



19th

ANNUAL REPORT 2012-2013

**METAL COATINGS (INDIA) LIMITED**

## CORPORATE INFORMATION

### DIRECTORS

R. C. Khandelwal  
Pramod Khandelwal  
A. P. Khandelwal  
V. K. Hajela  
K. L. Gupta  
S. K. Gupta

Chairman  
Managing Director

### AUDITORS

**Vinod Kumar & Associates**  
Chartered Accountants  
909, Chiranjiv Tower, 43, Nehru Place,  
New Delhi-110019

### BANKERS

**Canara Bank**  
36-37, Community Centre,  
East of Kailash, New Delhi

### REGISTERED OFFICE

912, Hemkunt Chambers,  
89, Nehru Place, New Delhi - 110019.

### WORKS

- (i) Sector - 45, Meola Maharajpur,  
Faridabad - 121003.
- (ii) 113, HSIIDC Industrial Estate,  
Sector-59, Faridabad - 121004.

### 19<sup>TH</sup> ANNUAL GENERAL MEETING

Day : Monday  
Date : 23<sup>rd</sup> September, 2013  
Time : 11.00 a.m.  
Venue : Hotel Conclave  
A-20, Kailash Colony  
New Delhi - 110048

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**DIRECTORS' REPORT**

TO THE MEMBERS,

The Directors of your Company have pleasure in presenting their NINETEENTH ANNUAL REPORT together with the Audited Statements of Account for the year ended 31st March, 2013.

**FINANCIAL HIGHLIGHTS***(Rs. in lacs)*

	For the Accounting Year ended 31.03.2013	For the Accounting Year (15 months period) ended on 31.03.2012
Total Revenue	10160	12144
Operating Profit	489	587
Profit before Tax	222	261
Provision for Taxation	82	90
Profit after Tax	140	171

**PERFORMANCE REVIEW**

The year under review was characterised by headwinds in the form of a weakening economy and rising inflation which led to a challenging market situation by way of demand coming under pressure. In spite of the tough market conditions, your Company recorded a modest increase of about 5% in its Income from Operations during the year as compared to previous period (annualised). With a strong brand presence in the industry, the company could also substantially hold prices in the otherwise falling sentiments situation. The Income from Operations during the year ended 31st March, 2013 was Rs. 10160 lacs as against Rs. 12144 lacs in the previous accounting year (15 Months). The Profit After Tax was Rs. 140 lacs as against Rs. 171 lacs in the previous accounting year (15 Months).

**PERSONNEL**

Industrial relations remained cordial throughout the year. There is no employee who is in receipt of remuneration equivalent to or exceeding the amount prescribed u/s 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended.

**BOARD OF DIRECTORS**

In accordance with the Articles of Association of the Company Mr. V.K Hajela and Mr. S. K. Gupta retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**NO DEFAULT**

The Company has not defaulted in payment of interest or repayment of loans to any of the financial institutions and/or banks during the period under review.

**ENERGY CONSERVATION, ABSORPTION OF TECHNOLOGY AND FOREIGN EXCHANGE**

Particulars in relation to conservation of energy, technology absorption and foreign exchange earning and outgo as required under section 217 (1) (e) of the Companies Act, 1956 are given and form a part of this report.

**LISTING AND LISTING AGREEMENT**

Shares of the Company are listed with BSE Ltd., Mumbai. The Company has paid the annual listing fee to the Stock Exchange.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance with the provisions of section 217(2AA) of the Companies Act, 1956 your Directors hereby confirm that

- (i) in the preparation of the Annual Accounts for the year ended 31st March, 2013 all the applicable accounting standards have been followed along with proper explanation relating to all material departures;
- (ii) accounting policies were adopted and applied consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit and loss of the Company for the year ended on that date;
- (iii) proper and sufficient care for the 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 irregularities have been taken and
- (iv) the Annual Accounts have been prepared on a 'going concern' basis.

**AUDITORS**

M/s Vinod Kumar & Associates, Chartered Accountants, Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956.

**CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Company Secretary's Certificate regarding compliance of conditions of Corporate Governance are made as part of Annual Report.

**DIVIDEND**

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the year ended 31st March 2013.

**ACKNOWLEDGMENTS**

The Directors wish to place on record their appreciation to Banks, Financial Institutions, suppliers and customers constituting the supply chain, employees and the shareholders of the Company for their continued support and co-operation.

For and on behalf of the Board of Directors

Sd/-

**(R.C KHANDELWAL)**

Chairman

Date : 09.08.2013

Place : New Delhi

**Annexure to the Directors' Report****Disclosure of particulars with respect to conservation of energy :****A. POWER AND FUEL CONSUMPTION**

	For the Year ended 31.03.2013	For the Accounting Year (15 Months Period) ended 31.03.2012
<b>(i) Electricity</b>		
(a) Purchased ('000 Units)	<b>3004.26</b>	3348.47
Total Amount (Rs. in lacs)	<b>198.86</b>	203.79
Rate per unit (Rs.)	<b>6.62</b>	6.09
(b) Own Generation		
(D.G. Set) ('000 Units)	<b>673.34</b>	668.34
Total Amount (Rs. in lacs)	<b>103.45</b>	89.71
Cost per unit (Rs.)	<b>15.36</b>	13.42
<b>(ii) Diesel Oil/C-9 :</b>		
Quantity (Kilo Litres '000)	<b>1007.90</b>	1344.62
Total Amount (Rs. in lacs)	<b>408.49</b>	465.15
Average Rate (Rs./Litre)	<b>40.53</b>	34.59

**B. Consumption per unit of production**

	Production Unit	Current Year	Previous Year
Electricity (KWH)	MT	124.00	109.74

**Particulars with respect to conservation of energy :**

The following measures have resulted in conservation & efficient utilisation of energy :

- Solar Panels have been successfully installed at the Ballabhgarh Factory for usage in lighting.
- FRP transparent sheeting have been used in the roof cladding at the plant to let more natural sunlight in, leading to savings in power.

**Research and Development and Technology Absorption:**

Modifications in the equipment and processes were carried out successfully for the manufacture of Blade Grade stainless steel leading to significant productivity improvement.

**Foreign Exchange Earning and Outgo**      NIL

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE**

The Company is engaged in the manufacture and sale of Cold Rolled Steel Strips, HRPO Coils and HB/HHB Wire. These products are used by a wide range of user industries such as Auto Components, Consumer Durables, Electrical Equipment etc.

**OPPORTUNITIES AND OUTLOOK**

The products of the Company are used predominantly in the Auto Components and Consumer durables/white goods components industries. While the outlook in the Auto industry is not very sanguine in the forthcoming year, the medium to long term demand potential in this sector remains intact. The increasing young middle class population will sooner or later add to the demand for two-wheelers and cars. The consumer durables industry on the other hand is likely to continue to grow especially in the rural India where the penetration of white goods/consumer durables continues to be low in spite of a surge in the purchasing power in the rural economy. As power availability and distribution picks momentum, the demand for these white goods and appliances is expected to be robust in the years to come.

**RISKS, THREATS AND CONCERNS –**

Every organization has its own risk management policies to manage the risks and to mitigate the negative impact on the organization. Performance and operating results of any organization may fluctuate due to a number of factors and many of them are beyond the control of the organization. Few of the risks associated with our businesses are :

1. Steep increase in fuel prices coupled with high interest rates are a cause of concern as they have had a dampening effect on the demand for vehicles.
2. The economic slowdown could lead to dampening of demand and delays in receivables.

The Company has a sound business risk management policy to mitigate the impact of risk and threats. In today's open economy, quality plays an important role in marketing the products and to stay ahead of others. Therefore the Company is laying great emphasis on the quality of its products that meet high standards of quality in the market. Special attention is being paid to management of receivables with a close monitoring of the trends or any development at the highest levels to ensure that there is no loss to the company on this account.

**FINANCIAL PERFORMANCE**

	<b>For the year ended on 31.03.2013</b>	<b>For the accounting year (15 months period) ended on 31.03.2012</b>
Revenue from Operation (Net)	<b>10108</b>	12085
Other Income	<b>52</b>	59
Profit before Finance Cost	<b>428</b>	508
Finance Cost	<b>206</b>	247
Profit before Tax	<b>222</b>	261
Tax	<b>82</b>	90
Profit after Tax	<b>140</b>	171

**INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The Company has adequate internal control system which is commensurate with the nature of its business and the size and complexity of its operations. This internal control system, its adequacy and its effectiveness is periodically reviewed by the Audit Committee. These systems have been designed to ensure optimal utilization of resources, accurate and timely reporting of financial transactions, complying with applicable statute and safeguarding the assets from unauthorised use. The Audit Committee also monitors the implementation of audit recommendations including those relating to strengthening of the company's risk management policies and systems.

**CAUTIONARY STATEMENT**

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31.03.2013**  
(As required under Clause 49 of the Listing Agreements entered into with the stock exchanges)**1. Company's Philosophy on Corporate Governance**

Good corporate governance helps to achieve excellence to further enhance stakeholders value by focusing on long-term stakeholder value creation without compromising on integrity and regulatory compliances. Hence it has always been an integral part of your Company's philosophy and not merely arising out of compliance dictated by statutory requirements. It has been the endeavour of the Company's management to accord highest importance to ensure fairness, transparency, accountability and responsibility to shareholders besides voluntarily implementing practices that would give optimum information to shareholders.

**2. Board of Directors**

The Company has an executive Chairman, a Managing Director and a Whole time Director. The number of independent Directors and Non-Executive Directors (NED) is 50% of the total number of Directors.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

Attendance of each Director at the Board meetings, last Annual General Meeting and number of other Directorship and Chairmanship / Membership of Committee of each Director in various companies:

Name	Category	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorship #	Committee Membership @
<b>EXECUTIVE DIRECTORS</b>					
1 R. C. Khandelwal	Chairman	7	Yes	—	1
2 Pramod Khandelwal	Managing Director	7	Yes	—	1
3 A. P. Khandelwal	Whole Time Director	7	Yes	—	1
<b>INDEPENDENT NON EXECUTIVE DIRECTORS</b>					
4 V. K. Hajela	Director	6	No	1	2
5 S. K. Gupta	Director	6	Yes	—	2
6 K. L. Gupta	Director	4	No	—	2

# : Does not include directorships in companies excluded as per Section 278 of the Companies Act, 1956

@ : In accordance with Clause 49 of the Listing Agreement with the Stock Exchange, Membership / Chairmanship of only the Audit Committee, Shareholders' / Investors' Grievances Committee and the Remuneration Committee of all the Public Limited Companies has been considered.

**Number of Board Meeting held and the dates on which held**

7 Board Meetings were held during the year ended 31.03.2013. The dates on which the meetings held were as follows: 14.05.2012, 14.08.2012, 22.08.2012, 10.11.2012, 22.11.2012, 07.01.2013 and 12.02.2013. The Company has held at least one meeting in every three months and the maximum time gap between any two meetings was not more than four months.

**Brief Resume of the Director being reappointed/appointed, nature of his expertise in specific functional areas and names of companies in which he holds directorship and the membership of the committees of the Board are furnished hereunder:**

**Mr. V.K Hajela:** He has 50 Years of experience including 40 years in a variety of industries including engineering, chemicals, synthetic fiber, rubber, glass, electronics and telecommunications. He was Executive Director on the Supervisory Board of RPG Enterprises and had responsibility for all the companies in the RP Goenka Group in the business of Telecommunications, Information Technology and Glass Industry. Mr V.K Hajela is not related to any Director of the Company.

**Mr. S.K Gupta:** He is a commerce graduate and has over 32 years experience in engineering and fast moving consumer goods industries. He does not hold any directorship in any other companies. Mr S.K. Gupta is not related to any Director of the Company.

**Mr A. P. Khandelwal,** aged 75 years is Ex-Chairman of a Central Public Sector Undertaking. He started his career as an executive in "Shriram Group" and later on served as a Chief of Finance /Administration of various PSU's. His vast experience & wide contacts with Corporates acts as a major guiding force behind the company. He does not hold any directorship in any other companies.



**Mr. Pramod Khandelwal :** Mr. Pramod Khandelwal aged 47 years is a rank holder chartered accountant having more than 24 years of industrial experience. He controls and looks after all the financial, commercial and marketing aspect of the Company. He brings with him a rich experience of more than 5 years with Hindustan Unilever Ltd. During his tenure at Hindustan Unilever he held various managerial positions. He is Director in M/s Kochar Agro Industries Private Limited and member of Share Transfer & Shareholders / Investors Grievances Committee. Mr Pramod Khandelwal is son of Mr. A. P. Khandelwal, Director of the Company.

**Mr. R.C Khandelwal:** Mr. R.C Khandelwal, aged 62 years is a Mechanical Engineer having more than 40 years of industrial experience. He has served as key Executive in different institutions / companies. He takes care of production function covering technical aspects of production. He is Director in M/s Kochar Agro Industries Private Limited and member of Share Transfer & Shareholders/Investors Grievances Committee. Mr. R.C Khandelwal is not related to any Director of the Company.

### 3. Details of Remuneration

#### (a) Whole-Time Directors

S. No.	Name	Salary (Rs. in Lacs)
1	A. P. Khandelwal	15.00
2	R. C. Khandelwal	15.00
3	Pramod Khandelwal	30.00

The remuneration is fixed in nature and there is no performance linked incentives and there is no stock option. The notice period is three months and there is no severance fee.

#### (b) Non Executive Directors

The Company has not paid any remuneration to Non Executive Directors except the sitting fee.

#### (c) Sitting Fees paid to Non Whole-Time Directors (April 2012 to March 2013)

S. No.	Name	Sitting Fees (Rupees)	
		Board Meeting	Committee Meeting
1	V. K. Hajela	12,000	10,000
2	S. K. Gupta	12,000	8,000
3	K. L. Gupta	8,000	10,000

### 4. Board Committees

#### (a) Audit Committee

**Terms of reference:** Apart from all the matters provided in clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956, the Committee reviews working of the Internal Audit Department, approves internal audit programme and discusses with statutory auditors, their observation, suggestion and findings, internal control system, scope of audit, other related matters and major accounting policies followed by the Company.

#### Composition:

S. No.	Name	Designation	No. of Meetings Attended
1	V. K. Hajela	Chairman (Independent)	5
2	S. K. Gupta	Member (Independent)	4
3	K. L. Gupta	Member (Independent)	5

The Company has constituted an Audit Committee on 31.01.2003 of the Board comprising of 3 Directors. All are independent Directors. The Committee held five meetings during the year ended on 31st March, 2013 on 14.05.2012, 14.08.2012, 22.08.2012, 10.11.2012, and 12.02.2013.

#### (b) Shareholders Committee

The Board has constituted a Share Transfer & Shareholders / Investors Grievances Committee to approve the Share Transfer, Transmission, Transposition of name, Issue of Split / Duplicate Certificates and to review the status report on redressal of Shareholder and Investor Complaints received by the Company / Share Transfer Agents.

**Composition**

S. No.	Name	Category
1.	A. P. Khandelwal	Chairman
2.	R. C. Khandelwal	Member
3.	Pramod Khandelwal	Member

**(c) Remuneration Committee****Composition**

S. No.	Name	Category
1.	V. K. Hajela	Chairman (Independent)
2.	K. L. Gupta	Member (Independent)
3.	S. K. Gupta	Member (Independent)

**Terms of Reference:** The Remuneration Committee has been constituted to recommend/review remuneration of the Chairman, Managing Director and Wholetime Directors, based on their performance and defined assessment criteria.

**Remuneration policy and other terms of appointment of Directors:**

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

Name & Designation of Compliance Officer : R. A. Sharma, DGM (Finance)

During the year ended on 31st March, 2013, 1 letter/complaint received from the shareholder, were duly replied/resolved. During the 12 months period ended on 31st March, 2013, 7 transfer deeds involving 3504 equity shares were received and duly approved by the Committee and accordingly transferred.

**5. General Body Meeting**

Year, date, time and venue of the last 3 AGMs are as under:

Year	Date	Time	Venue
2009-10	27.09.2010	3.00PM	Robotics Hall, ISKON Complex, Sant Nagar Main Road, East of Kailash, New Delhi - 110065
2010-11	29.07.2011	10.30AM	Hotel Conclave, A-20, Kailash Colony, New Delhi-110048
2011-12	28.09.2012	11.30AM	Hotel Impress, A - 25, Kh. No. 393, Mahipalpur, Near N.H - 8, Vasant Kunj Road, New Delhi - 110 037

There was no Extra Ordinary General Meeting held during the last three years.

**Special Resolution passed through Postal Ballot**

No special resolution was passed through Postal Ballot during the Financial Year ended 31st March, 2013. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

**6. Disclosures**

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors, or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large : NIL

Details of Non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last 3 years: NIL

**7. Means of Communications**

Quarterly results are published through news papers namely Financial Express and Jansatta. These results are not sent individually to shareholders. Management Discussion & Analysis Report forms part of the Annual Report.

**8. Code of Conduct**

The Board has laid down a code of conduct for all Board Members and senior management of the Company. All Board members and senior management, that includes company executives who report directly to the Chairman and executive directors, have affirmed their compliance with the said code. A declaration signed by Mr. Pramod Khandelwal, Managing Director, to this effect is provided here below.



**9. Declaration for Code of Conduct**

As provided under Clause 49 of the listing Agreement with the Bombay Stock Exchange Limited, the Board Members and the Senior Management Personnel have confirmed compliance with the code of conduct and ethics for the year ended March 31, 2013.

For **Metal Coatings (India) Limited**

Date : 09 August, 2013  
Place : New Delhi

**Pramod Khandelwal**  
Managing Director

**10. General Shareholders Information****Annual General Meeting**

Annual General Meeting is proposed to be held on Monday on 23rd September, 2013 at 11.00 a.m. at Hotel Conclave, A - 20, Kailash Colony, New Delhi - 110048.

**Financial Calendar (tentative)**

Results for the quarter ending June 30, 2013	2 <sup>nd</sup> week of August, 2013
Results for the quarter ending September 30, 2013	2 <sup>nd</sup> week of November, 2013
Results for the quarter ending December 31, 2013	2 <sup>nd</sup> week of February, 2014
Results for the Year ending March 31, 2014	4 <sup>th</sup> week of May, 2014
Annual General Meeting	September, 2014

**Date of book closure**

The Register of Members and the Share Transfer Books of the Company will remain closed from Friday the 20th day of September, 2013 to Monday the 23rd day of September, 2013 (both days inclusive).

**Dividend**

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not proposed any dividend for the year ended 31st March 2013.

**Listing on Stock Exchange**

The equity shares of the Company are listed at - Bombay Stock Exchange Ltd. and the Stock Code is 531810.

**Market Information;**

Market Price Data [High / Low] during each month in last financial year.

(In Rupees)

Month / year	BSE	
	High	Low
April - 2012	16.05	13.80
May - 2012	13.73	12.46
June - 2012	No Trade	No Trade
July - 2012	17.31	13.25
Aug - 2012	18.00	15.00
Sep - 2012	20.65	15.65
Oct - 2012	23.65	20.40
Nov - 2012	22.40	21.30
Dec - 2012	22.60	22.00
Jan - 2013	20.95	20.95
Feb - 2013	No Trade	No Trade
Mar - 2013	20.00	19.05

**Registrar & Share Transfer Agent** : M/s Link Intime India Private Limited, 44, Community Centre, 2nd Floor Naraina Industrial Area, Phase - I, Near PVR Cinema, New Delhi - 110028  
Phone No. 011-41410592-93-94, Fax No. 011-41410591

**Share Transfer System:**

The Board has constituted a Share Transfer Committee to approve interalia transfer of shares etc. in physical form and to ratify the confirmation made to demat request received by the Company. The entire process including despatch of share certificates to the shareholders are completed within the time stipulated as per the Listing Agreement. The Company obtains from a Company Secretary in Practice half - yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement and files a copy of the said certificate with the Stock Exchanges.

**(a) Distribution of Shareholding as on 31st March, 2013**

Category	No. of Shareholders	No. of Shares held	Percentage of total shares
1 to 2500	596	23814	0.33
2501 to 5000	139	64904	0.89
5001 to 10000	112	96925	1.32
10001 to 20000	51	84518	1.15
20001 to 30000	36	91783	1.25
30001 to 40000	9	34098	0.47
40001 to 50000	12	55898	0.76
50001 to 100000	20	149316	2.04
100001 & Above	34	6725544	91.79
<b>TOTAL</b>	<b>1009</b>	<b>7326800</b>	<b>100.00</b>

**(b) Categories of Shareholders as on 31st March, 2013**

Category	No. of Equity Shares	% to paid-up Capital
Shareholding of Promoter and Promoter Group	3997350	54.56
Public Shareholding	3329450	45.44
Shares held by Custodians and against which depository receipt have been issued	—	—
<b>TOTAL</b>	<b>7326800</b>	<b>100.00</b>

Dematerialisation of Shares : 76.18% Equity Shares (55,81,890 Equity Shares) have been dematerialised upto 31st March, 2013

Liquidity : The Company's Shares are traded on BSE Ltd., Mumbai.

Plant Location : 1. Sector - 45, Meola Maharajpur, Faridabad-121003  
2. Plot No. 113, Sector - 59, HSIIDC Indl. Estate, Faridabad-121004

Address for Correspondence : **Regd. Office:** 912, Hemkunt Chambers, 89 Nehru Place, New Delhi - 110 019

**Certificate from Practicing Company Secretary regarding compliance of conditions of corporate governance**

To

The members of **Metal Coatings (India) Limited,**

We have examined the compliance of conditions of Corporate Governance by Metal Coatings (India) Limited ("MCIL"), for the year ended 31st March 2013, as stipulated in clause 49 of listing agreement of "MCIL" with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination has been limited to the review of the procedures and implementations thereof, adopted by the company, for ensuring compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the clause 49 of the above-mentioned Listing Agreement.

On the basis of the records maintained by the Shareholder's/Invertors Grievance Committee of the company, we state that, 1 investor grievance were received during the year ended 31st March 2013 which were duly replied/resolved by the management and there were no investor grievances remaining unattended for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For **APAC& Associates**  
Company Secretaries

**Chetan Gupta**  
Partner

CP No.: 7077

Date : 09.08.2013

Place : New Delhi



**AUDITORS' REPORT**

**TO THE MEMBERS OF  
METAL COATINGS (INDIA) LIMITED**

1. We have audited the attached Balance Sheet of **METAL COATINGS (INDIA) LIMITED** ("the Company") as at 31 March, 2013, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
    - b) in the case of the Statement of Profit and Loss, of the profit of the Company for the period ended on that date and
    - c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
  - f. On the basis of the written representations received from the directors, as on 31 March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013 from being appointed as a director in terms of Section 274 (1)(g) of the Companies Act, 1956.

For **VINOD KUMAR & ASSOCIATES**  
Chartered Accountants  
(Firm Registration No. 002304N)

Date : 30 May, 2013  
Place : New Delhi

**(AASTHA JAIN)**  
Partner  
Membership No. : 519915

**ANNEXURE TO AUDITORS' REPORT****(Referred to in paragraph 3 of our report of even date)**

- i. In respect of its fixed assets:
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - b. The fixed assets were physically verified during the accounting period by the Management at some locations in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - c. The fixed assets disposed off during the accounting period, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- ii. In respect of its inventory:
  - a. As explained to us, the inventories except goods-in-transit were physically verified during the accounting period by the Management at reasonable intervals.
  - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii. The Company has not granted any loans, secured or unsecured to Companies, firms and other parties, mentioned in the register maintained under section 301 of the Companies Act, 1956.
  - (a) Since, the company has not granted any loans as referred to in Para 3(a) above, provisions of clause (3) (b) to (3) (d) of the Order are not applicable to the Company.
  - (b) The Company has not taken any loans, secured or unsecured from Companies, firms and other parties, mentioned in the register maintained under section 301 of the Companies Act, 1956.
  - (c) Since, the company has not taken any loans as referred to in Para 3(c) above, provisions of clause (3)(f) and (3)(g) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services.

During the course of our audit, we have not observed any major weakness in such internal control system.
- v. Based on the examination of the books of account and related records and according to the information and explanations provided to us, there are no contracts or arrangements with companies, firms or other parties which need to be listed in the register maintained under Section 301 of the Companies Act, 1956.
- vi. In our opinion and according to the information and explanations given to us, the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, are not applicable to the company.
- vii. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix. According to the information and explanations given to us in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.



- b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March, 2013 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us and as per the books & records examined by us, there are no dues of custom duty, wealth tax, and cess that have not been deposited on account of any dispute.
- x. The Company does not have any accumulated losses as at the year end and the Company has not incurred any cash losses during the current and immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loans from financial institutions nor has it issued any debentures.
- xii. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by the way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xiii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities and debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short term basis have not been used during the period for long-term investment.
- xviii. According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 at a price which is not prejudicial to the interests of the company and in compliance with all the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- xix. According to the information and explanations given to us, the Company has not issued any debentures during the period covered by our report.  
Accordingly, the provisions of clause (xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by way of public issues during the period.
- xxi. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the period.

For **VINOD KUMAR & ASSOCIATES**  
Chartered Accountants  
(Firm Registration No. 002304N)

Date : 30 May, 2013  
Place : New Delhi

**(ASTHA JAIN)**  
Partner  
Membership No. : 519915

**BALANCE SHEET AS AT 31ST MARCH, 2013***(Rs. in Lacs)*

Particulars	Note No.	As at 31.03.2013		As at 31.03.2012	
<b><u>EQUITY AND LIABILITIES</u></b>					
<b>Shareholders' funds</b>					
(a) Share Capital	1	732.68		502.68	
(b) Reserves and surplus	2	1287.81	2020.49	1018.59	1521.27
<b>Non-current liabilities</b>					
Long-term borrowings	3	15.40		39.99	
Deferred tax liabilities (net)	4	62.29		62.30	
Long-term provisions	5	50.95	128.64	39.99	142.28
<b>Current liabilities</b>					
Short-term borrowings	6	1370.84		1641.86	
Trade payables	7	5.34		8.12	
Other current liabilities	8	122.95		97.46	
Short-term provisions	9	37.74	1536.87	102.56	1850.00
<b>TOTAL</b>			<b>3686.00</b>		<b>3513.55</b>
<b><u>ASSETS</u></b>					
<b>Non-current assets</b>					
Fixed assets	10	683.88		700.46	
Non-current investments	11	300.00		300.00	
Long Term Loans & Advances	12	7.36	991.24	5.62	1006.08
<b>Current assets</b>					
Inventories	13	722.69		953.66	
Trade receivables	14	1722.61		1322.52	
Cash and cash equivalents	15	114.67		93.15	
Short-term loans and advances	16	134.79	2694.76	138.14	2507.47
<b>TOTAL</b>			<b>3686.00</b>		<b>3513.55</b>
Significant Accounting Policies and Notes on Financial Accounts	1 to 29				

In terms of our annexed report of even date.

For **VINOD KUMAR & ASSOCIATES**

Chartered Accountants

FRN No. 002304N

**(AASTHA JAIN)**

Partner

Membership No. 519915

Date : 30.05.2013

Place : New Delhi

For and on behalf of the Board

**(R. C. KHANDELWAL)**

Chairman

**(PRAMOD KHANDELWAL)**

Managing Director

**(ANU KUMARI)**

Company Secretary



**PROFIT AND LOSS ACCOUNT FOR THE YEAR  
ENDED 31ST MARCH, 2013**

(Rs. in Lacs)

Particulars	Note No.	For the Year ended 31.03.2013	For the accounting year (15 Months period) ended 31.03.2012
<b>INCOME</b>			
Revenue from operations (Gross)	17	11282.95	13274.38
Less : Excise Duty		1174.94	1189.48
Revenue from operations (Net)		10108.01	12084.90
Other Income	18	52.28	59.40
<b>Total revenue</b>		<b>10160.29</b>	<b>12144.30</b>
<b>EXPENDITURE</b>			
Cost of materials consumed	19	8264.54	9900.72
Changes in inventories of finished goods & stock-in-progress	20	(69.51)	(127.40)
Employee benefits expense	21	250.82	313.99
Finance costs	22	205.60	246.66
Depreciation and amortisation expense	23	62.31	79.37
Other expenses	24	1225.03	1469.87
<b>Total expenses</b>		<b>9938.79</b>	<b>11883.21</b>
<b>Profit Before Tax</b>		<b>221.50</b>	<b>261.09</b>
<b>Tax Expenses</b>			
Current Tax		77.49	102.00
Wealth Tax		0.14	0.06
Tax adjustments relating to previous year		4.15	(1.90)
Deferred Tax		(0.01)	(10.51)
<b>Profit for the year</b>		<b>139.73</b>	<b>171.44</b>
<b>Earnings per equity share of face value of Rs. 10 each</b>			
Basic and Diluted (in Rs.)	25	2.51	3.41
Significant Accounting Policies and Notes on Financial Accounts	1 to 29		

In terms of our annexed report of even date.

For **VINOD KUMAR & ASSOCIATES**  
Chartered Accountants  
FRN No. 002304N

For and on behalf of the Board

**(AASTHA JAIN)**  
Partner

**(R. C. KHANDELWAL)**  
Chairman

**(PRAMOD KHANDELWAL)**  
Managing Director

Membership No. 519915

Date : 30.05.2013

Place : New Delhi

**(ANU KUMARI)**  
Company Secretary



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**  
**(CLAUSE 32 OF LISTING AGREEMENT)**

*(Rs. in Lacs)*

Particulars	For the Period ended 31.03.2013	For the Period ended 31.03.2012
<b>A. Cash flow from Operating Activities :</b>		
Net Profit before taxes and Extraordinary Items	221.50	261.09
Adjustment for		
Depreciation	62.31	79.37
Interest paid	190.15	235.48
Operating profit before working capital changes	473.96	575.94
(Increase)/Decrease in Sundry Debtors	(400.09)	137.74
(Increase)/Decrease in Inventories	230.97	(173.04)
(Increase)/Decrease in Loans & Advances	1.61	(39.63)
Increase/(Decrease) in Current Liabilities	20.20	(10.73)
Increase/(Decrease) in Short & Long term provisions	(53.86)	26.83
	(201.17)	(58.83)
Cash generated from operations	272.79	517.11
Interest paid	(184.80)	(232.03)
Extraordinary Items:		
Tax and Interest on tax paid for earlier year	(4.15)	1.90
Tax Paid	(77.63)	(102.06)
Net cash from operating activities	6.21	184.92
<b>B. Cash flow from investing activities</b>		
Additions to fixed assets (including capital work in progress and advances on capital account)	(46.35)	(157.49)
Proceeds from sales of Fixed Assets	0.63	13.89
Proceeds from sales of Investment	-	-
Purchase of investments	-	(300.00)
Net cash from Investing Activities	(45.72)	(443.60)
<b>C. Cash flow from Financing Activities</b>		
Proceeds from new borrowings	-	263.02
Repayment of interest on car Loan	(5.36)	(3.45)
Proceeds from preferential issue of shares	359.49	-
Repayment of borrowing	(293.10)	(10.00)
Net cash from Financing Activities	61.03	249.57
Net cash flows during the year (A+B+C)	21.52	(9.11)
Cash and cash equivalents (Opening balance)	93.15	102.27
Cash and cash equivalents (Closing balance)	114.67	93.16

**Notes to cash flow statement:**

- 1 Figures in brackets indicate cash out flows.
- 2 Interest paid relates to the charge of the year and is considered part of operating activities.
- 3 Bank borrowings have been grouped as part of financing activities.
- 4 Figures have been rounded off to the nearest of Rupee Lacs.

For and on behalf of the Board

Date : 30.05.2013  
Place : New Delhi

**(PRAMOD KHANDELWAL)**  
Managing Director





## **Significant Accounting Policies and Notes to Accounts**

### **Corporate Information**

Metal Coatings (India) Limited (the 'Company') was incorporated in India as a limited company under the Companies Act, 1956 on 12 December, 1994 and commenced its operations on 9 February, 1995. The Company is engaged in the manufacture and sale of C.R Strips, HB/HHB Wire and Galvanised Wires/Strips.

### **Significant Accounting Policies**

#### **a. Basis of accounting**

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by the Company.

#### **b. Fixed Assets**

Fixed assets are stated at cost less accumulated depreciation. Cost includes purchase price and all other attributable costs of bringing the assets to working condition for intended use.

#### **c. Depreciation/amortisation**

Depreciation on fixed assets is provided on the straight line method at the rates which are based on economic useful lives of these assets and as are prescribed under Schedule XIV of the Companies Act, 1956. Assets costing less than Rs. 5,000 individually are fully depreciated in the year of purchase.

#### **d. Revenue recognition**

Revenue is recognized when the significant risk and rewards of ownership of the goods have been passed to the buyers for a consideration. Sale of goods is exclusive of Value Added Tax and inclusive of Excise duty.

#### **e. Income taxes**

Income tax comprises current tax and deferred tax. Current tax is determined in accordance with the provisions of Income Tax Act, 1961.

Deferred tax charge or credit is recognised on timing differences being the difference between taxable income and accounting income that originate in one year and are capable of reversal, subject to consideration of prudence, in one or more subsequent years. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognized unless there is a virtual certainty that there will be sufficient future taxable income available to realize such assets. Deferred tax assets are reviewed for the appropriateness of their carrying values at each balance sheet date.

#### **f. Employee Benefits**

##### **a. Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the period when the employee renders the services. These benefits include compensated absences and performance incentives.

##### **b. Long term employee benefits**

###### **• Provident fund and other state plans**

Company's contributions towards recognised Provident Fund, Employee State Insurance Fund and Employees Pension Scheme under defined contribution plans are recognised in the profit and loss account during the year in which the employee renders the related service.

###### **• Gratuity**

The Company provides for gratuity, a defined benefit retirement plan. In accordance with 'The Payment of Gratuity Act, 1972', the plan provides for a lump sum payment to vested employees, at retirement, death, incapacitation, or termination of employment, of an amount based on the respective employee's last drawn salary and tenure of employment with the Company.



- **Compensated absences**

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of unutilized accrued compensated absence and utilize it in future periods or receive cash compensation for the unutilized accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the service that increase this entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

Liability with regard to compensated absences and gratuity is accrued based on actuarial valuations at the balance sheet date, carried out by an independent actuary. Actuarial valuation is carried out using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation is based on the market yields on government securities as at the balance sheet date. Actuarial gains/ losses are recognised immediately in the profit and loss account as income or expense.

**g. Earnings per share**

The Company reports basic earnings per equity share in accordance with AS-20, Earnings per Share. Basic earnings per equity share have been computed by dividing net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding for the year.

**h. Contingencies/ Provisions**

Provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying the economic benefit is remote.

**i. Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is recognized if it is other than temporary.

**j. Foreign Exchange Transaction**

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate ruling on that date. Exchange differences on foreign exchange transactions other than those relating to fixed assets are recognized in the Profit and Loss account. Any gain/loss on exchange fluctuation on the date of payment of expenditure incurred for acquisition of fixed assets is treated as an adjustment to the carrying cost of such fixed assets.

**k. Lease hold improvements**

The company has taken a piece of land on lease at Meola Maharajpur. The company had constructed a building on the said land as a factory. The amount spent by the company on the construction has been appropriately included under the head "Lease hold improvement" in Fixed Assets schedule.

**Notes on Financial Statements for the year ended 31st March, 2013****1. SHARE CAPITAL****(Rs. in lacs)**

	As at 31.03.2013	As at 31.03.2012
<b>Authorised Capital</b>		
80,00,000 (Previous Year 60,00,000) Equity Shares of Rs. 10/- each.	800.00	600.00
<b>Issued, Subscribed &amp; Paid up Capital</b>		
73,26,800 (Previous Year 50,26,800) Equity Shares of Rs. 10/- each.	732.68	502.68

**1.1 The details of Shareholders holding more than 5% shares :**

	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	% of holding	No. of Shares	% of holding
a Khandelwal Galva Strips (P) Ltd.	1414200	19.30	914200	18.19
b Pramod Khandelwal	918100	12.53	418100	8.32
c R C Khandelwal	891300	12.16	391300	7.78
d Microne Texfab Private Limited	600000	8.19	-	-
e Lehartechologies.Com Pvt. Limited	501752	6.85	501752	9.98
f Bondwell Financial Services (P) Ltd.	441100	6.02	441100	8.77
	4766452	65.06	2666452	53.04

**1.2 The reconciliation of the number of shares outstanding is set out below**

	No. of Shares	No. of Shares
Equity Shares at the beginning of the year	5026800	5026800
Add : Shares issued	2300000	-
Less : Shares bought back	-	-
Equity Shares at the end of the year	7326800	5026800

**1.3 Rights, preference and restrictions attached to shares**

The Company has one class of equity shares having a par value of Rs. 10 each. Each shareholder is eligible for one vote per share held.

The dividend proposed by the board of directors are subject to shareholders approval in ensuing AGM except in case of interim dividend

In the event of liquidation the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all the preferential amount in proportion to their shareholding.

**1.4 No dividend has been proposed by the Board of Directors for the current year ended 31.03.2013.****2. RESERVE & SURPLUS****(Rs. in lacs)**

	As at 31.03.2013	As at 31.03.2012
<b>Surplus in statement of Profit &amp; Loss</b>		
Balance at the beginning of the year	980.19	867.17
Add: Profit for the year	139.73	171.44
<b>Less : Appropriations</b>		
Less : Proposed Dividend with tax there on	-	50.27
Less : Dividend distribution tax	-	8.15
	1119.92	980.19
<b>General Reserve</b>		
As per last Balance Sheet	26.16	26.16
Add: Addition during the year	-	-
	26.16	26.16
<b>Security Premium</b>		
As per last Balance Sheet	6.10	6.10



		As at 31.03.2013		As at 31.03.2012
Add: Addition during the year	129.49	135.59	–	6.10
<b>Capital Reserve</b>				
As per last Balance Sheet	6.14		6.14	
Add: Addition during the year	–	6.14	–	6.14
<b>Total</b>		<b>1287.81</b>		<b>1018.59</b>
<b>3. LONG TERM BORROWINGS</b>				(Rs. in lacs)
<b>3.1 Secured</b>				
Car Loan-from Banks (Secured against hypothecation of Motor Vehicles purchased out of such loan) Loan of Rs. 71.61 lacs (Canara Bank-7.73 lacs and ICICI Bank-63.88 lacs) repayable in 60, 35 installments respectively. Current outstanding balance amounting to Rs. 39.86 lacs out of which installments payable with in next one year is Rs. 24.46 lacs classified as current liability carrying interest rate of 10.30% p.a. in case of ICICI Bank and 12%p.a. in case of Canara Bank	15.40	15.40	39.99	39.99
<b>4. DEFERRED TAX LIABILITY (NET)</b>				
Opening as per last Balance Sheet	62.30		72.81	
Addition during the year	–		–	
Reduction during the year	0.01		10.51	
Closing Balance as at Balance Sheet date (Deferred Tax has been recognised on account of timing differences due to depreciation, provision for Gratuity and Leave Encashment.)		<b>62.29</b>		<b>62.30</b>
<b>5. LONG TERM PROVISIONS</b>				
Gratuity	44.88		27.89	
Earned Leave	6.07	50.95	12.10	39.99
<b>6. SHORT TERM BORROWINGS</b>				
<b>Secured</b>				
Working Capital Limit from Bank (Secured against hypothecation of book debts, inventories and by way of mortgage of land, buildings and Plant & Machinery. Current rate of Interest 12.50% p.a.)		1370.84		1641.86
<b>7. TRADE PAYABLES</b>				
Micro, Small and Medium Enterprises Payable with in operating Cycle	–	5.34	–	8.12
<b>8. OTHER CURRENT LIABILITIES</b>				
Current maturity of long term debts*	24.46		21.95	
Interest accrued but not due on borrowings	0.15		0.24	
Unclaimed Dividend	12.88		4.20	
Payable in respect of statutory dues	13.03		10.12	
Advance received from customers	30.04		25.99	
Employee Benefits Payable	17.39		10.53	
Other Payables	25.00	122.95	24.43	97.46

\* This amount relates to instalment of secured term loan payable with in next twelve months.  
This is secured against hypothecation of Motor Vehicels purchased out of such loan.


**9. SHORT TERM PROVISIONS**

(Rs. in lacs)

	As at 31.03.2013		As at 31.03.2012	
Gratuity	19.90		19.20	
Earned Leave	2.55		9.03	
Provision for wealth tax	0.14		0.06	
Proposed Dividend on equity shares	0.00		50.27	
Dividend distribution tax	0.00		8.15	
Provision for income tax (Net of Advance tax and TDS)	15.15	37.74	15.85	102.56

**10. FIXED ASSETS**

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Total as on 01.04.2012	Additions	Sold/ Discarded	Total as on 31.03.2013	Total as on 01.04.2012	For the period ended 31.03.2012	Dep. on discarded assets	Total as on 31.03.2013	As at 31.03.2013	As at 31.03.2012
Land	81.87	-	-	81.87	-	-	-	-	81.87	81.87
Buildings	358.65	-	-	358.65	102.66	11.97	-	114.63	244.02	255.99
Leasehold Improvements	15.50	-	-	15.50	4.77	0.50	-	5.27	10.23	10.73
Plant & Machinery	994.19	45.28	10.20	1029.27	739.91	36.78	9.57	767.12	262.15	254.28
Motor Vehicles	132.83	0.47	-	133.30	39.63	12.17	-	51.80	81.50	93.20
Furniture, Fixtures	1.48	-	-	1.48	1.20	0.08	-	1.28	0.20	0.28
Office Equipment	5.25	-	-	5.25	2.82	0.29	-	3.11	2.14	2.43
Computers	3.45	0.60	-	4.05	1.77	0.51	-	2.28	1.77	1.68
<b>Total</b>	<b>1593.22</b>	<b>46.35</b>	<b>10.20</b>	<b>1629.37</b>	<b>892.76</b>	<b>62.30</b>	<b>9.57</b>	<b>945.49</b>	<b>683.88</b>	<b>700.46</b>
Previous year	1493.29	157.49	57.56	1593.22	857.06	79.37	43.67	892.76	700.46	636.23

**11. NON-CURRENT INVESTMENT**

(Rs. in lacs)

	As at 31.03.2013	As at 31.03.2012
In Equity Shares of Associate Company (Unquoted, fully paid up) 1,50,000 Share of Kochar Agro Industries (Pvt.) Ltd. of Rs.10 each at a premium of Rs. 190/Share	300	300

**12. LONG TERM LOANS & ADVANCES**

Security Deposits	7.36	5.62
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**13. INVENTORIES**

Raw Materials	226.85	532.25
Stores & Spares	16.46	11.53
Stock in Process	402.26	343.26
Scrap Material	6.27	9.38
Finished Goods	70.85	57.24
	722.69	953.66

**14. TRADE RECEIVABLES**

(Unsecured and considered good)		
Over six months from the due date	41.59	40.66
Others	1681.02	1281.86
	1722.61	1322.52

**15. CASH AND CASH EQUIVALENTS**

(Rs. in lacs)

		As at 31.03.2013		As at 31.03.2012
Cash in hand	8.42			2.56
Balance with Banks	0.48			0.44
Other Bank Balances				
– Unpaid Dividend (current account)	12.88			4.20
– Fixed Deposits*	92.89	114.67		85.95
				93.15

\* : Pledged with bank against CC limits and margin money.

**16. SHORT TERM LOANS AND ADVANCES**

(Unsecured and considered good)

Balance with Government Authorities	42.03			52.46
Advance to Employees	2.62			8.76
Prepaid Expenses	1.27			1.19
Others	88.87	134.79		75.73
				138.14

(Rs. in lacs)

	For the Year Ended 31.03.2013 (12 Months)	For the Year Ended 31.03.2012 (15 Months)
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**17. REVENUE FROM OPERATIONS**

Sale of Products	10846.95			12673.87
Other operating revenues	436.00	11282.95		600.51
				13274.38

**18. OTHER INCOME**

Dividend from Long Term Investment	1.50			7.50
Rent	24.00			30.00
Other non-operating income	26.78	52.28		21.90
				59.40

**19. COST OF MATERIALS CONSUMED**

H. R. Coils	7769.13			9238.74
Wire Rods & Rounds	495.41	8264.54		661.98
				9900.72

**20. CHANGE IN INVENTORIES OF FINISHED GOODS & STOCK IN PROCESS****Inventories (Closing)**

Finished Goods	77.13			66.62
Stock-in-process	402.26	479.39		343.26
				409.88

**Inventories (Opening)**

Finished Goods	66.62			56.09
Stock-in-process	343.26	409.88		226.39
				282.48

**(Increase) / Decrease in Inventory** **(69.51)** **(127.40)****21. EMPLOYEE BENEFITS EXPENSES**

Salaries and Wages	226.56			285.74
Contribution to Provident and other funds	14.40			16.56
Staff welfare expenses	9.86	250.82		11.69
				313.99


**a) Reconciliation of opening and closing balance of defined benefit obligation**

	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Obligation at beginning of year	47.08	24.58	21.13	4.22
Current service cost	4.28	3.21	0.87	1.70
Interest cost	3.75	2.15	1.68	0.37
Actuarial (gain) / loss	9.66	17.14	2.44	14.84
Benefits paid	—	—	17.51	—
Obligation at year end	64.77	47.08	8.61	21.13

**b) Experience Adjustment**

	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
Experience Adjustment (Gain) / loss for Plan liabilities	6.64	27.71	15.47	15.47
Experience Adjustment (Gain) / loss for Plan assets	—	—	—	—

**c) Actuarial assumptions**

Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96
	(Ultimate)	(Ultimate)	(Ultimate)	(Ultimate)
Discount rate (per annum)	8.00%	8.75%	8.00%	8.75%
Salary growth rate	8.25%	8.25%	8.25%	8.25%

**22. FINANCE COST**

(Rs. in lacs)

	For the year ended 31.03.2013 (12 Months)		For the year ended 31.03.2012 (15 Months)	
Interest	190.15		235.48	
Bank Charges	15.45	205.60	11.18	246.66

**23. DEPRECIATION AND AMORTISATION EXPENSE**

Depreciation	62.31	62.31	79.37	79.37
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**24. OTHER EXPENSES**
**Manufacturing expenses**

Stores & Spares	199.24		274.42	
Power & Fuel	607.35		668.94	
Job Work Charges	65.06		130.64	
Repair to Machinery	174.68		192.65	
Repair to Building	2.22	1048.55	10.53	1277.18

**Selling and Distribution Expenses**

Distribution Expenses		42.42		43.61
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**Administrative & Miscellaneous Expenses**

Bad Debts written off	48.78		70.32	
Insurance	1.51		1.31	
Loss on Sale/Discarded of Fixed Assets	0.00		5.52	
Payment to Auditors	4.05		4.80	
Professional Fee	13.13		10.63	
Rates & Taxes	8.91		6.08	
Rent	15.86		3.14	
Travelling, Vehicle Running & Maintenance Expenses	15.48		20.47	
Miscellaneous Expenses	26.34	134.06	26.81	149.08

**TOTAL**
**1225.03**
**1469.87**



(Rs. in lacs)

	For the year ended 31.03.2013 (12 Months)	For the year ended 31.03.2012 (15 Months)
<b>24.1 PAYMENT TO AUDITORS (EXCLUSIVE OF SERVICE TAX) AS :</b>		
Audit Fees (Includes audit fees of quarterly review)	3.30	3.30
Tax Audit Fees	0.75	1.50
Out of pocket Expenses	—	—
<b>TOTAL</b>	<b>4.05</b>	<b>4.80</b>
<b>25. EARNING PER SHARE (EPS)</b>		
i) Net profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs. in lacs)	139.73	171.44
ii) No. of Shares used as denominator for calculating EPS	5556115	5026800
iii) Basic and Diluted Earning per share (Rs)	2.51	3.41
iv) Face Value per equity share (Rs.)	10.00	10.00
<b>26. Foreign Exchange Earning and Expenditure</b>		
Export of goods manufactured	—	—
<b>27. As per information available with the company, none of its creditors comprises micro, small and medium enterprises as defined under MSMED Act, 2006 which comprise amounts outstanding for more than 45 days as at Balance Sheet date. Based on the information available with the company, the balance due to micro and small enterprises as defined under the MSMED Act, 2006 in the current year is Rs. NIL (Previous year Rs. NIL) and no interest during the year has been paid or is payable under the terms of the MSMED Act, 2006.</b>		

**28. Related Party Disclosure**

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made. No amounts have been written off or written back during the year in respect of debts due from or to related parties.

There are no other related parties where control exist that needs to be disclosed.

(Rs. in Lacs)

Name of related Party	Description of relationship with the party	Nature of transactions	Value of transaction for the accounting year ended 31.03. 2013	Outstanding as on 31.03.2013	Payable (P) Receivable (R)	Written off During accounting Year ended 31.03.2013
Mr. Vinay Khandelwal	Son of Mr. A. P. Khandelwal and brother of Mr. Pramod Khandelwal, Directors of the Company	Rent	0.36 (0.45)	-- (1.80)	-- (P)	Nil (Nil)
M/s Kochar Agro Industries Pvt. Ltd.	Associate Company	Sales / Purchases	672.80 (1103.69)	-- (--)	-- (--)	Nil (Nil)
		Job Work	0.46 (62.08)	-- (--)	-- (--)	Nil (Nil)
		Rent	24.00 (30.00)	-- (--)	-- (--)	Nil (Nil)
		Dividend	1.50 (7.50)	-- (--)	-- (--)	Nil (Nil)
		Investment	-- (300.00)	300.00 (300.00)	-- (--)	Nil (Nil)
M/s SWD Industries	Associate Firm in which Mr. A.P. Khandelwal and Mr. R.C. Khandelwal, Directors are partners	Sales / Purchases	1.11 (15.18)	-- (3.02)	-- (R)	Nil (Nil)
Mr. R. C. Khandelwal	Chairman	Remuneration	15.00 (18.75)	-- (--)	-- (--)	Nil (Nil)
		Employees Benefits	4.65 (--)	-- (--)	-- (--)	Nil (Nil)
		Other Liability	30.00 (--)	-- (--)	-- (--)	Nil (Nil)
		Share Capital	78.00 (--)	-- (--)	-- (--)	Nil (--)





Name of related Party	Description of relationship with the party	Nature of transactions	Value of transaction for the accounting year ended 31.03. 2013	Outstanding as on 31.03.2013	Payable (P) Receivable (R)	Written off During accounting Year ended 31.03.2013
Mr. Pramod Khandelwal	Managing Director	Remuneration	30.00 (37.50)	-- (--)	-- (--)	Nil (Nil)
		Share Capital	78.00 (--)	-- (--)	-- (--)	Nil (--)
Mr. A. P. Khandelwal	Director	Remuneration	15.00 (18.75)	-- (--)	-- (--)	Nil (Nil)
		Employees Benefits	2.88 (--)	(--) (--)	(--) (--)	Nil Nil
Mr. D. P. Khandelwal	Director	Sitting Fee	(--) (0.20)	(--) (0.16)	(--) (P)	Nil (Nil)
Mr. V. K. Hajela	Director	Sitting Fee	0.22 (0.38)	-- (--)	-- (--)	Nil (Nil)
Mr. K. L. Gupta	Director	Sitting Fee	0.18 (0.28)	(--) (0.26)	(--) (P)	Nil Nil
Mr. S. K. Gupta	Director	Sitting Fee	0.20 (0.20)	(--) (0.20)	(--) (P)	(Nil) Nil

**29. CONTINGENT LIABILITIES AND COMMITMENTS :**

The HSIIDC had increased the price of land by Rs. 20.76 lacs and demanded the enhanced price. This demand is being disputed and the matter is pending with Hon'ble High Court for the state of Punjab & Haryana. The Company has however, paid Rs. 5.25 lacs. Also, there might be resultant liability in the nature of interest.



