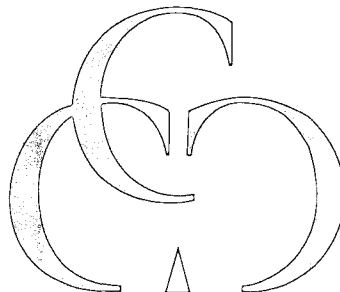


15th
ANNUAL REPORT
2008-2009



METAL COATINGS (INDIA) LIMITED



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifteenth Annual General Meeting of Metal Coatings (India) Limited will be held at Arya Samaj Bhawan, Maharishi Dayanand Marg, Malviya Nagar, New Delhi - 110017 on Thursday the 24th day of September, 2009 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009, the Profit and Loss Account for the year ended on that date, and the report of the Directors and Auditors 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. D. P. Khandelwal who retires by rotation and who, being eligible, offers himself for reappointment.
4. 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:

5. 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 Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Mr. R. C. Khandelwal as Chairman and Wholtime Director of the Company for a period of 5 years with effect from 12th May, 2009 at a remuneration of Rs. 15 lacs per annum by way of salary, perquisites, allowances etc."
6. 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 Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Mr. Pramod Khandelwal as Managing Director of the Company for a period of 5 years with effect from 12th May, 2009 at a remuneration of Rs. 30 lacs per annum by way of salary, perquisites, allowances etc."

By Order of the Board

Date : 30.06.2009
Place : New Delhi

(PRAMOD KHADELWAL)
Managing Director


METAL COATINGS (INDIA) LIMITED
NOTES :

1. 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.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 22nd day of September, 2009 to Thursday the 24th day of September, 2009 (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 atleast 10 days in advance so as to enable the management to keep the information ready.
5. Shareholders are requested to kindly bring their copies of Annual Report to the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) READ WITH SCHEDULE XIII OF THE COMPANIES ACT, 1956
Item No. 5

Mr. R. C. Khandelwal was appointed at the 10th Annual General Meeting as a Chairman and Wholetime Director of the Company for a term of 5 years w.e.f. 12.05.2004. The remuneration being paid to him currently is Rs. 15 lacs per annum by way of salary, allowances and perquisites etc. Now this 5 years term expires on 12.05.2009.

Your Directors consider that the services of Mr. R. C. Khandelwal are of great value to the Company. Hence the resolution is recommended by the Board to reappoint Mr. R. C. Khandelwal as a Chairman and Whole Time Director of the Company for another term of 5 years with effect from 12.05.2009 at a remuneration of Rs. 15 lacs per annum by way of salary, allowances and perquisites etc.

None of the Directors are interested in the proposed resolution.

Item No. 6

Mr. Pramod Khandelwal was appointed at the 10th Annual General Meeting as a Managing Director of the Company for a term of 5 years w.e.f. 12.05.2004. The remuneration being paid to him currently is Rs. 30 lacs per annum by way of salary, allowances and perquisites etc. Now this 5 years term expires on 12.05.2009.

Your Directors consider that the services of Mr. Pramod Khandelwal are of great value to the Company. Hence the resolution is recommended by the Board to reappoint Mr. R. C. Khandelwal as a Managing Director of the Company for another term of 5 years with effect from 12.05.2009 at a remuneration of Rs. 30 lacs per annum by way of salary, allowances and perquisites etc.

Mr. A. P. Khandelwal deemed to be interested in the proposed resolution.

By Order of the Board

Date : 30.06.2009
Place : New Delhi

(PRAMOD KHADELWAL)
Managing Director



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.

15TH ANNUAL GENERAL MEETING

Day : Thursday
 Date : 24th September, 2009
 Time : 10.30 A.M.
 Venue : Arya Samaj Bhawan
 Maharishi Dayanand Marg,
 Malviya Nagar,
 New Delhi - 110 017

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**DIRECTORS' REPORT**

TO THE MEMBERS,

The Directors of your Company have pleasure in presenting their FIFTEENTH ANNUAL REPORT together with the Audited Statements of Account for the year ended 31st March, 2009.

FINANCIAL HIGHLIGHTS*(Rs. in lacs)*

	2008-09	2007-08
Total Income	9913	11558
Operating Profit	335	420
Profit before Tax	58	158
Provision for Taxation	19	54
Profit after Tax	39	104

PERFORMANCE REVIEW

The Company achieved a turnover of Rs. 9837.91 lacs as against Rs. 11527.56 lacs in the previous year. Profit before tax is lower at Rs. 58.12 lacs as against Rs. 158.34 lacs in the previous year. World economy was severely impacted by the US financial crisis, with its contagion effect across countries and the impact in Indian markets came in the form of a precipitous drop in demand across industrial sectors. The situation was further worsened due to high level of volatility in commodity prices. Inventories got devalued, triggered by plummeting raw material prices. This, combined with an increase in interest cost had a major adverse impact on the sales revenue as well as the bottom-line of the Company. However, the Company managed to partially offset the impact of this by undertaking cost control measures. Your Company's performance for the period 2008-09 has to be seen in the context of above economic scenario. In view of the lower profits 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 year 2008-09.

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. D. P. Khandelwal, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves 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.



METAL COATINGS (INDIA) LIMITED

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 financial year ended 31st March, 2009 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, 2009 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

Date : 30.06.2009

Place : New Delhi

(PRAMOD KHADELWAL)

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 OUTLOOK

The product of the Company are used predominantly in the Auto Components, white goods and in Power Transmission (Cables) industries. The power sector is at present the most underdeveloped infrastructure sector with India facing a substantial power deficit situation. While other infrastructural sector such as roads, telecommunication, housing, airports have made significant progress consequent to huge investments, the power segment still lags behind. A conservative estimate pegs India's investment needs in power generation transmission and distribution at close to US\$ 900 billion over the next 10 years. Our power starved country therefore is likely to see a huge surge in investments in power generation and distribution, thereby consequently translating into a huge demand for power cables which in turn will lead to a growth in the demand for Galvanised Steel Wire & Strips. 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

H. R. Coils, Wire Rods and Zinc constitute the major raw materials of the Company. The prices and availability are continue to be a cause of concern. 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.

With the global economy still not firmly out of the recessionary cycle, the management has taken adequate risk management measures such as limiting industry wise and customer wise exposures to insulate itself against any adverse situation arising in the future.

FINANCIAL PERFORMANCE

(Rs. In lacs)

	2008-09	2007-08
Sales	9838	11528
Other Income	75	31
Profit before Interest & Tax	270	364
Interest	212	206
Profit before Tax	58	158
Tax	19	54
Profit after Tax	39	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. Audit committee reviews the adequacy and effectiveness of the company's internal control environment and 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.