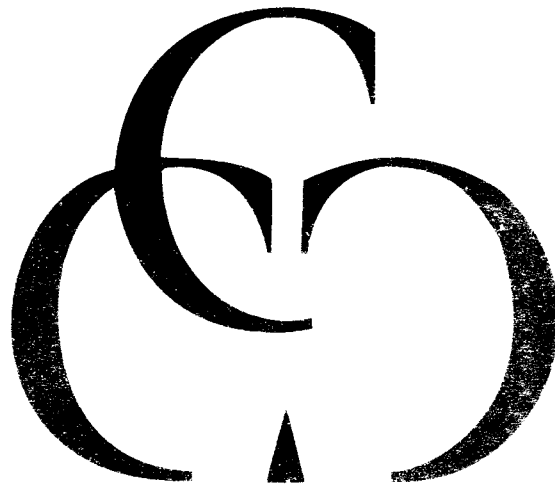


18th
ANNUAL REPORT 2011-2012



METAL COATINGS (INDIA) LIMITED

CORPORATE INFORMATION

DIRECTORS

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

Chairman
Managing Director

AUDITORS

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

BANKERS

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

REGISTERED OFFICE

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

WORKS

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

18TH ANNUAL GENERAL MEETING

Day : Friday
Date : 28th September, 2012
Time : 11.30 a.m.
Venue : Hotel Impress
A-25, Kh No 393,
Mahipalpur, Near N.H.-8
Vasant Kunj Road,
New Delhi - 110037

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**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Eighteenth Annual General Meeting of Metal Coatings (India) Limited will be held at Hotel Impress, A-25, Kh. No 393, Mahipalpur, Near N.H. – 8, Vasant Kunj Road, New Delhi - 110037 on Friday the 28th day of September, 2012 at 11.30 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012, the Profit and Loss Account for the Accounting Year (15-months period) ended on that date, and the report of the Directors thereon.
2. To appoint a Director in place of Mr. R. C. Khandelwal, who retires by rotation and who, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Pramod Khandelwal who retires by rotation and who, being eligible, offers himself for reappointment.
4. To declare a dividend for the accounting year (15 months period) ended 31st March, 2012.
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.

SPECIAL BUSINESS:**6. INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY:**

To Consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 6,00,00,000/- (Rupees Six Crores only) divided into 60,00,000 (Sixty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 8,00,00,000/- (Rupees Eight Crores only) divided into 80,00,000 (Eighty Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each.”

7. ALTERATION OF CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION:

To Consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of section 16 and all other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory modification or re-enactment thereof for the time being in force), the existing **Clause V** of the Memorandum of Association of the Company be and is hereby substituted by the following:

V. The Authorised Share Capital of the Company is 8,00,00,000/- (Rupees Eight Crores only) divided into 80,00,000 (Eighty Lacs only) Equity Shares of Rs. 10/- (Rupees Ten only).”

8. PREFERENTIAL ALLOTMENT

To Consider and, if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:

“RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with the existing guidelines/regulations/ rules issued by the Securities & Exchange Board of India (SEBI) and subject to all necessary approvals, consents, permission and/or sanctions of the Government of India, Reserve Bank of India, Foreign Investment Promotion Board, Secretariat of Industrial Approvals under the Foreign Exchange Management Act, 1999 (including any statutory modification or re-enactment thereof for the time being in force) and other applicable laws, and enabling provisions in the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchange where the shares of the Company are listed and subject to such terms and conditions as may be determined by the Board of Directors of the Company (hereinafter referred to as “the Board” which expression shall include any committee constituted for the time being in force, thereof) and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, consents, permissions or sanctions and agreed to by the Board, the consent and approval of the Company be and is hereby accorded to Board and the Board be and is hereby authorised to offer, issue and allot by way of Preferential allotment up to **23,00,000 [Twenty Three Lacs]** Convertible Warrants of Face Value of Rs.10/- each (Rupees Ten only) being issued and allotted to domestic investors and/or bodies corporate (the **“Preferential Shareholders”**), on preferential allotment basis without offering the same to any persons who at the date of offer, are holders of the Equity Shares on such terms and conditions and in such manner as the Company may deem fit, with power to the Board to settle details as to form, the terms and conditions of issue and/or allotment and to modify or accept any modifications thereto and utilization of the issue proceeds as it may in its absolute discretion deem fit, without being required to seek any further consent of the Members, with the intent that the Members shall be deemed to have given their consent thereto expressly by the authority of this resolution.



Sr. No.	Name of the Proposed Allottees	Number of Convertible Warrants Proposed to be allotted
A	PROMOTER & PROMOTER GROUP	
1.	Ramesh Chandra Khandelwal	5,00,000
2.	Pramod Khandelwal	5,00,000
3.	M/s. Khandelwal Galva Strips Private Limited	5,00,000
	Total (A)	15,00,000
B	NON- PROMOTERS	
4.	M/s. Microne Texfab Private Limited	6,00,000
5.	M/s. Richtime Trading Company Private Limited	2,00,000
	Total (B)	8,00,000
	TOTAL (A) + (B)	23,00,000

RESOLVED FURTHER THAT the aforesaid Convertible Warrants shall rank *pari passu* in all respect pursuant to Conversion of Warrants into Equity Shares with the existing Equity Shares of the Company. The Convertible Warrants allotted on preferential basis shall be locked in from the date of their allotment of Equity Shares pursuant to conversion of warrants for such periods as prescribed in Regulation 78 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

RESOLVED FURTHER THAT the Convertible Warrants to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT the relevant date as per Regulation 71 of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the determination of applicable price of Equity Shares to be issued and allotted upon exercise of rights attached to the Warrants shall be **29th August, 2012** i.e. 30 days prior to the date of this Meeting.

RESOLVED FURTHER THAT each of the aforesaid warrants be converted at the option of the holder at any time within 18 months from the date of issue, into one fully paid-up Equity Share of Rs.10/- each at a price, determined in accordance with the prevailing Regulation for Preferential Issue contained in Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2009 and a sum equivalent to 25% of the total consideration per warrant be received on the date of allotment of the said Warrants and the balance 75% of the total consideration per warrant be received at the time of allotment of Equity Shares pursuant to exercise of option against each such warrant by the warrant holder.

RESOLVED FURTHER THAT in the event of the Company making a bonus issue of shares or making rights issue of shares / convertible debentures or any other securities in whatever proportion prior to the exercise of the rights attached to the warrants, the entitlement of the holders shall stand augmented in the same proportion in which the equity share capital of the company increases as a consequences of such bonus/rights issues and that the exercise price of the warrant be adjusted accordingly, subject to such approvals as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorised to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) and/ or such other appropriate authority may impose at the time of their approval as agreed by the Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to delegate any or all the powers conferred upon it by this resolution, to any Committee formed thereof for the powers conferred upon it by this resolution, to any individual so authorised by the Board.

RESOLVED FURTHER THAT for the purpose of creating, issuing, offering and allotting Convertible Warrants of the Company as aforesaid, the Company be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the Convertible Warrants of the Company, as it may in its absolute discretion, deem fit and proper."

9. RE-ISSUE OF 1,22,800 FORFEITED EQUITY SHARES

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:



“RESOLVED THAT in accordance with the Section 81, 81 (1A) and other applicable provisions, if any, of The Companies Act, 1956 (including any amendment thereto or re-enactment thereof), Articles of Association of the Company, Clause 23 of the Listing Agreement entered into by the Company with the Bombay Stock Exchange Limited on which the Company's shares are listed and the rules/regulations/guidelines, notifications, circulars and clarifications, if any, issued by the Government of India(GOI), the Securities and Exchange Board of India (SEBI) and subject to such approvals, consents, permissions and sanctions as may be necessary or required and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board in its absolute discretion to re-issue 1,22,800 forfeited Equity Shares of Rs. 10/- each at a price not less than the price which is to be determined in accordance with the provisions of SEBI(Issue of capital and Disclosure Requirements) Regulations 2009.

RESOLVED FURTHER THAT the aforesaid Equity Shares shall rank *pari passu* in all respect with the existing Equity Shares of the Company. The Equity Shares allotted on preferential basis shall be locked in from the date of their allotment for such periods as prescribed in Regulation 78 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

RESOLVED FURTHER THAT the Equity Shares to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT the relevant date as per Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for the determination of applicable price for the issue of Equity Shares shall be 29th August, 2012 i.e. 30 days prior to the date of this Meeting.

RESOLVED FURTHER THAT the Board be and is hereby authorised to accept any modifications in the proposal as may be required by the agencies involved in such issues but subject to such conditions as the Reserve Bank of India (RBI) / Securities and Exchange Board of India (SEBI) and/ or such other appropriate authority may impose at the time of their approval as agreed by the Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to delegate any or all the powers conferred upon it by this resolution, to any Committee formed thereof for the powers conferred upon it by this resolution, to any individual so authorised by the Board.

RESOLVED FURTHER THAT for the purpose of creating, issuing, offering and allotting Equity Shares of the Company as aforesaid, the Company be and is hereby authorised to do and perform all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects and in particular, to settle any questions, difficulties or doubts that may arise with regard to the offering, issuing, allotting and utilizing the issue proceeds of the Equity Shares of the Company, as it may in its absolute discretion, deem fit and proper.”

For and on behalf of the Board of Directors

Date : 22.08.2012
Place : New Delhi

Sd/-
(PRAMOD KHANDELWAL)
Managing Director

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 Tuesday the 25th day of September, 2012 to Friday the 28th day of September, 2012 (both days inclusive).
3. The dividend on the Equity Shares when declared at the Annual General Meeting will be paid to those shareholders whose names stand on the Register of Members of the Company as on September 28, 2012.
4. Members are requested to notify immediately any change in their address to the Company's Registered Office.



5. Shareholders seeking any information with regard to accounts are requested to write to the Company at least 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
6. 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.
7. 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 11.00 am to 1.00 pm up to the date of Annual General Meeting.
8. Children who are not members of the Company would not be allowed to attend the meeting.
9. An Explanatory Statement as required by Section 173(2) of the Companies Act, 1956 in respect of Special Business of the Notice is annexed hereto.

EXPLANATORY STATEMENT ANNEXED TO THE NOTICE OF THE MEETING PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956:

Item No. 6 and 7:

To meet the increased financial needs of the Company it is proposed by the Board to induce additional funds by way of increasing the Share Capital. Your Board at its meeting held on 22nd August, 2012, subject to the approval of the shareholders, and receipt of such other statutory/regulatory approvals, as may be required, has proposed to increase the Authorised Share Capital of the Company to that extent, due to which, the existing Capital Clause no.V of the Memorandum of Association of the Company needs to be altered.

The Proposed resolution under this item No. 6 & 7 seeks to obtain Members' approval to alter Capital Clause as mentioned above in the Memorandum of Association of the Company. Pursuant to section 16 of the Companies Act, 1956 if the Memorandum is to be altered, an Ordinary Resolution is required to be passed by the Members of the Company.

Your Board of Directors recommends the Ordinary Resolution for your approval as set out under item No. 6 & 7 of the Notice of Annual General Meeting.

A Copy of the Memorandum of Association of the Company with the proposed amendment will be available for inspection by the Members at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all working days upto the date of this Annual General Meeting.

None of your Directors are interested in the above resolutions except to the extent of their shareholding in the Company.

Item No. 8:

The Board, in order to support the growth plans of the Company and to consolidate its businesses, is considering / reviewing various options including its business operations which would be beneficial in the interest of the Company and its shareholders. The current business activity of the Company is manufacture and sale of Cold Rolled Steel Strips, C.R. Flat Wire/Strips, Galvanised Wire/Strips. It is intended to raise funds for expansion of business, for meeting long term and short term working capital requirements of the Company for growth, capital expenditure and for general corporate purpose of the Company.

The Convertible Warrants to be issued and allotted shall be subject to the Memorandum and Articles of Association of the Company and the terms of issue. The Equity Shares pursuant to Conversion of Warrants referred to above shall rank *pari passu* with all the existing Shares of the Company in all respects including as to dividend.

Pursuant to Section 81 (1A) of the said Act the further Convertible Warrants may be offered by the Company to such persons in the manner whatsoever, if a special resolution to that effect is passed by the Company in the General Meeting.

The proposed Special Resolution is designed to comply with the requirements of Section 81 (1A) of the Act in the context of issue. Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Act, Chapter VII of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 and in terms of the provisions of the Listing Agreement to issue and allot Convertible Warrants as stated in the Special Resolution and on the following terms as stated here in below:

I. The object of the issue through preferential offer:

As mentioned above, it is intended to raise funds for expansion of business, capital expenditure, for Long Term and Short Term Working Capital Requirement of the Company, to strengthen the equity base of the Company and to meet expenditure for general corporate purpose.

II. Intention of the Promoters/Directors/Key management persons to subscribe to the offer:

The Promoters/Directors of the Company have conveyed to the Company in writing of their respective intention that



Promoters/Directors are intended to subscribe to the offer being proposed under special resolution of the Notice for shareholders' approval at this meeting.

Further the Promoter/ Directors may convert the warrants in one or more tranches such that they shall not acquire the voting rights so as to attract the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

III. Shareholding pattern before and after the Preferential Allotment:

Shareholding pattern before and immediately upon the allotment of 23,00,000 Convertible Warrants on a fully diluted basis pursuant to the Offer.

Shareholding Pattern (Number of Shares):

	Shareholder Category	Shareholding Pattern prior to the Allotment of Warrants		Shareholding Pattern post Allotment of Equity Shares pursuant to Conversion of Warrants	
Sr.No.	Particulars	No. of Shares	%age	No. of Shares	%age
1.	Promoters	24,97,350	49.68	39,97,350	54.56
2.	Non- Promoters (Others)	25,29,450	50.32	33,29,450	45.44
	Total	50,26,800	100.00	73,26,800	100.00

IV. Proposed time within which the allotment shall be completed:

The allotment of Convertible Warrants are proposed to be completed within a maximum period of 15 days from the date of passing of this resolution at this Annual General Meeting, provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of receipt of such approval. The allotment of Equity Shares pursuant to exercise of option by the Warrant holder will be made within a reasonable time after exercise of such option.

V. Auditor Certificate:

The price at which the Equity Shares would be issued by the Company to Promoters and Non Promoters cannot be exactly determined before issue of this notice to the shareholders as it depends on the average of the market prices prevailing in the preceding 2 weeks or 26 weeks as per the SEBI regulation. Hence, the Auditors' Certificate required under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009 will be made available for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. up to September 28, 2012. The Auditors Certificate will also be sent to the Bombay Stock Exchange Limited (BSE) for general shareholders information.

VI. Lock-in:

The fully Convertible Warrants to be allotted on preferential basis to Promoter Group and Non Promoters shall be locked-in from the date of their allotment of Equity Shares pursuant to conversion of warrants, for such periods as prescribed in Regulation 78 of SEBI (ICDR) Regulations, 2009.

VII. Change in Management:

The proposed preferential allotment of Convertible Warrants will not result in any change in the management and control of the Company. Voting right shall change according to the change in shareholding pattern mentioned above.

VIII. Pricing

The pricing of Convertible Warrants allotted on preferential basis to Promoters and Non Promoters shall not be lower than the price determined in accordance with the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009.

Currently SEBI (ICDR) Regulations, 2009 provides that the issue of shares on preferential basis can be made at a price not less than the higher of the following:

- The average of the weekly high and low of the closing prices of the related Equity Shares quoted on the recognized stock exchange during the six months preceding the relevant date; or
- The average of the weekly high and low of the closing prices of the related Equity Shares quoted on a recognized stock exchange during the two weeks preceding the relevant date.



The relevant date for the purpose of pricing shall be 29th August, 2012 being the date which is 30 days prior to the date of this meeting.

"Stock Exchange" for this purpose mean Bombay Stock Exchange Limited on which the trading volume in respect of the shares of the Company has been recorded during the preceding six months prior to the Relevant Date.

IX. Payment and Conversion terms:

25% of the value of the Warrant is to be paid on the date of allotment of warrant. The balance 75% is payable at the time of allotment of Equity shares pursuant to exercise of the option for conversion of the warrant. Warrant will be converted at the option of the allottees, into one equity share of Rs.10/- each at a price determined in accordance with the regulations for preferential issue contained in Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements), Regulations, 2009, at any time within 18 months from the date of allotment. In case the option is not exercised within a period of 18 months from the date of allotment, the aforesaid 25% amount paid on the date of allotment shall be forfeited.

X. Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by it:

Identity	Pre Preferential Issue		Post Preferential Issue (assuming Conversion of Warrants)	
	No. of Shares	%age	No. of Shares	%age
Proposed Allottees				
Promoter and Promoter Group				
Ramesh Chandra Khandelwal	3,91,300	7.78	8,91,300	12.16
Pramod Khandelwal	4,18,100	8.31	9,18,100	12.53
M/s. Khandelwal Galva Strips Private Limited	9,14,200	18.19	14,14,200	19.30
Non Promoters				
M/s. Microne Texfab Private Limited	Nil	N.A.	6,00,000	8.19
M/s. Richtime Trading Company Private Limited	Nil	N.A.	2,00,000	2.73

Assumptions:

- (1) All Warrants offered pursuant to the aforesaid resolution have been fully subscribed and allotted.
- (2) The warrants are held by the aforesaid allottees at the time of exercise of the option and
- (3) The options are exercised by them in full.

XI. The Company hereby undertakes that-

- a. It would re-compute the price of the specified securities i.e. Equity Shares proposed to be issued on preferential allotment basis in terms of the provisions of the SEBI (ICDR), Regulations 2009 where it is required to do so;
- b. If the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI (ICDR) Regulations 2009, the above specified securities shall continue to be locked in till the time such amount is paid by allottees.

XII. Interest of Promoter/Directors:

Mr. Pramod Khandelwal and Mr. Ramesh Chandra Khandelwal, being the Promoter and Director of the Company and M/s. Khandelwal Galva Strips Private Limited belonging to Promoter/ Promoter Group of the Company, are deemed to be person acting in concert and therefore concerned or interested in the above resolution.

Further, Mr. Ayodhya Prasad Khandelwal, the Promoter and Director of the Company is deemed to be person acting in concert as Mr. Ayodhya Prasad Khandelwal and Mr. Pramod Khandelwal are relatives and therefore concerned or interested in the resolution.

None of the other Directors of the Company are in anyway, directly or indirectly concerned or interested in the above resolution. Promoters of the company are interested to the extent of their holding in the company.

The members are, therefore, requested to accord their approval authorising the Board to go for the proposed preferential issue as set out in the special resolution.

The Board of Directors recommends the said resolutions for your approval.

Item No. 9

Your Directors at their meeting held on 29th January, 1999 had forfeited 1,22,800 Equity Shares for non-payment of allotment/ call money due. Prior to the forfeiture, your Company had sent forfeiture notices to shareholders in respect of 1,22,800



Equity Shares but have not remitted the outstanding call/ allotment money due and therefore their shares were forfeited.

Article 43 of the Articles of Association of the Company provides that any shares forfeited, shall be sold or disposed of on such terms and in such manner as the Board thinks fit.

Further, the Board of the Directors of the Company at its meeting held on 7th December, 2010 has already reissued and allotted the 1,22,800 forfeited Equity Shares of the face value of Rs. 10/- each at a price of Rs. 14.97/- each (including Premium of Rs. 4.97/- per share) to M/s. Lehartechologies.com Private Limited without seeking your (i.e. shareholders') approval in the General Meeting. However, M/s. Lehartechologies.com Private Limited has agreed to give the additional funds if required as per the pricing calculated according to Regulation 76 of the SEBI (ICDR) Regulations, 2009 and in compliance with Listing Agreement. As the Company had failed to obtain shareholders prior approval in the General Meeting and further to rectify the allotment done on 7th December, 2010, we seek to obtain your approval for the same. Pursuant to Section 81(1A) of the Companies Act, 1956; the Equity Shares may offered by the Company to such persons in the manner whatsoever, if a special resolution to that effect is passed by the Company in the General Meeting.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956, Chapter VII of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 and in terms of the provisions of the Listing Agreement to re-issue and allot Equity Shares as stated in the Special Resolution and on following terms as stated herein below:

I. The Object of the re-issue of forfeited shares

It is intended to raise funds for expansion of business, capital expenditure, for Long Term and Short Term Working Capital Requirement of the company, to strengthen the equity base of the Company and to meet expenditure for general corporate purpose.

II. Intention of the Promoters/Directors/Key management persons to subscribe to the offer:

The Promoters/Directors/Key Management of the Company are not intended to subscribe to the re- issue of forfeited shares being offered which is proposed under the special resolution of the Notice for shareholders' approval at this meeting.

III. Shareholding pattern before and after the reissue of forfeited shares:

Shareholding pattern before and after the re-issue of 1,22,800 forfeited Equity Shares:

Sr.No.	Shareholder Category Particulars	Shareholding Pattern prior to the re-issue of forfeited Equity Shares		Shareholding Pattern post re-issue of forfeited Equity Shares	
		No. of Shares	%age	No. of Shares	%age
1.	Promoters	2497350	50.92	2497350	49.68
2.	Non- Promoters (Others)	2406650	49.08	2529450	50.32
	Total	4904000	100	5026800	100

IV. The allotment of Equity Shares has already been done on 7th December, 2010.

V. Auditor Certificate

A copy of the certificate of the Auditors of the Company certifying the adherence in SEBI's Regulations for Preferential Issues, being Chapter VII to the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 by the proposed issue shall be laid before the shareholders at their proposed Annual General Meeting.

VI. Lock-in

The Equity Shares allotted pursuant to reissue of forfeited Equity Shares were already locked in from the date of their allotment i.e. from **7th December, 2010 to 6th December, 2011** for a period of 1 year as prescribed in Regulation 78 of SEBI (ICDR) Regulations, 2009.

For and on behalf of the Board of Directors

Sd/-

(PRAMOD KHANDELWAL)
Managing Director

Date : 22.08.2012

Place : New Delhi

**DIRECTORS' REPORT**

TO THE MEMBERS,

The Directors of your Company have pleasure in presenting their EIGHTEENTH ANNUAL REPORT together with the Audited Statements of Account for the accounting year (15 months period) ended 31st March, 2012.

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

	For the Accounting Year (15 Months Period) ended 31.03.2012	For the Accounting Year (9 Months Period) ended 31.12.2010
Total Revenue	12144	6996
Operating Profit	587	380
Profit before Tax	261	225
Provision for Taxation	90	76
Profit after Tax	171	149

PERFORMANCE REVIEW

The Company's income from operation during the accounting year (15 months period) ended 31st March, 2012 is Rs. 12144 lacs as against Rs. 6996 lacs in the previous accounting year. The Profit After Tax was Rs. 171 lacs as against Rs. 149 lacs in the previous accounting year.

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. R. C. Khandelwal and Mr. Pramod Khandelwal 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.

ENERGY CONSERVATION, ABSORPTION OF TECHNOLOGY AND FOREIGN EXCHANGE

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

LISTING AND LISTING AGREEMENT

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts for the accounting year (15 months period) ended 31st March, 2012 all the applicable accounting standards have been followed along with proper explanation relating to all material departures;
- (ii) accounting policies were adopted and applied consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit and loss of the Company for the accounting year (15 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 Vinod Kumar & Associates, Chartered Accountants, Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956.