



**CORPORATE INFORMATION**

**DIRECTORS**

**R. C. Khandelwal** Chairman  
**Pramod Khandelwal** Managing Director  
**A. P. Khandelwal**  
**Virendra Hajela**  
**K. L. Gupta**  
**S. K. Gupta** Additional Director

**AUDITORS**

**Anil Khandelwal & Associates**  
Chartered Accountants

**BANKERS**

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

**REGISTERED OFFICE**

A-178/12A, Ground Floor, Dayanand Colony,  
Lajpat Nagar-IV, New Delhi - 110024.

**WORKS**

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

**17TH ANNUAL GENERAL MEETING**

Day : Friday  
Date : 29th July, 2011  
Time : 10.30 a.m.  
Venue : Hotel Conclave,  
A-20, Kailash Colony,  
New Delhi - 110048

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**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Seventeenth Annual General Meeting of Metal Coatings (India) Limited will be held at Hotel Conclave, A-20, Kailash Colony, New Delhi-110048 on Friday the 29<sup>th</sup> day of July, 2011 at 10.30 a.m. to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> December, 2010, the Profit and Loss Account for the Accounting Year (9-months period) ended on that date, and the report of the Directors thereon.
2. To appoint a Director in place of Mr. K.L. Gupta, who retires by rotation and who, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. A.P. Khandelwal who retires by rotation and who, being eligible, offers himself for reappointment.
4. To appoint Mr. S.K. Gupta as a Director liable to retire by rotation and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :  
"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. S.K. Gupta, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 89 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.  
RESOLVED FURTHER THAT Mr. Pramod Khandelwal, Managing Director of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

For and on behalf of the Board of Directors

Sd/-

**(PRAMOD KHANDELWAL)**

Managing Director

Date : 30.06.2011

Place : New Delhi

**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. A blank proxy form is enclosed. If used, it should be deposited at the registered office of the Company, duly executed not later than 48 hours before the commencement of the Annual General Meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 25<sup>th</sup> day of July, 2011 to Friday the 29<sup>th</sup> day of July, 2011 (both days inclusive).
3. Members are requested to notify immediately any change in their address to the Company's Registered Office.
4. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 10 days in advance so as to enable the management to keep the information ready.
5. As a measure of economy, copies of Annual Report will not be distributed at the venue of the Annual General Meeting. Shareholders are requested to kindly bring their own copies of the Annual Report to the meeting.
6. All the documents referred to in the accompanying notice, and Register of Directors' Shareholding are open for inspection at the Registered Office of the Company on all working days between 10.30 am to 12.30 pm up to the date of Annual General Meeting. Register of Directors' Shareholding shall be open for inspection upto 3 days after the Annual General Meeting.

For and on behalf of the Board of Directors

Sd/-

**(PRAMOD KHANDELWAL)**

Managing Director

Date : 30.06.2011

Place : New Delhi

**DIRECTORS' REPORT**

TO THE MEMBERS,

The Directors of your Company have pleasure in presenting their SEVENTEENTH ANNUAL REPORT together with the Audited Statements of Account for the accounting year (9 months period) ended 31<sup>st</sup> December, 2010.

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

	<b>For the accounting year (9 months period) ended on 31.12.2010</b>	<b>For the year ended 31.03.2010</b>
Total Income	<b>7681</b>	9204
Operating Profit	<b>376</b>	376
Profit before Tax	<b>225</b>	158
Provision for Taxation	<b>75</b>	54
Profit after Tax	<b>150</b>	104

**PERFORMANCE REVIEW**

The Company's income from operation during the accounting year (9 months period) ended 31<sup>st</sup> December, 2010 is Rs. 7681 lacs as against Rs. 9204 lacs in the previous year. During the year the Company consolidated on its changed product mix and also focused on processing incomes to achieve better bottom line and achieved a Profit After Tax of Rs. 150 lacs as against Rs. 104 lacs in the previous year which shows a commendable increase of more than 44% as compared to last year.

In times of globalization, when the entire world business community is moving towards a common platform for drawing up of financial statements and analysts world over are accessing and analyzing the financial statements of Indian Companies, it is prudent to take steps to align the financial reporting of your Company with the global parameters. As a first step towards the same, the directors have decided to change the accounting year of the Company from the past practice of year ending on 31<sup>st</sup> March every year to accounting year ending on 31<sup>st</sup> December every year. This being the first accounting year after the change, the accounting period for this financial year shall be a 9-month period beginning 1<sup>st</sup> April, 2010 and ending on 31<sup>st</sup> December, 2010.

The directors feel that it would be in the interest of the Company to skip dividend in this year and conserve funds for the smooth running and growth of the company. Therefore, the Directors do not propose to pay any dividend for the accounting year (9 months) period ended 31.12.2010.

**AUDITORS' REPORT**

The Auditors of the Company, M/s. Anil Khandelwal & Associates, Chartered Accountants have submitted their Auditors' Report which is being circulated along with the audited financial statements duly signed by the Directors and Auditors of the company. In terms of Section 217(3) of the Companies Act, the Board is pleased to submit information and explanations on reservation, qualification and adverse remark contained in the Auditors' Report as follows :

1. The Company provided all the information and explanations as asked for by the auditors during the course of their audit. The information sought by the auditors vide their communication have been fully responded in writing as well as with appropriate explanations thereof.
2. The Company has maintained all the books of account as required by law and the same were duly examined by the auditors. There is no specific instance of weakness or deficiencies observed by the auditors in terms of their report.
3. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are fully in agreement with the books of account. The auditors have not been able to provide any specific instance where irregularities were observed, if any. A detailed audit of all the books of account was duly conducted by the team of auditors and even during the process of audit no such deficiency was pointed out.
4. The Balance Sheet, Profit & Loss Account and Cash Flow Statement fully complies with the mandatory accounting standards in terms of Section 211 (3C) of the Companies Act, 1956.



5. It has been noted that although the auditors have given certain negative observations and have also given qualifications in the Auditors Report in Para 3(a), 3(b), 3(c) and 3(d), however they have not complied with the mandatory requirement of Section 227(4) of the Companies Act, 1956 wherein the Auditors' Report was required to state the reasons for the qualification or for negative observation. However, in respect of Para 3(f), of the Auditors' Report where there are specific reasons and details furnished by the auditors in their report, the response of the Directors is contained in detail herein.
6. The Auditors, in Para 3(f) of the Auditors' Report, have indicated that the financial statement do not give a true and fair view due to the reasons contained in the audit report. The directors will like to re-affirm that the financial statements read with significant accounting policies and notes to accounts, give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India. The various reasons submitted by the auditors are not based on facts and the directors would like to clarify as follows :
  - i. The Land at Meola Maharajpur Unit is not owned by the Company nor has been so reflected in the books of account. The Company took the land at Meola Maharajpur Unit on lease and constructed a building thereon in 1995 along with certain additions thereon which continued, from time to time, till 2007. The building so constructed has been duly capitalized in accordance with generally accepted accounting principles and has been regularly reflected as such for several years, completely in conformity with accounting principles.
  - ii. There was a balance of Rs. 33,582 lying outstanding for many years in the Share Application Money (S.A.M.) refundable account in respect of sundry refunds to shareholders not encashed / debited to bank account of the Company. This amount being very old, the details whereof not being available, the amount has been deposited in the Investors' Education and Protection Fund, Government of India, by the Company. There is no violation of FERA, FEMA and RBI Regulation nor there is any fraudulent reflection of the account, as inappropriately observed by the auditors without any basis or information.
  - iii. The Company has effected transaction with M/s. Kochar Agro Industries Pvt. Ltd. in the ordinary course of business for cash at the prevailing market price. Also the Company has given on lease certain premises at market rate. There is, however, no unregistered lease agreement for Rs. 20,000 per month with M/s. Kochar Agro Industries Pvt. Ltd. This fact is not correctly reported by the auditors.

The transactions with all related parties including the above have been duly disclosed, as required in terms of AS-18 on related party transactions and all other necessary statutory compliances have been duly made.

### **Annexure to Auditor's Report**

There are certain observations in the annexure to the auditors report, the same are responded as follows :

**Clause (1a) :** The Company has maintained a Fixed Assets Register showing full particulars, including quantitative details and situation of fixed assets, as required.

**Clause (1b) :** The fixed assets were physically verified by the management at reasonable intervals and no material discrepancy were noticed on such verification.

**Clause (2b) :** The procedure for physical verification of the inventory was duly followed by the management in respect of physical verification of inventory which was conducted at quarterly intervals. The procedure followed by the management was duly disclosed to the auditors and the auditors were also provided adequate opportunity to independently specifically verify the inventory at any time.

**Clause (2c) :** The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification by the Company, which was undertaken periodically. The auditors were also provided adequate opportunity to independently specifically verify the inventory at any time.

**Clause (3), (3a) :** The Company is properly maintaining the Register as per Section 301 of the Companies Act, 1956 and the same was made available to the auditors for their verification. The company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. The Company has not taken any loan, secured or unsecured, from Companies or firms or other parties covered in the register under Section 301 of the Companies Act except from 2 directors, from whom an amount aggregating to Rs. 41.00 lacs were accepted as interest free loan during the year (maximum amount Rs.41.00 lacs). The terms and conditions of the loans taken by the company are not prejudicial to the interests of the company. The repayment of Principal amounts is on agreed terms.



**Clause (5) :** The Company has maintained the register as required under Section 301 of the Companies Act, 1956 wherein all the transactions made in pursuance of contracts or arrangements, that need to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been duly entered. Further in respect of transactions with Companies, Firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956, the Company has effected such transactions in the ordinary course of business for cash at prices which are reasonable having regard to the prevailing market prices at the relevant time.

All records including the register maintained under section 301 were made available to the auditors for their verification.

**Clause (7) :** The Company has maintained proper internal audit system, commensurate to the size and nature of its business. Adequate steps have been taken by the management to further beef up the same.

**Clause (15) :** The Company has not given any guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof are prejudicial to the interests of the Company. The Company has no outstanding guarantees on loans taken by others as on the date of this report.

**Clause (21) :** The letter dated 24<sup>th</sup> May, 2011 received from the auditors was duly responded by the Company on 25<sup>th</sup> May, 2011 itself, giving necessary details as required by the auditors. There is no serious matter relating to the affairs of the company mentioned in the said letter. The company did not receive any letter dated 26<sup>th</sup> May, 2011 from the auditors. The directors would like to confirm and affirm that there is no case where any fraud on or by the Company has been noticed or reported during the period of audit or thereafter.

#### **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. K. L. Gupta and Mr. A. P. Khandelwal, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. Mr. D. P. Khandelwal has resigned from the Board of Directors. The Board places on record the valuable contribution made by him during his tenure as director of the company. Further Mr. S. K. Gupta was appointed as an additional director of the Company.

#### **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 The Stock Exchange, 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 accounting year (9 months period) ended 31<sup>st</sup> December, 2010 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 31<sup>st</sup> December, 2010 and of the profit and loss of the Company for the accounting year (9 months period ) 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. Anil Khandelwal & Associates, Chartered Accountants were appointed as Auditors of the Company at the last Annual General Meeting to hold office till the conclusion of the ensuing Annual General Meeting.

**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.

**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.

Date : 30.06.2011  
Place : New Delhi

For and on behalf of the Board of Directors  
Sd/-  
**(PRAMOD KHANDELWAL)**  
Managing Director



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INDUSTRY STRUCTURE**

The Company is engaged in the manufacture and sale of Cold Rolled Steel Strips, C.R. Flat Wire/Strips, Galvanised Wire/Strips. These products are used by a wide range of user industries such as Auto Components, Power Transmission Equipment, White Goods, Electrical Equipment, etc.

### **OPPORTUNITIES AND OUTLOOK**

The product of the Company are used predominantly in the Auto Components, White Goods and in Power Transmission (Cables) industries. With the Indian economy growing rapidly, huge investments in the power sector is expected and consequently a good demand for power cables is expected, which in turn will steer the Galvanised Wire/strips sales of the Company. Besides Power Cables, the company caters to the automotive components and the white goods sectors, both of which have a promising growth potential. The rural penetration of white goods continues to be extremely low in India inspite of a surge in the purchasing power in the rural economy. As power availability improves, the demand for white goods in the rural economy shall drive the demand for the same in the country thereby leading to a demand for the products of the Company.

### **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 following ;

- Volatility in the prices of key raw material.
- Availability of material.
- Impact of government policies.

The Company has sound 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 paying great emphasis to the quality of the product that meet high standards of quality in the market. The Company has a qualified sales team to take proactive actions to determine the customers requirements, high attention to complaint resolution and timely delivery of the product and achieving all-round customer satisfaction.

### **FINANCIAL PERFORMANCE**

*(Rs. in lacs)*

	<b>For the accounting year (9 months period) ended on 31.12.2010</b>	<b>For the Year ended 31.03.2010</b>
Gross Sales & Operational Income	7657	9171
Other Income	24	33
Profit before Interest & Tax	331	313
Interest	106	155
Profit before Tax	225	158
Tax	75	54
Profit after Tax	150	104

### **INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The Company has adequate internal control system and is well 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 unauthorized use. The Audit Committee is 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 accounting year (9-months period) ended 31.12.2010  
(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>					
R. C. Khandelwal	Chairman	6	Yes	—	1
Pramod Khandelwal	Managing Director	6	Yes	—	1
A. P. Khandelwal	Whole Time Director	6	Yes	—	1
<b>INDEPENDENT NON EXECUTIVE DIRECTORS</b>					
V. K. Hajela	Director	4	No	1	1
S.K. Gupta	Director	—	No	—	1
K. L. Gupta	Director	3	No	—	1

# : 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**

6 Board Meetings were held during the accounting year (9 months period) ended 31.12.2010. The dates on which the meetings held were as follows : 11th May, 2010, 31st July, 2010, 17th August, 2010, 27th October, 2010, 04th November, 2010 and 07th December, 2010. 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. K. L. Gupta**, is B.E.(Metallurgical) and has 40 years experience in Metallurgical Industry.

**Mr. A. P. Khandelwal**, is M.Com. FICWA and is Ex-chairman and Managing Director of Pyrites Phosphates & Chemical Ltd. (A Govt. of India undertaking). He has more than 45 years of experience in refrigeration industrial finance, chemical & fertiliser and steel industries.

**Mr. S. K. Gupta**, is a commerce graduate and has over 30 years experience in engineering and fast moving consumer goods industries.

**3. Details of Remuneration****(a) Whole-Time Directors**

S. No.	Name	Salary (Rs. in Lacs)
1	A. P. Khandelwal	11.25
2	R. C. Khandelwal	11.25
3	Pramod Khandelwal	22.50

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 2010 to December 2010)**

S. No.	Name	Sitting Fees (Rupees)	
		Board Meeting	Audit Committee Meeting
1	V. K. Hajela	8,000	6,000
2	D. P. Khandelwal	12,000	6,000
3	K. L. Gupta	6,000	4,000

**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)	3
2	D. P. Khandelwal*	Member (Independent)	3
3	K. L. Gupta	Member (Independent)	2
4.	S.K. Gupta	Member (Independent)	—

\* Resigned since.

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 three meetings during the accounting year (9 months period) ended 31.12.2010 on 11.05.2010, 31.07.2010 and 17.08.2010.

**(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**

The remuneration of Whole-time-Directors were approved in Annual General Meeting by the shareholders. Hence a Remuneration Committee has not been constituted.

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

During the Accounting Year (9-month period) ended 31st December, 2010, 2 letters/complaints received from the shareholders, were duly replied/resolved. During the accounting year (9 months period) ended on 31st December, 2010, 1 transfer deed involving 3,56,100 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
2007-08	26.09.2008	3.00 PM	Arya Samaj Bhawan, Maharishi Dayanand Marg, Malviya Nagar, New Delhi-17
2008-09	24.09.2009	10.30 AM	Arya Samaj Bhawan, Maharishi Dayanand Marg, Malviya Nagar, New Delhi-17
2009-10	27.09.2010	3.00 AM	Robotics Hall, ISKON Complex, Sant Nagar Main Road, East of Kailash, New Delhi - 110065

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

No special resolutions or ordinary resolutions were required to be put through postal ballot at the previous AGM held on 27.09.2010 last year.

No special resolution on matters requiring postal ballot are placed for shareholders' approval at the 17th AGM.

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

Annual General Meeting is proposed to be held on Friday on 29th July, 2011 at 10.30 a.m. at Hotel Conclave, A-20, Kailash Colony, New Delhi - 110048.

**Financial Calendar (tentative)**

Results for the quarter ending March 31, 2011	Last week of April, 2011
Results for the quarter ending June 30, 2011	Last week of July, 2011
Results for the quarter ending September 30, 2011	Last week of October, 2011
Results for the quarter ending December 31, 2011	Last week of January, 2012
Annual General Meeting	Last week of June, 2012

**Date of book closure**

The Register of Members and the Share Transfer Books of the Company will remain closed from Monday the 25th day of July, 2011 to Friday the 29th day of July, 2011 (both days inclusive).

**Dividend**

No dividend has been proposed.

**Listing on Stock Exchange**

The equity shares of the Company are listed at - The Stock Exchange Mumbai , (BSE) and the Stock Code is 531810.

**Market Information:**

Market Price Data [High / Low during each month for the accounting year (9 months period) ended on 31.12.2010.

Month / year	BSE	
	High	Low
April – 2010	17.65	16.20
May – 2010	21.35	18.50
June – 2010	20.00	16.50
July – 2010	18.45	17.70
August – 2010	17.15	14.50
September –2010	14.95	13.55
October – 2010	15.76	14.22
November – 2010	15.65	13.60
December – 2010	14.99	12.95

**Registrar & Share Transfer Agent** : M/s Intime Spectrum Registry Limited,  
A-40, II<sup>nd</sup> Floor, Naraina Industrial Area,  
Phase – II, New Delhi - 110028  
Phone No. 011-25896893,41410592-95  
Fax No. 011-41410591

**Share Transfer System:**

The Board has constituted a Share Transfer Committee to approve inter alia 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.

**(a) Distribution of Shareholding as on 31st December, 2010**

Number of Equity Shares Held	No. of Shareholders	Percentage of total Share-holders	No. of Shares held	Percentage of total shares
1 to 500	647	69.72	90710	1.80
501 to 1000	119	12.82	103059	2.05
1001 to 2000	49	5.28	83494	1.66
2001 to 3000	36	3.88	91811	1.83
3001 to 4000	11	1.19	37598	0.75
4001 to 5000	13	1.40	61018	1.21
5001 to 10000	19	2.05	144216	2.87
10001 & above	34	3.66	4414894	87.83
<b>TOTAL</b>	<b>928</b>	<b>100.00</b>	<b>5026800</b>	<b>100.00</b>

**(b) Categories of Shareholders as on 31st December, 2010**

Category	No. of Equity Shares	% to paid-up Capital
Corporate Bodies	2459157	48.92
General Public	2278558	45.33
Non Resident Individuals	289085	5.75
<b>TOTAL</b>	<b>5026800</b>	<b>100.00</b>



Dematerialisation of Shares	:	25.08% Equity Shares (12,29,910 Equity Shares) have been dematerialised upto 31st December, 2010
Liquidity	:	The Company's Shares are traded on The Stock Exchange, Mumbai .
Plant Location	:	1. Sector – 45, Meola Maharajpur, Faridabad 2. Plot No. 113, Sector – 59, HSIDC Indl. Estate , Faridabad
Address for Correspondence	:	Regd. Office : A-178/12A, Dayanand Colony, Lajpat Nagar - IV, New Delhi – 110024

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**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 accounting year (9 months period) ended 31st December 2010, 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, 2 investor grievances were received during the accounting year (9 months period) ended 31st December 2010 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 Chetan Gupta & Associates**  
Company Secretaries

**Chetan Gupta**  
Proprietor  
CP No.: 7077

Date : 30.06.2011  
Place : Delhi

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

We have audited the attached Balance Sheet of METAL COATINGS (INDIA) LIMITED for the period ended on 31<sup>st</sup> December, 2010 and also the Profit & Loss Account and Cash flow statement for the period ended on that date 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.

1. 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 disclosures in financial statements. An audit also includes assessing the accounting principles used and 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.
2. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) order, 2004 (together "the order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of "the Companies Act, 1956" of India (the "act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we state that:
  - a) *We have not been able to obtain the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit despite our repeated requests.*
  - b) In our opinion, books of account, as required by law, *have been not kept* by the Company, so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are *not in agreement* with the books of account;
  - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report *do not* comply with the mandatory Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> December, 2010, and taken on records by the Board of Directors, none of the Directors of the Company are disqualified as on 31<sup>st</sup> December, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the act and *do not* give a true and fair view in conformity with the accounting principles generally accepted in India
    - (i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31<sup>st</sup> December, 2010;
    - (ii) In the case of the Profit & Loss Account *We are unable to comment.*
    - (ii) In the case of the Cash Flow Statement of the cash flows for the period ended on that date for the following reasons:

**Despite repeated communications**

- 1) *The Company could not demonstrate how it claims ownership right of the Land at its Meola Maharajpur unit and consequently the ownership of the Building there upon ?*



- 2) *The company has been fraudulently showing amount received from Non Resident Indians under the camouflaged head S.A.M under Current Liabilities which had gone undetected by us during earlier test checks as a standard auditing practice for the past. However when detected, the management was not able to reply. This is violations of FERA/FEMA AND RBI regulations.*
- 3) *The company failed to give a cogent answer on various transactions it has Entered with its associate company M/s Kochar Agro Industries (P) Ltd. Including UNREGISTERED Lease agreement for Rs. 20000 p.m. The directors have substantial interest in M/s Kochar Agro Industries (P) Ltd.*

**For ANIL KHANDELWAL & ASSOCIATES**  
Chartered Accountants

Sd/-  
**(ANIL KHANDELWAL)**  
Partner  
Membership No. : 87372

Date : 27.05.2011  
Place : New Delhi

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**Annexure to Auditors' Report**

(Referred to in Paragraph (2) Of our report of even date)

1. In respect of its fixed assets:
  - a) The Company has *not* maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, the fixed assets have been physically verified by the management during the year in a manner we were *unable to verify* these assets despite our repeated request to the management.
  - c) In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
  - a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b) *The management subverted all our attempts to physically verify inventories despite repeated reminders. As such are unable to form an opinion in respect of inventories.*
  - c) *We are unable to form opinion on stock as physical verification of stocks could not been carried out by us, despite our repeated requests.*
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
  - a) *No records were made available to us.*
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956 ;  
*No records were made available to us despite our request.*
6. The company has not accepted any deposits from the public.
7. In our opinion, the internal audit system of the Company is *not* commensurate with its size and nature of its business.



8. To the best of our knowledge and according to information given to us, the Company has maintained the cost records as prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.
9. In respect of statutory dues:  
According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income –Tax , Sales Tax, Wealth tax, Customs Duty, Excise Duty, Cess and other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st December, 2010 for a period of more than six months from the date of becoming payable.
10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in the payment of dues to financial institutions and Bank.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of the securities by way of pledge of shares, debentures and other securities.
13. The provision of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. The company has represent that it has not given any guarantees for loan taken by others from banks or financial institutions *but this could not be independently verified.*
16. The Company has not raised any new term loans during the year and there is no term loans outstanding at the beginning of the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilised any amount from short term sources towards repayment of long-term borrowings and acquisition of fixed assets.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures.
20. The Company has not raised any money by way of public issue during the year.
21. *We had vide our letter dated 24.05.2011 and 26.05.2011 enquired on serious matters relating to the affairs of the company which were never replied to us. We are unable to form our opinion on fraud on or by the company noticed during the period that causes the financial statements to be materially misstated.*

For **ANIL KHANDELWAL & ASSOCIATES**  
Chartered Accountants

Sd/-  
**(ANIL KHANDELWAL)**  
Partner  
Membership No. : 87372

Date : 27.05.2011  
Place : New Delhi

**BALANCE SHEET AS AT 31ST DECEMBER, 2010***(Rs. in Lacs)*

Particulars	Schedule No.	As at 31.12.2010	As at 31.03.2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	1	502.68	490.40
(b) Reserves & Surplus	2	905.57	750.30
		<u>1408.25</u>	<u>1240.70</u>
<b>Loan Funds</b>			
(a) Secured Loans	3	1440.78	1744.22
(b) Unsecured Loans		10.00	—
		<u>1450.78</u>	<u>1744.22</u>
<b>Deferred Tax Liability (Net)</b>		<u>72.81</u>	<u>71.40</u>
<b>TOTAL</b>		<u>2931.84</u>	<u>3056.32</u>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	1493.29	1488.00
Less : Depreciation		857.06	815.07
Net Block		<u>636.23</u>	<u>672.93</u>
<b>Current Assets, Loans and Advances</b>			
(a) Inventories	5	780.61	549.07
(b) Sundry Debtors	6	1460.26	1505.60
(c) Cash & Bank Balances	7	102.28	82.83
(d) Loans and Advances	8	75.22	341.16
		<u>2418.37</u>	<u>2478.66</u>
<b>Less : Current Liabilities &amp; Provisions</b>			
(a) Liabilities	9	94.36	74.45
(b) Provisions		28.40	20.82
		<u>122.76</u>	<u>95.27</u>
<b>Net Current Assets</b>		<u>2295.61</u>	<u>2383.39</u>
<b>TOTAL</b>		<u>2931.84</u>	<u>3056.32</u>
<b>Notes to accounts &amp; Significant Accounting Policies</b>	12		

Subject to our comments and observations

In terms of our annexed report of even date.

For **ANIL KHANDELWAL & ASSOCIATES***Chartered Accountants***(ANIL KHANDELWAL)***Partner**Membership No. 87372***Date** : 27.05.2011**Place** : New Delhi

For and on behalf of the Board

**(R. C. KHANDELWAL)***Chairman***(PRAMOD KHANDELWAL)***Managing Director*

**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 2010***(Rs. in Lacs)*

<b>Particulars</b>	<b>Schedule No.</b>	<b>For the period ended 31.12.2010</b>	<b>For the Year ended 31.03.2010</b>
<b><u>INCOME</u></b>			
Gross Sales & Operational Income		7657.23	9170.96
Interest / Other Income		23.88	32.81
Increase / (Decrease in stock)		231.54	56.98
		<u>7912.65</u>	<u>9260.75</u>
<b><u>EXPENDITURE</u></b>			
Purchases		6521.42	7631.84
Power & Fuel		341.13	449.60
Job Work Charges		49.83	56.45
Consumable Stores		142.95	165.21
Repair to Plant & Machinery		116.00	126.91
Excise Duty		73.85	107.80
Employee Rem. & Benefits	10	146.38	167.64
Administrative and Other Expenses	11	145.57	179.07
Interest		105.54	154.99
Depreciation		44.60	63.65
		<u>7687.27</u>	<u>9103.16</u>
Profit before tax		225.38	157.59
Provision for tax			
— Current Tax		73.46	51.46
— Deferred Tax		1.41	2.11
Profit after tax		150.51	104.02
Balance brought forward from previous year		718.00	614.00
Amount available for appropriation		868.51	718.02
<b><u>APPROPRIATION</u></b>			
Prior Period Expenses		1.34	0.02
Balance Carried forwarded		<u>867.17</u>	<u>718.00</u>
Earning per Share (Rs.)		2.99	2.12

**Notes to accounts & Significant Accounting Policies** 12

Subject to our comments and observations

In terms of our annexed report of even date.

For **ANIL KHANDELWAL & ASSOCIATES**  
*Chartered Accountants***(ANIL KHANDELWAL)**  
*Partner*  
*Membership No. 87372*

For and on behalf of the Board

**(R. C. KHANDELWAL)**  
*Chairman***(PRAMOD KHANDELWAL)**  
*Managing Director***Date** : 27.05.2011**Place** : New Delhi

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT***(Rs. in Lacs)*

	As at 31.12.2010	As at 31.03.2010
<b><u>SCHEDULE - 1 : SHARE CAPITAL</u></b>		
<b>Authorised</b>		
60,00,000 Equity Shares of Rs. 10/- each	600.00	600.00
	<u>600.00</u>	<u>600.00</u>
<b>Issued &amp; Subscribed</b>		
50,26,800 Equity Shares of Rs. 10/- each	502.68	502.68
	<u>502.68</u>	<u>502.68</u>
<b>Paid up</b>		
50,26,800 Equity Shares of Rs. 10/- each fully called up (Previous Year 49,04,000 Equity Shares of Rs. 10/- fully called up)(of the above shares 7,67,408 shares are allotted as fully paid up for consideration other than cash)	502.68	490.40
	<u>502.68</u>	<u>490.40</u>

**SCHEDULE - 2 : RESERVES & SURPLUS**

	As at 31.03.2010	Additions	As at 31.12.2010
Profit & Loss Account	718.00	149.17	867.17
General Reserve	26.16	—	26.16
Share Premium	—	6.10	6.10
Capital Reserve	6.14	—	6.14
<b>TOTAL</b>	<u>750.30</u>	<u>155.27</u>	<u>905.57</u>

	As at 31.12.2010	As at 31.03.2010
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**SCHEDULE - 3 : SECURED LOANS****From Banks**

(Secured against hypothecation of book debts,  
inventories & Motor Vehicles and by way of mortgage  
of land, buildings and Plant & Machinery)

1440.78	1744.22
<u>1440.78</u>	<u>1744.22</u>

**SCHEDULE - 4 : FIXED ASSETS***(Rs. in Lacs)*

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2010	Additions	Sold/ Discarded	Total as on 31.12.2010	As on 01.04.2010	For the period ended 31.12.2010	Dep. on discarded assets	Total as on 31.12.2010	As at 31.12.2010	As at 31.03.2010
Land	81.87	—	—	81.87	—	—	—	—	81.87	81.87
Buildings	374.15	—	—	374.15	82.46	9.42	—	91.88	282.27	291.69
Plant & Machinery	953.85	—	—	953.85	688.78	30.24	—	719.02	234.83	265.07
Motor Vehicles	69.27	8.64	3.83	74.08	39.53	4.32	2.37	41.48	32.60	29.74
Furniture, Fixtures & Office Equipment	6.45	0.56	0.51	6.50	3.44	0.32	0.24	3.52	2.98	3.01
Computers	2.41	0.43	—	2.84	0.86	0.30	—	1.16	1.68	1.55
<b>Total</b>	<b>1488.00</b>	<b>9.63</b>	<b>4.34</b>	<b>1493.29</b>	<b>815.07</b>	<b>44.60</b>	<b>2.61</b>	<b>857.06</b>	<b>636.23</b>	<b>672.93</b>
Previous year	1505.46	42.91	60.37	1488.00	800.86	63.65	49.44	815.07	672.93	704.60

**As at  
31.12.2010****As at  
31.03.2010****SCHEDULE - 5 : INVENTORIES**

(as certified by the management)

Raw Materials	<b>488.82</b>	295.17
Stores & Spares	<b>9.30</b>	11.31
Stock in Process	<b>226.39</b>	166.07
Scrap Material	<b>2.91</b>	12.34
Finished Goods	<b>53.19</b>	64.18
	<b><u>780.61</u></b>	<u>549.07</u>

**SCHEDULE - 6 : SUNDRY DEBTORS**

(Unsecured, Considered Good)

Outstanding for period exceeding Six Months	<b>9.90</b>	50.19
Others	<b>1450.36</b>	1455.41
	<b><u>1460.26</u></b>	<u>1505.60</u>

**SCHEDULE - 7 : CASH AND BANK BALANCES**

Cash in hand	<b>6.15</b>	4.33
Bank balance with Scheduled Banks	<b>16.60</b>	4.52
Fixed deposits with Scheduled Banks	<b>79.53</b>	73.98
	<b><u>102.28</u></b>	<u>82.83</u>

**SCHEDULE - 8 : LOANS AND ADVANCES**

(Unsecured, considered good, recoverable in cash or in kind or for value to be received/adjusted)

Balance with Central Excise	<b>28.54</b>	60.72
Advance Tax (Net of Provisions)	<b>4.37</b>	28.07
Other Advances	<b>42.31</b>	252.37
	<b><u>75.22</u></b>	<u>341.16</u>

*(Rs. in Lacs)*

	As at 31.12.2010	As at 31.03.2010
<b><u>SCHEDULE - 9 : CURRENT LIABILITIES AND PROVISIONS</u></b>		
<b>(a) Current Liabilities</b>		
Sundry Creditors - Trade	5.91	10.55
- Others	34.12	27.15
T.D.S. Payable	1.33	—
Other Liabilities	53.00	36.75
	<u>94.36</u>	<u>74.45</u>
<b>(b) Provisions</b>	28.40	20.82
	<u>122.76</u>	<u>95.27</u>

	For the period ended 31.12.2010	For the year ended 31.03.2010
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**SCHEDULE - 10: EMPLOYEES REMUNERATION AND BENEFITS**

Salary, Wages and Bonus	90.98	93.89
Provident Fund & ESI	9.98	13.35
Directors' Remuneration	45.42	60.40
	<u>146.38</u>	<u>167.64</u>

**SCHEDULE - 11: ADMINISTRATIVE AND OTHER EXPENSES**

Distribution Expenses	27.51	27.91
Staff & Labour Welfare	4.89	4.81
Postage & Telephones	3.56	4.60
Bank & Financial Charges	4.17	10.92
Auditors Remuneration	2.00	2.00
Cash Discount	—	0.80
Travelling Expenses	1.20	0.86
Conveyance & Vehicle Maintenance	9.96	7.83
Printing & Stationery	1.61	1.54
Miscellaneous Expenses	90.67	117.80
	<u>145.57</u>	<u>179.07</u>

**SCHEDULE - 12 : NOTES TO THE ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES****A. SIGNIFICANT ACCOUNTING POLICIES**

- 1) The accounts have been prepared under the going concern and historic cost convention, unless otherwise stated.
- 2) The sales and raw material purchases are inclusive of excise duty.
- 3) Fixed Assets :
  - i) Fixed Assets are stated at cost to the company less depreciation.
  - ii) Depreciation is provided under straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- 4) Valuation of Inventories :
  - i) Raw Materials, Work-in-process and Stores are valued at cost.
  - ii) Finished goods are valued at lower of cost and net realisable value.
  - iii) Scrap is valued at estimated net realisable value.

**B. NOTES TO ACCOUNTS****1. Contingent Liabilities**

The HSIDC has 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.

**2. Managerial Remuneration****(Rs. in Lacs)**

	<i>For the period ended 31.12.2010</i>	<i>2009-10</i>
Salary	45.00	60.00
Sitting fees to Directors	0.42	0.40
	<u>45.42</u>	<u>60.40</u>

**3. Particulars of licensed capacity, installed capacity and Production:**

	<i>For the period ended 31.12.2010</i>	<i>2009-10</i>
Licensed Capacity	N. A.	N. A.
Installed Capacity		
— C.R.Strips (TPA)	17000	17000
— M.S.Wire/HB/HHB Wire (TPA)	2000	500
— G.I. Wire/Strips (TPA)	2500	3500
Production #		
— C.R.Strips (MT)	12952	16541
— G.I. Wire / Strips (MT)	1620	3155

# Production figures are net of returns.

**4. Materials**

Raw materials are purchased indigenously and not imported.  
Particulars of Raw Material consumed are as under:

<b>PARTICULARS</b>	<b>For the period ended 31.12.2010</b>		<b>2009-10</b>	
	<b>Qty. (MT)</b>	<b>Value (Rs.in Lacs)</b>	<b>Qty. (MT)</b>	<b>Value (Rs.in Lacs)</b>
a) H.R.Coils*	15207	5594	19108	6312
b) Zinc	105	128	202	231
c) Wire Rods	1660	606	3204	1028

\* Figures include re-sales without issue to production.

**5. Particulars of opening and closing stock of finished goods****a) Opening Stock**

C. R. Strips	167	64	102	33
G. I. Wire	2	1	7	3

**b) Closing Stock**

C. R. Strips	139	51	167	64
G. I. Wire	4	2	2	1

**6. Particulars of Sales**

C.R.Strips	12980	5887	16477	6510
G. I. Wire/Strips	1618	847	3159	1525
Others	—	666	—	822

**7. Interest**

on Fixed Loan	—	—	—	—
on Other Account	105.54	—	154.99	—
	<u>105.54</u>		<u>154.99</u>	

**8. Payment to Auditors**

a) Audit Fees	0.75	0.75		
b) Tax Audit Fees	0.20	0.20		
c) Taxation Matters	0.30	0.30		
d) Certification Work	0.10	0.10		
e) Reimbursement of Expenses	0.65	0.65		
	<u>2.00</u>	<u>2.00</u>		

**9. Earning Per Share**

Profit after Tax	150.51	104.02		
No. of Shares (in lacs)	50.27	49.04		
Earning Per Share (Rs.)	2.99	2.12		

**10. Deferred Tax**

The working for the period ended 31.12.2010 has resulted in deferred tax liabilities amounting to Rs. 1.41 Lacs. This has been added to the deferred tax liability making it to Rs. 72.81 lacs.

11. Balance of Sundry Debtors, Sundry Creditors, Loans and Advances are subject to confirmation.

12. Previous year figures have been regrouped wherever considered necessary.

13. All figures have been rounded off to the nearest of Rupees lacs.

**Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the report of the Board of Directors for the period ended 31st December 2010**

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

For better fuel efficiency new improved burners were introduced in Annealing Furnace.

**A. Power and Fuel Consumption**

	<i>For the period ended 31.12.2010</i>	<i>2009-10</i>
<b>(i) Electricity :</b>		
(a) Purchased ('000 Units)	<b>2202.74</b>	2953.90
Total Amount (Rs. in lacs)	<b>119.97</b>	136.17
Rate per unit (Rs.)	<b>5.45</b>	4.61
<b>(b) Own Generation</b>		
(D.G. Set) ('000 Units)	<b>478.75</b>	662.24
Total Amount (Rs. in lacs)	<b>60.47</b>	74.39
Cost per unit (Rs.)	<b>12.63</b>	11.23
<b>(ii) Diesel Oil/C - 9</b>		
Quantity (Kilo Litres '000)	<b>614.14</b>	1083.05
Total Amount (Rs. in lacs)	<b>186.61</b>	277.08
Average Rate (Rs./ Litre)	<b>30.39</b>	25.58
<b>(iii) Furnace Oil</b>		
Quantity (Kilo Litres '000)	<b>137.22</b>	163.34
Total Amount (Rs. in lacs)	<b>34.55</b>	36.35
Average Rate (Rs./ Litre)	<b>25.18</b>	22.26

**B. Consumption per unit of production**

	<i>Production Unit</i>	<i>Current Year</i>	<i>Previous Year</i>
Electricity (KWH)	MT	<b>126.17</b>	143.80

**Research and Development and Technology Absorption:**

Pickling line has been upgraded for rolling of various grades of stainless steel.

**Foreign Exchange Earning and Outgo**

Foreign Exchange Earning is Rs. 6.45 lacs and Outgo is nil.



14. The Company has re-issued 122800 forfeited equity shares @ 14.97 per share during the accounting year (9 months period) ended 31.12.2010.
15. This year Company has changed the financial year from the existing period ending 31st March to period ending 31st December and consequently the accounts of the Company for the current financial year was prepared from 01.04.2010 to 31.12.2010.

**16. Related Party Transactions**

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 period ended 31.12. 2010	Outstanding as on 31.12.2010	Payable (P) Receivable (R)	Written off During the period ended 31.12. 2010
M/s Anil Khandelwal & Associates	Partners Mr. Anil Khandelwal & Mr. Vinay Khandelwal are sons of Mr. A. P. Khandelwal and Brothers of Mr. Pramod Khandelwal. Mr. S. K. Khandelwal is son of Mr. D. P. Khandelwal.	Audit Fee	2.00	2.00	(P)	Nil
Mr. Vinay Khandelwal	Son of Mr. A. P. Khandelwal, Director	Rent	0.27	0.63	(P)	Nil
M/s Kochar Agro Industries Pvt. Ltd.	Associate	Sales Rent	553.46 24.00	215.56 2.01	(R) (R)	Nil Nil
M/s SWD Industries	Associate	Purchases/Sales	8.41	0.03	(R)	Nil
Mr. R. C. Khandelwal	Chairman	Remuneration Other Liability	11.25 10.00	0.89 10.00	(P) (P)	Nil Nil
Mr. Pramod Khandelwal	Managing Director	Remuneration Other Liability	22.50 21.00	— —	— —	Nil Nil
Mr. A. P. Khandelwal	Director	Remuneration Other Liability	11.25 10.00	0.96 —	(P) —	Nil Nil
Mr. D. P. Khandelwal	Director	Sitting Fee	0.18	0.26	(P)	Nil
Mr. V. K. Hajela	Director	Sitting Fee	0.14	—	—	Nil
Mr. K. L. Gupta	Director	Sitting Fee	0.10	0.10	(P)	Nil

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER 2010****(CLAUSE 32 OF LISTING AGREEMENT)***(Rs. in Lacs)*

<b>Particulars</b>	<b>For the year ended 31st December, 2010</b>	
<b>A. Cash flow from Operating Activities :</b>		
Net Profit before taxes and Extraordinary Items		225.38
Adjustment for		
Depreciation	44.60	
Interest paid	105.54	150.14
Operating profit before working capital changes		375.52
(Increase)/Decrease in Sundry Debtors	45.34	
(Increase)/Decrease in Inventories	(231.54)	
(Increase)/Decrease in Loans & Advances	265.94	
Increase/(Decrease) in Current Liabilities	27.49	107.23
Cash generated from operations		482.75
Interest paid	(105.54)	
Extraordinary Items:		
Tax and Interest on tax paid for earlier year	(1.34)	(106.88)
Net cash from operating activities		375.87
<b>B. Cash flow from investing activities</b>		
Additions to fixed assets (including capital work in progress and advances on capital account)	(7.90)	
Proceeds from sales of Investment	—	
Purchase of investments	—	
Net cash from Investing Activities		(7.90)
<b>C. Cash flow from Financing Activities</b>		
Proceeds from new borrowings	(293.44)	
Proceeds from re-issue of Shares	18.38	
Repayment of borrowing	—	
Dividend & Tax paid	(73.46)	
Net cash from Financing Activities		(348.52)
Net cash flows during the year (A+B+C)		19.45
Cash and cash equivalents (Opening balance)		82.83
Cash and cash equivalents (Closing balance)		102.28

**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 : 27.05.2011  
Place : New Delhi**(PRAMOD KHANDELWAL)**  
Managing Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No.	:	55-63387	State Code	:	55
Balance Sheet Date	:	31.12.2010			

**II. Capital raised during the year (Amount in Rupees thousands)**

Public Issue	:	Nil	Right Issue	:	Nil
Bonus issue	:	Nil	Private Placement	:	Nil
Issue of Forefieted Shares	:	1228			

**III. Position of Mobilisation and Deployment of Funds (Amount in Rupees thousands)**

Total Liabilities	293184	Total Assets	293184
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**Sources of Funds**

Paid-up Capital	:	50268	Reserves and Surplus	:	90557
Secured Loans	:	144078	Deferred Tax	:	7281
Unsecured Loans	:	1000			

**Application of Funds**

Net Fixed Assets	:	63623	Investment	:	Nil
Net Current Assets	:	229561	Miscellaneous Exp.	:	Nil
Accumulated Losses	:	Nil			

**IV. Performance of the Company (Amount in Rupees thousands)**

Gross Sales & Operational Income (Including other Income - 2388)	:	768111	Total Expenditure	:	745573
Profit before tax	:	22538	Profit after Tax	:	15051
Earning per share (Rs.) (Annualised)	:	2.99	Dividend	:	—

**V. Generic Name of the Principal Products/Services of the Company**

Item Code No. (ITC Code)	:	72113000
Product Description	:	Cold Rolled Steel Strips



# METAL COATINGS (INDIA) LIMITED

Regd. Office : A-178/12A, Ground Floor, Dayanand Colony,  
Lajpat Nagar-IV, New Delhi - 110024.

## ATTENDANCE SLIP

DP. Id\*.....

Client Id\*.....

1. Full Name of Shareholder / Proxy.....
2. Registered Folio No. ....
3. If Proxy, Full name of Shareholder .....

I hereby record my presence at the 17th Annual General Meeting of the Company held on Friday on 29th day of July, 2011 at 10.30 a.m. at Hotel Conclave, A-20, Kailash Colony, New Delhi - 110048.

.....  
Signature of Shareholder/Proxy

\*Applicable for investors holding Shares in electronic form.

**Important** : This attendance slip may be handed over at the entrance of the Meeting Hall.



# METAL COATINGS (INDIA) LIMITED

Regd. Office : A-178/12A, Ground Floor, Dayanand Colony,  
Lajpat Nagar-IV, New Delhi - 110024.

## PROXY FORM

DP. Id\*.....

Client Id\*.....

I/We.....  
of..... in the  
District.....being a member of Metal Coatings (India) Limited hereby  
appoint.....of..... (or failing him/  
her.....of..... as my proxy to vote for me  
and on my behalf at the 17th Annual General Meeting of the Company to be held on Friday on 29th July, 2011 at 10.30 a.m.  
and at any adjournment thereof.

Signature.....



Ledger Folio No : .....

\*Applicable for investors holding Shares in electronic form.

**Note** : The proxy must be deposited at the Registered Office of the Company at A-178/12A, Ground Floor, Dayanand Colony, Lajpat Nagar-IV, New Delhi - 110024, not less than Forty Eight hours before the time for holding the meeting.

BOOK POST



*If undelivered, please return to:*

**METAL COATINGS (INDIA) LIMITED**

**Regd. Office :** A-178/12A, Ground Floor, Dayanand Colony,  
Lajpat Nagar-IV, New Delhi - 110024.

**17th**  
**ANNUAL REPORT**



**METAL COATINGS (INDIA) LIMITED**