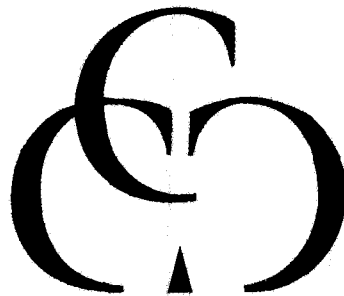


**14th
ANNUAL REPORT
2007 - 2008**

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METAL COATINGS (INDIA) LIMITED



CORPORATE INFORMATION

DIRECTORS

R. C. Khandelwal
 Pramod Khandelwal
 A. P. Khandelwal
 Virendra Hajela
 K. L. Gupta
 D. P. Khandelwal

Chairman
 Managing 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.

14TH ANNUAL GENERAL MEETING

Day : Friday
 Date : 26th September, 2008
 Time : 03.00 P.M.
 Venue : Arya Samaj Bhawan
 Maharishi Dayanand Marg,
 Malviya Nagar,
 New Delhi - 110 017

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METAL COATINGS (INDIA) LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors of your Company have pleasure in presenting their FOURTEENTH ANNUAL REPORT together with the Audited Statements of Account for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS

	<i>(Rs. in lacs)</i>	
	2007-08	2006-07
Total Income	11558	9072
Operating Profit	420	263
Profit before Tax	158	62
Provision for Taxation	54	23
Profit after Tax	104	39

PERFORMANCE REVIEW

The Company achieved a commendable growth of more than 27% in Total Income during the year under review over 2006-07 through better utilisation of its existing manufacturing facilities. The growth has been particularly spectacular in H.R. Pickled Oiled (HRPO) Coils business which witnessed a 112% growth over the previous year, up from 2774 MT in 2006-07 to 5870 MT in 2007-08. This could be achieved through Process Engineering and innovation by the Product Development team at Ballabgarh Factory. The profit before tax is Rs. 158 lacs as against Rs. 62 lacs in the previous year showing a phenomenal increase of 155% over 2006-07.

DIVIDEND

Your directors are pleased to recommend a dividend of 10% on the equity capital for the year 2007-08. if approved, the dividend payout will be Rs. 49.04 lacs, and taxation on proposed dividend will be Rs. 8.33 lacs.

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. Virendra Hajela, Director, retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment.

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.



METAL COATINGS (INDIA) LIMITED

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 financial year ended 31st March, 2008 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 judgements 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, 2008 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 Anil Khandelwal & 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 Auditors' 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.

For and on behalf of the Board of Directors

For and on behalf of the Board of Directors

Date : 30.06.2008

Place : New Delhi

(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, H.R. Pickled Oiled Coils/Strips, C.R. Flat Wire Strips, Galvanised Wire and Galvanised Strips. These products are used by a wide range of user industries such as Auto Components, Power Transmission Equipment, White Goods, Defence Equipment, Electrical Equipment, etc.

OPPORTUNITIES AND THREATS

The products of the Company are used predominantly in the Auto Components 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 sales of the Company. There are however indications in the year 2008-09 of a down turn in the global economy which in turn could lead to a slowing down of demand for the Company's products.

RISKS AND CONCERNS

H. R. Coils, Wire Rods and Zinc constitute the major raw materials of the Company. The prices and availability are directly linked to international demand. Price and availability of materials have been very volatile most of last year. However, your company is well equipped with a combination of long term tie-ups and spot buying arrangements.

OUTLOOK

The Company is catering to, amongst others, the auto components and power cables sector. With the increase in demand for vehicles in the country and global outsourcing of auto components from India, the outlook for this sector is promising. Further the expected growth in the power cable sector which use Galvanised Wire produced by the Company holds out good potential for higher demand for the Company's products. On the whole, the Company expects to register a good growth in the forthcoming years.

FINANCIAL PERFORMANCE

(Rs. In lacs)

	2007-08	2006-07
Sales	11528	9054
Other Income	31	18
Profit before Interest & Tax	364	195
Interest	206	133
Profit before Tax	158	62
Tax	54	23
Profit after Tax	104	39

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has adequate internal control system monitored by an Internal Auditor reporting to the Audit Committee. The Audit Committee is meeting periodically for reviewing the performance of the Company and formulating policies/issuing guidelines to the Management.

CAUTIONARY STATEMENT

Estimates and expectations stated in this Management Discussion and analysis may be "forward-looking" statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to your Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets, change in the Government regulations, tax laws, other statutes and other incidental factors.

**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2007-08**

(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 ensuring 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 @
EXECUTIVE DIRECTORS					
1. R. C. Khandelwal	Chairman	6	Yes	1	1
2. Pramod Khandelwal	Managing Director	6	Yes	1	1
3. A. P. Khandelwal	Whole Time Director	5	Yes	—	1
INDEPENDENT NON EXECUTIVE DIRECTORS					
4. V. K. Hajela	Director	4	Yes	1	1
5. D. P. Khandelwal	Director	6	Yes	—	1
6. 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 (Six) Board Meetings were held during the year. The dates on which the meetings held were as follows : 28th April, 2007, 29th June, 2007, 28th July, 2007, 25th October, 2007, 1st November, 2007 and 24th January, 2008. 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, 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. Virendra Hajela, - He has 45 years of experience including 37 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.


METAL COATINGS (INDIA) LIMITED
3. Details of Remuneration
(a) Whole-Time Directors

S. No.	Name	Salary (Rs. in Lacs)
1.	A. P. Khandelwal	15.10
2.	R. C. Khandelwal	15.00
3.	Pramod Khandelwal	15.00

The remuneration is fixed in nature and there is no performance linked incentives and there is no stock options. The Notice period is three months and there is no severance fees.

(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 2007 to March 2008)

S. No.	Name	Sitting Fees (Rupees)	
		Board Meeting	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. The minutes of the Audit Committee meetings are confirmed by the Board of Directors.

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

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 period on 29.06.2007, 25.10.2007 and 24.01.2008.

(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