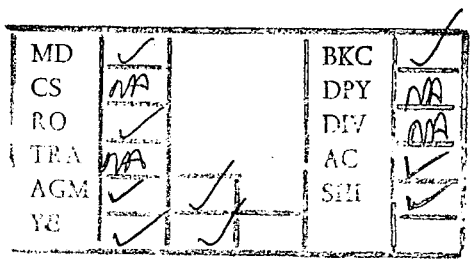
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4th
Annual Report
1997-98

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METAL COATINGS (INDIA) LIMITED

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CORPORATE INFORMATION

DIRECTORS	Ayodhya Prasad Khandelwal	-	Chairman
	Ramesh C. Khandelwal	-	Managing Director
	Pramod Khandelwal		
	Virendra Hajela		
	Vimal Prabha Khandelwal		
	Radhey Shyam Khandelwal		
	Damodar Prasad Khandelwal		
	K. L. Dhingra	-	Nominee, HSIDC
AUDITORS	: Anil Khandelwal & Associates Chartered Accountants		
BANKERS	: Canara Bank		
REGISTERED OFFICE	: A-12, Lajpat Nagar-II, New Delhi - 110024.		
WORKS	: Sector - 45, Mewla Maharajpur, Faridabad - 121003.		
	113, HSIDC Industrial Estate, Sector-59, Faridabad - 121004.		

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4TH ANNUAL GENERAL MEETING		
Day	:	Friday
Date	:	25th September,1998
Time	:	11.00 A.M.
Venue	:	The Country Club Sainik Farms, New Delhi - 62

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Fourth Annual General Meeting of Metal Coatings (India) Limited will be held at The Country Club, Sainik Farms, New Delhi - 110062 on Friday the 25th day of September 1998 at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS

01. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998, the Profit and Loss Account for the year ended on that date, and the report of the Directors and Auditors thereon.
02. To appoint a Director in place of Mr. V.K. Hajela who retires by rotation and who, being eligible, offers himself for re-appointment.
03. To appoint a Director in place of Mr. R.S. Khandelwal who retires by rotation and who, being eligible, offers himself for re-appointment.
04. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Anil Khandelwal and Associates, Chartered Accountants, retiring Auditors being eligible have given their consent for being considered for reappointment.

SPECIAL BUSINESS

05. To consider and if thought fit, to pass with or without modifications the following resolution as ordinary resolution :-

"Resolved that Mr. A.P. Khandelwal is hereby appointed as a whole time Director and Chairman of the Company for a period of 5 years w.e.f. 01.04.1998 at a remuneration of Rs. 5 lacs by way of salary, allowances and perquisites ; and 2.5 % commission on profits."

BY ORDER OF THE BOARD

Date : August 13, 1998
Place : New Delhi

(Pramod Khandelwal)
Director (Commercial)

NOTES :

01. An explanatory Statement under Section 173 of the Companies Act, 1956 in respect of item 5 is annexed hereto.
02. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company. A blank proxy form is enclosed. If used, it should be deposited with the Company, duly executed not later than 48 hours before the commencement of the annual general meeting.
03. The Register of Members and share transfer books of the Company will remain closed from Thursday 10th of September, 1998 to Tuesday the 22nd day of September, 1998 (both days inclusive).
04. Members are requested to notify immediately any change in their address to the Company's Registered Office.

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956 FORMING PART OF NOTICE DATED 13TH AUGUST, 1998.

ITEM NO. 5

Mr. A.P. Khandelwal joined the Board of the Company w.e.f. July 1997. Before joining the Board, Mr. A.P. Khandelwal had wide exposure at senior management level and was last Chairman-Cum- Managing Director of a large Public Sector Company. In view of the growing business of the company, it will be of immense benefit to the company if Shri A.P. Khandelwal is actively associated as whole time Director and Chairman.

The Board of Directors has approved the appointment of Mr. A.P. Khandelwal in their Meeting held on 24.04.98, subject to approval of the shareholders in General Meeting.

Mr. R.S. Khandelwal, Mr. D.P. Khandelwal, Mr. A.P. Khandelwal, Mrs. V.P. Khandelwal and Mr. Pramod Khandelwal are deemed to be interested in the proposed resolution.

Yours Directors recommend passing of the resolution.

BY ORDER OF THE BOARD

Date : August 13, 1998
Place : New Delhi

(Pramod Khandelwal)
Director (Commercial)

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DIRECTORS' REPORT

TO THE MEMBERS,

The Directors of your company have pleasure in presenting their FOURTH ANNUAL REPORT together with the Audited Statements of Accounts for the year ended 31st March, 1998.

01. FINANCIAL HIGHLIGHTS : (Rs. in lakhs)

	1997-98	1996-97
Total Income	**3162**	2112
Operating Profit	**234**	143
Profit before Tax	**61**	68
Provision for Taxation	**6**	9
Profit after Tax	**55**	59

02. OPERATIONS :

Indian economy continued to face recession during the whole of 1997-98. The recession has been more acute in steel industry and telecom industry both of which have direct bearing in the working of your company. This, coupled with overcapacity in the industry kept margins under tremendous pressure throughout the year. However, inspite of these adverse circumstances, the company continued to grow in terms of volume and market share and registered an impressive growth of 50 % in Total Income over the previous year which helped in partially offsetting the decline in margins. The year ended with a marginally lower PAT as compared to 1996-97.

In view of the difficult financial position, the directors feel that it would be in the interest of the company to skip dividend in this second consecutive year too and conserve funds for the smooth running and growth of the company. Therefore, the Directors do not propose to pay dividend for the year 1997-98.

03. PERSONNEL :

Industrial relations remained cordial throughout the year. Particulars of employees within the meaning of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 as amended, are as follows :-

1	**Employees Name**	**R.C. Khandelwal**
	Designation	Managing Director
	Remu. (Rs.in lacs)	4.94
	Qualification	B.E. (Mech.)
	Age	48 Years
	Total Experience	25
	Date of Commencement of Employment	May, 1995
	Particulars of Previous Employment	Metal Coatings (India)
	Designation	Managing Partner

2.	**Employees Name**	**Pramod Khandelwal**
	Designation	Director (Comml.)
	Remu. (Rs. in lacs)	4.94
	Qualification	B.Com., F.C.A.
	Age	32 years
	Total experience	9 years
	Date of Commencement of Employment	May, 1995
	Particulars of Previous Employment	Hindustan Lever Ltd.
	Designation	Manager

04. BOARD OF DIRECTORS :

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

05. ENERGY,TECHNOLOGY AND FOREIGN EXCHANGE:

Particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 are enclosed as part of the report.

06. LISTING AND LISTING AGREEMENT :

Shares of the company are listed at the following Stock Exchanges. The company has paid the annual listing fees of all the Stock Exchanges mentioned below :

A. Delhi Stock Exchange Association Limited, West Plaza, Indira Gandhi Stadium, New Delhi.

B. The Stock Exchange, Mumbai, Phiroze Jeejeebhoy towers, Dalal Street, Mumbai - 400001.

C. Jaipur Stock Exchange Limited, Stock Exchange Building, Jawahar Lal Nehru Marg, Malviya Nagar, Jaipur-302017.

Information as required under clauses 32 & 43 of the listing agreement is enclosed as part of the report.

07. AUDITORS :

The auditors, M/s Anil Khandelwal & Associates, Chartered Accountants, New Delhi retire at the conclusion of the ensuing Annual General Meeting and being eligible have given their consent for being considered for re-appointment.

08. ACKNOWLEDGMENT :

The Directors wish to place on record their appreciation to Canara Bank, Haryana State Industrial Development Corporation, Haryana Financial Corporation and the employees of the company for their support and co-operation.

For and on behalf of the Board of Directors

Dated : August 13, 1998
Place : New Delhi

(R.C. KHANDELWAL)
Managing Director

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AUDITORS' REPORT

TO THE MEMBERS OF METAL COATINGS (INDIA) LIMITED

We have audited the attached Balance Sheet of METAL COATINGS (INDIA) LIMITED, as on 31st March, 1998, together with the Profit & Loss Account of the Company for the year ended on that date annexed thereto and report that :

(1) As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 and in term 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.

(2) Further to our comments in the Annexure referred to above we state that :

a. We have obtained all the information and explanations which to the best of our knowledge and belief are necessary for the purpose of our audit.

b. In our opinion proper books of account as required by Law have been kept by the Company so far as appears from our examination of the books, and

c. The Balance Sheet and Profit & Loss Account referred to in our report are in agreement with the books of account.

d. In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the notes thereon give the information required by the Companies Act, 1956 and give a true and fair view :

(i) in so far as it relates to Balance Sheet of the state of affairs of the Company as at 31st March, 1998 and

(ii) in so far as it relates to the Profit & Loss Account of the profit of the company for the period ended on that date.

for ANIL KHANDELWAL & ASSOCIATES
Chartered Accountants

Date : August 13, 1998
Place : New Delhi

(Anil Khandelwal)
Partner

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