

The background of the entire page is a grayscale photograph of numerous large, cylindrical metal coils stacked in rows, receding into the distance. The coils have a metallic sheen and are arranged in a way that creates a strong sense of depth and repetition.

METAL COATINGS (INDIA) LIMITED



22ND
ANNUAL REPORT
2015-16



CORPORATE INFORMATION

DIRECTORS	Mr. Ramesh Chander Khandelwal Mr. Pramod Khandelwal Mr. Ayodhya Prasad Khandelwal Mr. Virendra Kumar Hajela Mr. Satish Kumar Gupta Ms. Neha Gupta	Chairman & Whole-Time Director Managing Director Whole-Time Director Independent Director Independent Director Independent Director
AUDITORS	Vinod Kumar & Associates Chartered Accountants 909, Chiranjiv Tower, 43, Nehru Place, New Delhi-110 019	
BANKERS	Canara Bank 36-37, Community Centre, East of Kailash, New Delhi-110 065 The Hongkong and Shanghai Banking Corporation Ltd., 25, Barakhamba Road, New Delhi-110 001	
REGISTRARS & SHARE TRANSFER AGENT	M/s Link Intime India Private Ltd., 44, Community Centre, 2 nd Floor, Naraina Industrial Area, Phase-I Near PVR Cinema, New Delhi -110 028 Phone No: 011-41410592-93-94 Fax No. 011-41410591	
REGISTERED OFFICE	912, Hemkunt Chambers, 89, Nehru Place, New Delhi -110 019 CIN: L74899DL1994PLC063387 Tel No: 011-41808125 Email Id: info@mcilindia.net Website: www.mcil.net	
WORKS	(i) Sector – 45, Meola Maharajpur, Faridabad – 121 003. (ii) Plot No. -113, HSIIDC Industrial Estate, Sector – 59, Faridabad – 121 004.	

22ND ANNUAL GENERAL MEETING

Day	:	Wednesday
Date	:	21 st September, 2016
Time	:	10.30 a.m.
Venue	:	Robotics Hall, ISKCON Complex, Sant Nagar Main Road, East of Kailash, New Delhi-110065

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**DIRECTORS' REPORT**

Dear Members,

The Directors of your Company have pleasure in presenting their **Twenty Second Annual Report** of the Company, along with the audited financial statements, for the financial year ended March 31, 2016.

FINANCIAL RESULTS

The company's financial performance for the year ended March 31, 2016 is summarised below: (Rs. In lacs)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
Total Turnover (Gross)	10242	12753
Operating Profit	434	483
Depreciation	77	77
Finance Cost	123	199
Provision for Tax & Adjustments	83	66
Net Profit	151	141

PERFORMANCE REVIEW AND STATE OF AFFAIRS OF THE COMPANY

The gross turnover of your Company for the year 2015-16 is Rs. 10242 lacs as against Rs. 12753 lacs in the previous year 2014-15. The Profit before tax stood at Rs. 235 lacs as against Rs. 207 lacs in the previous year. Globally, the steel industry encountered one of the most difficult phases of its business cycle in recent times during the year under review. There was a slowdown in the Chinese economy which resulted in reduced demand for steel globally. The global steel prices touched their lowest levels since 2003. This had a major adverse impact on the sales revenue of the Company. However your Company during these challenging times, has registered a growth of more than 13% in profit before tax. Your Company's performance for the period 2015-16 has to be seen in the context of above economic scenario.

DIVIDEND

The Board of Directors on March 16, 2016, declared an interim dividend at the rate of Rs. 1/- (Rupee one only) per equity share of Rs. 10/- (Ten Rupees) each, which was paid to the members, whose names appeared on the Register of Members of the Company on March 24, 2016. Considering the future growth and need to plough back the profits, the Board of Directors does not recommend any final dividend on the equity shares and the interim dividend declared is the final dividend on equity shares of the Company for the financial year ended March 31, 2016. The interim dividend declared and paid on equity shares including dividend tax thereon aggregated Rs. 88.19 lacs.

RESERVES & SURPLUS

The Company doesn't propose to transfer any amount into the general reserve. Entire amount of Rs. 151 lacs is proposed to be retained in the surplus.

MATERIAL CHANGES AND COMMITMENTS DURING THE YEAR

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the report during the year under review.

CHANGE IN THE NATURE OF BUSINESS

During the year, there was no change in the nature of business of the Company.

BOARD OF DIRECTORS**Re-Appointment of Director**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company and on the recommendation of the Nomination and Remuneration Committee, the Board has approved continuation of employment of Mr. Ayodhya Prasad Khandelwal, who has attained the age of seventy years as a Whole-Time Director of the Company, upto March 31, 2018 i.e. upto expiry of his present term of office as approved by the members at the 19th Annual General Meeting of the company held on September 23, 2013.

Director liable to retire by rotation

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Pramod Khandelwal, Managing Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

**KEY MANAGERIAL PERSONNEL**

The following persons have been designated as Key Managerial Personnel of the Company pursuant to Section 2(51) and Section 203 of the Companies Act, 2013, read with the Rules framed there under.

1. Mr. Ramesh Chander Khandelwal, Chairman & Whole-time Director
2. Mr. Pramod Khandelwal, Managing Director
3. Mr. Ayodhya Prasad Khandelwal, Whole-time Director
4. Mr. R. A. Sharma, Chief Financial Officer, and
5. Ms. Rupali Aggarwal, Company Secretary & Compliance Officer

None of the Key Managerial Personnel have resigned and been appointed during the year under review.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from all independent directors in accordance with the provisions of Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees and individual directors pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

In a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole and performance of the chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the board, its committees and individual directors was also discussed.

DETAILS OF BOARD MEETINGS HELD DURING THE YEAR

6 Board Meetings were held during the financial year ended 31.03.2016. The dates on which the meetings were held are 30.05.2015, 11.07.2015, 14.08.2015, 07.11.2015, 12.02.2016 and 16.03.2016. 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.

Detail of attendance at the meetings of Board of Directors held during the financial year ended 31.03.2016 are as follows:

S. No.	Name of Directors	Designation	Meetings attended
1.	Mr. Ramesh Chander Khandelwal	Chairman & Whole-Time Director	6
2.	Mr. Pramod Khandelwal	Managing Director	6
3.	Mr. Ayodhya Prasad Khandelwal	Whole-Time Director	6
4.	Mr. Virendra Kumar Hajela	Independent Director	1
5.	Mr. Satish Kumar Gupta	Independent Director	6
6.	Ms. Neha Gupta	Independent Director	6

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(3)(c) & 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:



- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) we have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) we have prepared the annual accounts on a going concern basis;
- (e) proper internal financial controls were in place and these internal financial controls were adequate and operating effectively; and
- (f) we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DEPOSITS

The Company has not accepted any deposit from public during the Financial Year 2015-16 and, as such, no amount of principal and interest was outstanding as on Balance Sheet date.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loan or guarantee and has not made any investment covered under the provisions of section 186 of the Companies Act, 2013 in the securities of any other bodies Corporates during the financial year ended 31st March, 2016.

NO DEFAULT

The Company has not defaulted in payment of interest and repayment of loan to any of the financial institutions and / or banks during the period under review.

RELATED PARTY TRANSACTIONS

All the transactions done with related parties for the year under review were on arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2013.

There are no material significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel. which may have potential conflict with the interest of the Company at large. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee of the Company for its approval. The particulars of contracts entered with related parties are shown in the prescribed Form AOC-2 which is enclosed as **Annexure-1**. The Related Party Transactions Policy as approved by the Board has been uploaded on the Company's website i.e. www.mcil.net.

AUDITORS AND AUDITORS' REPORT

M/s Vinod Kumar & Associates, Chartered Accountants, the auditors of your Company will retire at the ensuing Annual General Meeting and being eligible are proposed to be re-appointed for the period of 5 year from the conclusion of the 22nd Annual General Meeting till the conclusion of 27th Annual General Meeting. In this regard, the Company has received a certificate from the auditors to the effect that if they are re-appointed, it would be in accordance with section 141 of the Companies Act, 2013. There are no auditors' qualifications in the audit report for the financial year ended 31st March, 2016.

SECRETARIAL AUDITORS AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of Companies Act, 2013 and rules made there under, the Company has appointed M/s Manju Laur and Associates, a firm of Company Secretaries in Practice (F. R. No. 4557) to conduct the secretarial Audit of the Company. The Secretarial Audit Report for the year 2015-16 forms part of this Annual Report and is annexed as **Annexure-2**. There is no secretarial audit qualification for the year under review.

COST AUDITORS

The Board has appointed Mr. Ramawatar Sunar (Membership number-10567), Cost Accountant for conducting the Audit of Cost records of the Company for the financial year 2015-16.

SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES

The Company doesn't have any subsidiary, joint venture or associate Company.

**BOARD COMMITTEES****a) Audit Committee:**

The Audit Committee comprises of Mr. Satish Kumar Gupta, Chairman, Mr. Virendra Kumar Hajela and Ms. Neha Gupta as members of the Committee. The powers, role and terms of reference of the Audit Committee covers the areas as contemplated under Regulation 18 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013 and such other functions as may be specifically delegated to the Committee by the Board from time to time.

5 Audit Committee Meetings were held during the financial year ended 31.03.2016. The dates on which the meetings were held are 30.05.2015, 11.07.2015, 14.08.2015, 07.11.2015 and 12.02.2016.

Detail of attendance at the Audit Committee Meetings of Board of Directors of the company held during the financial year ended 31.03.2016 are as follows:

S. No.	Name of Directors	Designation	Meetings attended
1.	Mr. Satish Kumar Gupta	Chairman (Independent Director)	5
2.	Mr. Virendra Kumar Hajela	Member (Managing Director)	1
3.	Ms. Neha Gupta	Member (Whole-Time Director)	5

b) Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of Mr. Satish Kumar Gupta, Chairman, Mr. Virendra Kumar Hajela and Ms. Neha Gupta as members of the Committee. The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013, besides other terms as may be referred by the Board of Directors.

During the financial year 2015-16, no Nomination and Remuneration Committee was held.

c) Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee comprises of Mr. Satish Kumar Gupta, Chairman; Mr. Pramod Khandelwal and Mr. Ramesh Chander Khandelwal as members of the Committee. The Committee, inter-alia, reviews issue of duplicate share certificates and oversees and reviews all matters connected with the Company's transfers of securities. It looks into redressal of shareholders'/investors' complaints related to transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends and such other functions as may be specifically delegated to the Committee by the Board from time to time.

4 Stakeholders' Relationship Committee Meetings were held during the financial year ended 31.03.2016. The dates on which the meetings were held are 30.05.2015, 14.08.2015, 07.11.2015 and 12.02.2016.

Detail of attendance at the Stakeholders' Relationship Committee Meetings of Board of Directors of the Company held during the financial year ended 31.03.2016 are as follows:

S. No.	Name of Directors	Designation	Meetings attended
1.	Mr. Satish Kumar Gupta	Chairman (Independent Director)	4
2.	Mr. Pramod Khandelwal	Member (Managing Director)	4
3.	Mr. Ramesh Chander Khandelwal	Member (Whole-Time Director)	4

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has formulated Vigil Mechanism /Whistle Blower Policy for employees and Directors to keep high standards of ethical behaviour and provide safeguards to whistle blower. The Whistle Blower policy as approved by the Board has been uploaded on the website of the Company i.e. www.mcil.net

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed as **Annexure-3** and forms an integral part of this report.

RISK MANAGEMENT POLICY

The Company has developed and implemented the Risk Management Policy and the Audit Committee of the Board reviews the same periodically. The Risk Management policy has been uploaded on the website of the Company i.e. www.mcil.net.

CORPORATE SOCIAL RESPONSIBILITY

The section 135 of the Companies Act, 2013, related to Corporate Social Responsibility is not applicable on the Company.

EXTRACT OF ANNUAL RETURN

According to the provisions of Section 92(3) of the Companies Act, 2013, the prescribed Form MGT-9 (Extract of Annual Return) is annexed as **Annexure-4** and forms an integral part of this report.

MANAGERIAL REMUNERATION

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company and Directors are furnished hereunder:

S. No	Name	Designation	Remuneration for fiscal 2016 (Rs. in lacs)	Remuneration for fiscal 2015 (Rs. in lacs)	% increase/ (decrease) in remuneration in 2016 as compared to 2015 #	Excl WTD Ratio of Remuneration to MRE#	Incl WTD Ratio of Remuneration to MRE#	Total Income (Fiscal 2016)#	Net Profit (Fiscal 2016)#
1	Mr. Pramod Khandelwal	Managing Director	72.00	93.00	(22.58)	58.82	57.97	0.01	0.48
2	Mr. Ramesh Chander Khandelwal	Chairman and Whole-time Director	72.00	93.00	(22.58)	58.82	57.97	0.01	0.48
3	Mr. Ayodhya Prasad Khandelwal	Whole-time Director	15.00	15.00	-	12.25	12.08	--	0.10
4	Mr. R. A. Sharma	CFO (KMP)	12.45	12.36	0.73	10.17	10.02	--	0.08
5	Ms. Rupali Aggarwal*	CS (KMP)	3.60	0.23	-	2.94	2.90	--	0.02

WTD : Whole Time Director, **MRE** : Median Remuneration of Employees, **KMP** : Key Managerial Personnel, **CS** : Company Secretary, **CFO** : Chief Finance Officer.

* : Ms. Rupali Aggarwal was appointed as a Company Secretary of the Company w.e.f. 09.03.2015.

: Based on Annualized Salary,

- The median remuneration of employee (MRE) excluding Whole-time Director (WTDs) was Rs. 122400/- and Rs. 103200/- in fiscal 2016 and 2015 respectively. The increase in MRE (excluding WTDs) in fiscal 2016, as compared to fiscal 2015 is 18.6%.
- The median remuneration of employee (MRE) including Whole-time Director (WTDs) was Rs. 124200/- and Rs. 103800/- in fiscal 2016 and 2015 respectively. The increase in MRE (including WTDs) in fiscal 2016, as compared to fiscal 2015 is 19.7%.



3. The number of permanent employee on the rolls of the Company as of 31st March, 2016 and 31st March, 2015 were 90 and 96 respectively.
4. There is no variable component in the remuneration of Directors and other KMPs.
5. During fiscal 2016, no employee received remuneration in excess of highest-paid director.
6. The net profit growth during fiscal 2016 over 2015 was 7.4%, however total revenue declined by 19.8%. The aggregate remuneration of employees excluding WTDs grew by 9.8% over the previous fiscal. The aggregate decrease in salary for WTD and other KMP was 19.3% in fiscal 2016 over fiscal 2015. The remuneration of Directors Mr. Pramod Khandelwal and Mr. Ramesh Chander Khandelwal was approved by the Central Government under section 269, 198/309 of the Companies Act, 1956 for the period effective from 01/10/2013 to 31/03/2014. This was however, considered and paid during the financial year 2014-15. The directors remuneration of 2014-15, therefore includes the enhanced part of remuneration of 2013-14. Further the shareholders of the Company in the Annual General Meeting held on September 23, 2014 have approved the remuneration of Mr. Pramod Khandelwal and Mr. Ramesh Chander Khandelwal for a period of 3 years effective from 01.04.2014.
7. There was no employee of the company who was in receipt of remuneration equivalent to or exceeding the amount prescribed under Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
8. It is affirmed that the remuneration is as per the remuneration policy of the company.
9. Our Market capitalization increased by 64.29% to Rs. 2612 lacs as of March 31, 2016 from Rs. 1589.92 lacs as of March 31, 2015. The price earning ratio was 17.22 as of March 31, 2016 which was an increase of 52.38% as compared to March 31, 2015. The closing price of the Company's Equity shares on the BSE as of March 31, 2016 was Rs. 35.65 representing a 257% increase over the IPO price.

POLICY OF APPOINTMENT AND REMUNERATION

The policy of the company of appointment and remuneration, of directors & KMPs including criteria for determining qualifications, positive attributes, independence of directors and KMPs and other matters provided under sub - section (3) of section 178 of the Companies Act, 2013 adopted by the Board is appended as **Annexure-5** to the Directors' Report. We affirm that the remuneration paid to the directors is as per the terms laid out in the Nomination & Remuneration policy of the Company.

Significant and Material Orders Passed By The Regulators or Courts or Tribunals Impacting The Going Concern Status And Company's Operations in Future

There was no such order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control system commensurate with its size and nature of business, to ensure that all assets are safeguarded and protected against unauthorized use and that all transactions are authorized, recorded and correctly reported. The internal risks are identified which in turn are allocated to respective designated owners to manage and control the risks. Assets are fully insured against all threats to mitigate risks against unforeseen events.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 read with Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

ACKNOWLEDGEMENT

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to retain its commanding position in the industry. The Directors also wish to place on record their appreciation to the Canara Bank, The Hongkong and Shanghai Banking Corporation Ltd, the suppliers and customers constituting the supply chain, and the shareholders of the Company for their continued support and co-operation.

For and on behalf of the Board of Directors

Place : New Delhi

Date : 28.07.2016

Ramesh Chander Khandelwal

Chairman

DIN : 00124085

**Annexures to the Board's Report****Annexure 1****FORM NO. AOC.2****(Pursuant to clause (h) of sub-section(3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso is given below:

1. Details of contracts or arrangements or transactions not at arm's length basis :

S. No	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Nil
b)	Nature of contracts/arrangements/transaction	Nil
c)	Duration of the contracts/arrangements /transaction	Nil
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Nil
e)	Justification for entering into such contracts or arrangements or transactions	Nil
f)	Date of approval by the Board	Nil
g)	Amount paid as advances, if any	Nil
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	Nil

2. Details of material contracts or arrangement or transactions at arm's length basis :

Name of related Party	Nature of Relationship	Nature of Transaction	Duration of Contract	Date of Approval	Amount (Rs. in lacs)	Salient Terms
M/s Kochar Agro Industries Pvt. Ltd.	Enterprise in which Mr. Ramesh Chander Khandelwal and Mr. Pramod Khandelwal, Directors of the Company have Substantial interest.	Sales/Job Work	01.04.2014-31.03.2019	11.02.2014	77.36	Prevailing Market Rate
		Advance Received	01.04.2014-31.03.2019	11.02.2014	110.00	
		Rent	26.09.2014 - 26.09.2017	11.02.2014	24.00	

No advances were paid for the above related party transactions.