METAL COATINGS (INDIA) LIMITED



23rd Annual Report 2016-2017

CORPORATE INFORMATION

Board of Directors

Mr. Ramesh Chander Khandelwal
Chairman & Whole-time Director

Mr. Pramod Khandelwal
Managing Director

Mr. Ayodhya Prasad Khandelwal
Whole-time Director

Mr. Virendra Kumar Hajela
Independent Director

Mr. Satish Kumar Gupta
Independent Director

Ms. Neha Gupta
Independent Director

Chief Financial Officer

Mr. Ram Avtar Sharma

Company Secretary & Compliance Officer

Ms. Preeti Khatore

Statutory Auditors

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

Cost Auditor

Mr. Ramawatar Sunar
Cost Accountant
F-18/37, Ground Floor
Sector – 8, Rohini
New Delhi - 110085

Registrar and Share Transfer Agent

M/s Link Intime India Private Ltd.,
44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase-I
Near PVR Cinema, New Delhi -110 028
Phone No: 011-41410592-93-94
Fax No. 011-41410591
E-mail:delhi@linkintime.co.in

Registered Office

912, Hemkunt Chambers,
89, Nehru Place,
New Delhi -110 019
Phone No.: 011-41808125
Email Id: info@mcilindia.net
Website: www.mcil.net
CIN: L74899DL1994PLC063387

Works

(i) Sector – 45, Meola Maharajpur,
Faridabad – 121 003, Haryana

(ii) Plot No. -113, HSIIDC Industrial Estate,
Sector – 59, Faridabad – 121 004, Haryana

Bankers

(i) Canara Bank

(ii) The Hongkong and Shanghai Banking Corporation Ltd.,

(iii) Yes Bank Limited

Website

www.mcil.net

E-mail Id for Investors

preeti@mcilindia.net

23rd ANNUAL GENERAL MEETING

Day	:	Friday
Date	:	22nd September, 2017
Time	:	10:30 a.m. (IST)
Venue	:	Robotics Hall, ISKCON Complex Sant Nagar Main Road, East of Kailash, New Delhi - 110 065

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DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company are pleased to present the **Twenty Third Annual Report** together with the Audited Financial Statements of your Company, for the financial year ended 31st March, 2017.

FINANCIAL RESULTS

The Financial Performance of your Company for the financial year ended 31st March, 2017 is summarised as follows:

(Rs. in lacs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Total Turnover (Gross)	***10,911.37***	*10,241.81*
Operating Profit	***472.88***	*434.56*
Depreciation	***73.21***	*77.19*
Finance Cost	***140.27***	*122.76*
Provision for Tax and Adjustment	***88.45***	*83.26*
Net Profit	***170.95***	*151.35*

PERFORMANCE REVIEW AND STATE OF AFFAIRS OF THE COMPANY

The total net revenue of the company for the year ended 31st March, 2017 increased to Rs. 10911.37 lacs as compared to Rs. 10241.81 lacs in the previous year. The Profit Before Tax stood at Rs. 259.40 lacs as against Rs. 234.61 lacs in the previous year. There was a satisfactory recovery in steel industry during the year under review however a number of geopolitical changes worldwide coupled with the demonetisation in India, had kept the bottom line under pressure. Inspite of all these odds your Company has registered a growth of more than 10% in Profit before Tax.

DIVIDEND

The Board of Directors of your company at its meeting held on 30th May, 2017 has recommended a dividend of Re. 1 (Rupee One Only) per Equity share of Rs. 10/- (Rupees Ten) each for the year ended 31st March, 2017 to the Members of the Company. The Dividend payment is subject to the approval of the Members at the ensuing 23rd Annual General Meeting (hereinafter referred to as "AGM") of the Company scheduled to be held on 22nd September, 2017 and will be paid within a period of 30 (Thirty) days from the date of declaration of Dividend, to those Members whose name appears in the Register of Members of the Company as on close of the business hours on 15th September, 2017. The Dividend Payout will be Rs. 88.48 lacs including Dividend Distribution Tax of Rs. 15.21 lacs.

TRANSFER TO RESERVES

No amount has been proposed to be carried to any Reserves. Entire amount of Rs. 171 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 to which the financial statements relate 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.

DIRECTORS & KEY MANAGERIAL PERSONNEL

Appointment and/or Re-Appointment

In accordance with the provisions of Section 152 of the Companies Act, 2013 (hereinafter referred to as "the Act") and the Articles of Association of the Company, Mr. Ayodhya Prasad Khandelwal, Whole-time Director of the Company being liable to retire by rotation, shall retire at the ensuing AGM and being eligible, offers himself for re-appointment.

Ms. Rupali Aggarwal resigned from the post of Company Secretary & Compliance Officer and was relieved from the services of the Company from the close of business hours of 15th April, 2017. The Board of Directors at its meeting held on 15th May, 2017, based on the recommendation of Nomination & Remuneration Committee, has appointed Ms. Preeti Khatore as the Company Secretary & Compliance Officer of the Company.

The brief resume and other details as required under the Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as "SEBI (LODR) Regulations, 2015"] of the Directors seeking re-appointment at the ensuing AGM are provided in the Notice of the AGM of the Company which forms a part of the Annual Report.

Key Managerial Personnel

The following persons have been designated as Key Managerial Personnel of the Company in accordance with the provisions of Section 2(51) and Section 203 of the Act, 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. Ram Avtar Sharma, Chief Financial Officer; and
5. Ms. Preeti Khatore, Company Secretary & Compliance Officer

Statement of Declaration given by Independent Directors

The Company has received necessary declaration from all Independent Directors of the Company, under Section 149(7) of the the Act, that he/she meets the criteria of independence as laid down in Section 149(6) of the Act and rules made thereunder and SEBI (LODR) Regulations, 2015.

BOARD EVALUATION

During the year under review, the evaluation process focussed on various aspects of Board and its Committees such as composition and structure, functioning, effectiveness of Board processes, information and functioning, etc.

The evaluation of all the Directors and the Board as a whole was conducted by the Board and found to be satisfactory. The flow of information between the Company management and the Board is adequate, qualitative and timely. As required under the provisions of the Act, a Meeting of all Independent Directors was convened and held during the year.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was discussed in the Board Meeting including the performance of the Board, its Committees and individual directors.

DETAILS OF MEETINGS OF BOARD OF DIRECTORS HELD DURING THE YEAR

7 (Seven) Meetings of the Board were held during the financial year 2016-17, viz., 30th May, 2016, 28th July, 2016, 11th August, 2016, 29th September, 2016, 14th November, 2016, 11th February, 2017 and 10th March, 2017. The Company has held at least one meeting in every three months and the maximum time gap between two meetings was not more than four months and the necessary quorum were present at all the meetings.

The attendance of each Director at the meetings of Board of Directors held during the financial year 2016 - 17 are as follows:

Sl. No.	Name of Directors	Designation	No. of Meetings attended
1.	Mr. Ramesh Chander Khandelwal	Chairman & Whole-Time Director	7
2.	Mr. Pramod Khandelwal	Managing Director	7
3.	Mr. Ayodhya Prasad Khandelwal	Whole-time Director	5
4.	Mr. Virendra Kumar Hajela	Independent Director	2
5.	Mr. Satish Kumar Gupta	Independent Director	7
6.	Ms. Neha Gupta	Independent Director	6

DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134(3)(c) & 134(5) of the Act, your Directors' hereby 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 this Act 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) we have laid down internal financial controls for the Company and these internal financial controls were adequate and operating effectively;

(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

During the year under review, your Company has not accepted any deposits from the public and as such no amount of principal or interest remained unpaid or unclaimed at the end of the year i.e. as on 31st March, 2017.

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 Act in the securities of any other Bodies Corporate during the financial year ended 31st March, 2017.

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

As required under the SEBI (LODR) Regulations, 2015 and the Act, prior omnibus approval was obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and/or entered in the ordinary course of business and are at Arm's Length basis, in the meetings of Audit Committee.

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 Related Party Transactions Policy as approved by the Board is uploaded on the Company's website i.e. www.mcil.net

No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable.

STATUTORY AUDITORS AND AUDITORS' REPORT

M/s Vinod Kumar & Associates, Chartered Accountants, were appointed as Statutory Auditors of your Company for a term of five years at the 22nd AGM held on 21st September, 2016 i.e. till the conclusion of 27th AGM subject to ratification of their appointment at every AGM. The resolution for ratification of their appointment is placed for approval of Members of the Company at the ensuing AGM. The Company has received the consent from the Auditors and confirmation to the effect that they are not disqualified to be appointed as the Auditors of the Company in terms of the provisions of the Act and rules made thereunder. There are no auditors' qualifications in the audit report for the financial year ended 31st March, 2017.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

The Board of Directors of the Company has appointed M/s. CPA & Co., Company Secretaries, to conduct the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report for the financial year 2016-17 forms integral part of this Report as '**Annexure – A**'. There is no secretarial audit qualification for the year under review.

The Board of Directors of the Company has as per the requirement under Section 204 of the Act and rules made there under, re-appointed M/s. CPA & Co., a firm of Company Secretaries in Practice to conduct the Secretarial Audit of the Company for the financial year 2017-18.

COST AUDITORS

The Board of Directors of the Company has appointed Mr. Ramawatar Sunar, Cost Accountant, to conduct the audit of cost records of the Company for the financial year 2016-17.

The Board of Directors of your Company has on the basis of provisions of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time and as per the recommendations provided by the Audit Committee, re-appointed Mr. Ramawatar Sunar, Cost Accountant as Cost Auditor of your Company for conducting the Audit of Cost records of the Company for the financial year 2017-18.

As per Section 148(3) of the Act, the remuneration payable to the Cost Auditors requires ratification by Shareholders. An appropriate Resolution, to this effect, is being proposed at the forthcoming Annual General Meeting.

SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANIES

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

BOARD COMMITTEES

As on 31st March, 2017, the Board has 3(Three) committees as per the provisions of the Act read with rules, made thereunder, with proper composition of its members. The Board periodically evaluates the performance of all the Committees as a whole. All observations, recommendations and decisions of the Committees are placed before the Board for consideration and approval.

(a) Audit Committee

The Audit Committee comprises of Mr. Satish Kumar Gupta (Non-Executive Independent Director), the Chairman of the Committee, Mr. Virendra Kumar Hajela (Non-Executive Independent Director) and Ms. Neha Gupta (Non-Executive Independent Director) 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 SEBI (LODR), Regulations, 2015 and Section 177 of the Act and such other functions as may be specifically delegated to the Committee by the Board from time to time.

The Board has accepted all recommendations made by the Audit Committee during the year.

4 (Four) Audit Committee Meetings were held during the financial year 2016-17. The dates on which the meetings were held are 30th May, 2016; 11th August, 2016; 14th November, 2016 and 11th February, 2017.

The attendance of each Member at the Audit Committee Meetings held during the financial year 2016-17 is as follows:

Sl. No.	Name	Designation	No. of Meetings attended
1.	Mr. Satish Kumar Gupta	Chairman	4
2.	Mr. Virendra Kumar Hajela	Member	2
3.	Ms. Neha Gupta	Member	3

(b) Nomination and Remuneration Committee

The Committee comprises of Mr. Satish Kumar Gupta (Non-Executive Independent Director), Chairman of the Committee, Mr. Virendra Kumar Hajela (Non-Executive Independent Director), and Ms. Neha Gupta (Non-Executive Independent Director), 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 SEBI (LODR) Regulations, 2015 and Section 178 of the Act, besides other terms as may be referred by the Board of Directors. The Board has accepted all recommendations made by the Nomination and Remuneration Committee during the year.

1 (One) meeting of Nomination and Remuneration Committee was held during the year 2016-17 on 28th July, 2016.

The attendance of each Member at the Nomination and Remuneration Committee Meetings held during the financial year 2016-17 are as follows:

Sl. No.	Name	Designation	No. of Meetings attended
1.	Mr. Virendra Kumar Hajela	Chairman	-
2.	Mr. Satish Kumar Gupta	Member	1
3.	Ms. Neha Gupta	Member	1

(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 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 report, non-receipt of declared dividends and such other functions as may be specifically delegated to the Committee by the Board from time to time. There being no investor grievances complaint pending, the committee reviewed the existing procedures for attending to complaints as and when they arise.

4 (Four) Stakeholders' Relationship Committee Meetings were held during the financial year 2016-17. The dates on which the meetings were held are 30th May, 2016; 11th August, 2016; 14th November, 2016 and 11th February, 2017.

The attendance of each Member at the Stakeholders' Relationship Committee Meetings held during the financial year 2016-17 is as follows:

Sl. No.	Name	Designation	No. of Meetings attended
1.	Mr. Satish Kumar Gupta	Chairman	4
2.	Mr. Pramod Khandelwal	Member	4
3.	Mr. Ramesh Chander Khandelwal	Member	4

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 – B**' and forms an integral part of this report.

CORPORATE SOCIAL RESPONSIBILITY

Provisions of Section 135 of the Act are not applicable to the Company.

EXTRACT OF ANNUAL RETURN

According to the provisions of Section 134 (3) and 92(3) of the Act, read with Rule 12 of Companies (Management and Administration) Rules 2014, the Extract of Annual Return of the Company as on the financial year ended 31st March, 2017 in Form MGT-9 is annexed as '**Annexure – C**' and forms an integral part of this report.

BOARD POLICIES

(a) Policy of Appointment & Re-appointment

The Company has in place a Nomination and Remuneration policy duly adopted and approved by the Board. The Nomination and Remuneration Policy of the Company includes the terms and conditions for appointment and payment of remuneration to the Directors and Key Managerial Personnel (KMP) and other senior management personnel including criteria for determining qualifications, positive attributes, independence of a director as per Section 178 and Schedule IV of the Act. The same is attached as '**Annexure – D**' and forms integral part of this Report. The said policy has also been made available on the website of the Company viz., www.mcil.net

(b) Vigil Mechanism/Whistle Blower Policy

The Company has formulated a Whistle Blower Policy relating to Vigil Mechanism in terms of Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, 2015, for Employees and Directors to keep high standards of ethical behaviour and provide safeguards to whistle blower. The policy provides a direct access to the Chairman of the Audit Committee. The Whistle Blower Policy is available on the website of the Company viz., www.mcil.net

(c) 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 also been made available on the website of the Company i.e. www.mcil.net.

MANAGERIAL REMUNERATION

The information required pursuant to Section 197(12) of the Act 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:

Sl. No.	Name	Designation	Remuneration for 2016-17 (Rs. in lacs)	Remuneration for 2015-16 (Rs. in lacs)	% Increase/ Decrease of remuneration in 2016-17 as compared to 2015-16 #	Excl. WTD Ratio of Remuneration to MRE#	Incl. WTD Ratio of Remuneration to MRE#
1	Mr. Pramod Khandelwal	Managing Director	87.81	72.00	21.96	72.81	71.74
2	Mr. Ramesh Chander Khandelwal	Chairman and Whole-time director	87.23	72.00	21.15	72.33	71.27
3	Mr. Ayodhya Prasad Khandelwal	Whole-time director	16.73	15.00	11.53	13.87	13.67
4	Mr. Ram Avtar Sharma	Chief Financial Officer	10.52	12.45	(15.50)	8.72	8.59
5	Ms. Rupali Aggarwal	Company Secretary	4.64	3.60	28.89	3.85	3.79

#MRE : Median Remuneration of Employees,

1. The median remuneration of employee (MRE) excluding Whole-time Director (WTDs) was Rs. 120600/- and Rs. 122400/- for the year 2016-17 and 2015-16 respectively. The decrease in MRE (excluding WTDs) for the year 2016-17, as compared to 2015-16 is 1.47%.
2. The median remuneration of employee (MRE) including Whole-time Director (WTDs) was Rs. 122400/- and Rs. 124200/- for the year 2016-17 and 2015-16 respectively. The decrease in MRE (including WTDs) for the year 2016-17, as compared to 2015-16 is 1.45%.
3. The number of permanent employee on the rolls of the Company as of 31st March, 2017 and 31st March, 2016 were 89 and 90 respectively.
4. 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.
5. It is affirmed that the remuneration is as per the remuneration policy of the company.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE

During the year under review, no significant and material orders were 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's Internal Control System is commensurate with the nature of its business and the size and complexity of its operations and 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 adequately insured to mitigate risks against unforeseen events.

CORPORATE GOVERNANCE

The compliance with the Corporate Governance provisions does not apply as the Company falls under criteria specified under Regulation 15(2) of SEBI (LODR) Regulations, 2015.

LISTING ON STOCK EXCHANGES

The equity shares of the Company are listed on Bombay Stock Exchange Limited. The Annual Listing fees for the financial year 2017-18 has been paid in advance to the said Stock Exchange.

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 SEBI (LODR) Regulations, 2015 is presented in a separate section forming part of the Annual Report.

ACKNOWLEDGEMENT

The Board wishes to gratefully acknowledge the understanding and support received by the Company from its employees. Your Directors wish hereby to place on record their appreciation of the efficient and loyal services rendered by each and every employee, worker, staff and executive of the Company. Your Directors wish to thank their suppliers, investors, banks, all regulatory and government authorities and all other business associates for their continued support and co-operation extended by them to the Company during the year.

For and behalf of the Board of Directors

Ramesh Chander Khandelwal
Chairman
DIN: 00124085

Place: New Delhi
Date : 17th August, 2017