in place. The Company has been committed towards the society at large. A separate note on the policy is a part of this report. Policy can be assessed from the Company Website www.arcotech.in.

19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The company has not given any loan, guarantee or investments under section 186 of the Companies Act, 2013

20. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY.

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

21. 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 nurture, enhance and retain 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 need.

(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.

22. 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, Banker, Clients, Vendors, Companies, Government authorities and Stock Exchange(s) for their continued support.

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

**(Arvind Kumar Saraf)
Chairman
DIN : 00057323**

Place : New Delhi
Date : 8th August, 2015

A) ANNEXURE TO BOARD REPORT

The remuneration of Whole Time Director (Executive Director) for the financial year ended 31st March 2015.

S. No.	Name	Age (Years)	Designation	Gross Remuneration (Rs.)	Net Remuneration (Rs.)	Total Experience (Years)	Date of Commencement of Employment	Late Employment
1	Shri. R N Pattanayak	55	Whole Time Director	3000000	1806000	29	18.12.2006	Business

ANNEXURE - 'A'

Information under section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended 31st March, 2015.

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

- i. New HMI has been installed with PLC and VFD in Break down mill for consuming low energy.
- ii. Replacement of Conventional lighting system with the installation of LED lights.
- iii. New LNTORE Drive installed in 2 Hi mill resulting into lower consumption of energy.
- iv. High density New Bailing Press installed and commissioned resulting into lower consumption of energy.

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

- i. VFD for More number of machines shall be installed.
- ii. New Digital Drives are proposed to be installed in other finishing as well as intermediate mills for optimum utilization of power.
- iii. New Power Distribution system is being installed to reduce power consumption of the mills.

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 2014-2015	Previous Year 2013-2014
1. Electricity		
(a) Purchased (MWH)		
(i) Units	14217.66	18799.86
(ii) Total Amount ('000')	111172.396	139027.434
(iii) Rate per unit (Rs.)	7.82	7.40
(b) Own Generation		
(i) Through diesel generator		
Units (MWH)	114.497	158.393
Units per Ltr of diesel	2.15	2.16
Cost/ Unit (Rs.)	25.25	23.19
(ii) Through steam turbine generator	NIL-	NIL
2. Coal/ Furnace Oil/ Others	-NA-	-NA-

(B) Consumption per unit of Production

	Production Unit (Kg.)	Standards (If any)	Current Year 2014-2015 (Unit)	Previous Year 2013-2014 (Unit)
1. Copper & Brass				
- Electricity		-	0.86	1.29
- Coal/ FO /Others		NA		NA

FORM-B

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Research and Development (R&D)

- Specific areas in which R&D was carried out by the Company
 - Pickling line has been re-engineered to meet the specific customer requirement and to achieve internationally acceptable quality parameter.
 - Study was conducted to do Casting and Hot Rolling of ETP Copper
- Benefits derived as a result of the above R&D
 - Capable to do Casting and Hot Rolling of ETP Copper to meet customized requirement of customers.
 - Productivity has been increased.
- Future plan of action :
 - Up gradation of 4Hi Intermediate Mill.
 - 2nd PSA plant will be Commissioned

In future AGC for Mc-Milan will be developed and implemented
- 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:

- Efforts, in brief, made towards technology commissioned. : Technological up gradation of various equipments have been undertaken.
- Benefits derived as a result of the above efforts. : Efficient consumption of electricity and lower Production cost due to increase in production.
- 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 :

- 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.
- Total foreign exchange used and earned. (equivalent to Rupees) :

- Used (on cash basis)	:	Rs. 918.77 Lacs
- Earned	:	Rs. 596.96 Lacs

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L34300HR1981PLC012151
2.	Registration Date	13.08.1981
3.	Name of the Company	ARCOTECH LIMITED
4.	Category/Sub-category of the Company	LIMITED COMPANY HAVING SHARE CAPITAL
5.	Address of the Registered office & contact details	181, SECTOR-3, INDUSTRIAL GROWTH CENTRE, BAWAL-123501, DISTRICT- REWARI, HARYANA
6.	Whether listed company	LISTED
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Maheshwari Datamatics Pvt Ltd, 6, Mangoe Lane, 2nd Floor, Kolkata-700001 Ph:- 033-2248 2248, Fax : 51410591

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturer of Copper and Copper based alloys semis	7409110,7410110,74092100	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Address of the Company	CIN No	Holding/subsidiary/ Associate	% of share held	Section
1	Arcotech International Limited	NA	Subsidiary	100%	2(87)(ii)