

ANNUAL REPORT 2003-2004

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METAL COATINGS (INDIA) LIMITED


METAL COATINGS (INDIA) LIMITED
CORPORATE INFORMATION
DIRECTORS

R. C. Khandelwal
Pramod Khandelwal
A. P. Khandelwal
Virendra Hajela
H. M. Gupta
K. L. Gupta
R. S. Khandelwal
D. P. Khandelwal
V. P. Khandelwal

Chairman
 Managing Director

AUDITORS

Anil Khandelwal & Associates
 Chartered Accountants

BANKERS

Canara Bank

REGISTERED OFFICE

K-81 A, Lajpat Nagar-II,
 New Delhi - 110024.

WORKS

- (i) Sector - 45, Meola Maharajpur,
Faridabad - 121003.
- (ii) 112 - 113, HSIDC Industrial Estate,
Sector-59, Faridabad - 121004.

10TH ANNUAL GENERAL MEETING

Day : Thursday
 Date : 12th August, 2004
 Time : 12.30 P.M.
 Venue : Royal Court, 41,
 Ring Road,
 Lajpat Nagar - IV
 New Delhi - 110 024

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Tenth Annual General Meeting of Metal Coatings (India) Limited will be held at Royal Court, 41, Ring Road, Lajpat Nagar-IV, New Delhi - 110024 on Thursday the 12th day of August, 2004 at 12:30 P.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004, 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. Virendra Hajela who retires by rotation and who, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. R. S. 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 ordinary resolution:
 "RESOLVED THAT Mr. H. M. Gupta, who was appointed as Additional Director of the Company by the Board of Directors and who will cease to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director, be and is hereby appointed Director of the Company, whose period of office shall be liable to determination by retirement by rotation."
6. To consider and, if thought fit to pass with or without modification(s) the following resolution as ordinary resolution:
 "RESOLVED THAT Mr. K. L. Gupta, who was appointed as Additional Director of the Company by the Board of Directors and who will cease to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received notice in writing proposing his candidature for the office of Director, be and is hereby appointed Director of the Company, whose period of office shall be liable to determination by retirement by rotation."
7. To consider and, if thought fit to pass with or without modification(s) the following resolution as 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. R. C. Khandelwal as Chairman and Wholetime Director of the Company for a period of 5 years with effect from 12th May, 2004"
 "RESOLVED FURTHER THAT Mr. R. C. Khandelwal, be and is hereby paid the following remuneration and perquisites during the term of his office.
 1. **Salary :** Salary Rs. 1.0 lac p.m. with such increments as may be decided by the Board of Directors (which includes any committee thereof) subject to the maximum salary of Rs. 1.50 lacs p.m,
 2. **Commission :** Nil
 3. **Perquisites :**
 - (i) **Housing :**
 - (a) The expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary; or
 - (b) In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company; or



- (c) In case no accommodation is provided by the Company, Mr. R. C. Khandelwal shall be entitled to house rent allowance subject to the ceiling laid down in clause (a)

(ii) Medical Reimbursement:

Reimbursement of the medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

(iii) Leave Travel Concession:

Leave Travel Concession for self and family once in a year, incurred in accordance with the rules of the Company.

Explanation : Family for (ii) and (iii) means the spouse, the dependant children and dependant parents.

(iv) Club Fees :

Fees of club subject to a maximum of two clubs. No admission and life membership fee shall be paid.

- (v) (a) Company's contribution towards Provident Fund as per the rules of the Company.

(b) Gratuity as per the rules of the Company.

(c) Company's contribution towards Superannuation Fund as per the rules of the Company.

The aforesaid perquisites stated in (v) (a), (v) (b) and (v) (c) shall not be included in the computation of minimum remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

(vi) Earned Leave:

On full pay and allowances and perquisites as per the rules of the Company. Encashment of leave at the end of the tenure shall not be included in the computation of the minimum remuneration.

Perquisites shall be restricted to an amount equal to the annual salary."

8. To consider and, if thought fit to pass with or without modification(s) the following resolution as 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, 2004"

"RESOLVED FURTHER THAT Mr. Pramod Khandelwal, be and is hereby paid the following remuneration and perquisites during the term of his office.

1. **Salary :** Salary Rs. 1.0 lac p.m. with such increments as may be decided by the Board of Directors (which includes any committee thereof) subject to the maximum salary of Rs. 1.50 lacs p.m.

2. **Commission :** Nil

3. **Perquisites :**

(i) Housing :

(a) the expenditure incurred by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the salary; or

(b) In case the accommodation is owned by the Company, ten per cent of the salary shall be deducted by the Company; or

(c) In case no accommodation is provided by the Company, Mr. Pramod Khandelwal shall be entitled to house rent allowance subject to the ceiling laid down in clause (a)

(ii) Medical Reimbursement:

Reimbursement of the medical expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

**(iii) Leave Travel Concession:**

Leave Travel Concession for self and family once in a year, incurred in accordance with the rules of the Company.

Explanation : Family for (ii) and (iii) means the spouse, the dependant children and dependant parents.

(iv) Club Fees :

Fees of club subject to a maximum of two clubs. No admission and life membership fee shall be paid.

(v) (a) Company's contribution towards Provident Fund as per the rules of the Company.

(b) Gratuity as per the rules of the Company.

(c) Company's contribution towards Superannuation Fund as per the rules of the Company.

The aforesaid perquisites stated in (v) (a), (v) (b) and (v) (c) shall not be included in the computation of minimum remuneration to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

(vi) Earned Leave:

On full pay and allowances and perquisites as per the rules of the Company. Encashment of leave at the end of the tenure shall not be included in the computation of the minimum remuneration.

Perquisites shall be restricted to an amount equal to the annual salary."

EXPLANATORY STATEMENT**Item No. - 5**

The Board of Directors have at their meeting held on 31.03.2004 appointed Mr. H. M. Gupta, as Additional Director. According to the provisions of section 260 of Companies Act, 1956, he holds office as Director only up to the date of ensuing meeting. Notice has been received from a member signifying his intention to propose appointment of Mr. H. M. Gupta, as Director along with necessary deposit.

Mr. H. M. Gupta, is B. Com., AICWA and has 37 years experience in Fertilizers, Chemicals, Cement and Sugar industries. None of the directors are deemed to be interested and concerned in the proposed resolution. Your directors recommend passing of the resolution.

Item No. - 6

The Board of Director have at their meeting held on 31.03.2004 appointed Mr. K. L. Gupta, as Additional Director. According to the provisions of section 260 of Companies Act, 1956, he holds office as Director only up to the date of ensuing meeting. Notice has been received from a member signifying his intention to propose appointment of Mr. K. L. Gupta, as Director along with necessary deposit.

Mr. K. L. Gupta, is B. E. (Metallurgical) and has 34 years experience in Metallurgical Industry. Mr. D. P. Khandelwal, Director is deemed to be interested and concerned in the proposed resolution. Your directors recommend passing of the resolution.

Item No. - 7

Mr. R. C. Khandelwal, was appointed at the sixth Annual General Meeting as Managing Director of the Company with effect from 16th May, 2000 for a term of 5 years. Mr. A. P. Khandelwal has expressed his desire to relinquish charge as Chairman of the Company. He shall however continue as Wholetime Director of the Company. The Board of Directors, in its meeting dated May 12, 2004 appointed Mr. R. C. Khandelwal as the Chairman and Wholetime Director subject to approval at the Annual General Meeting. The Board of Directors recommend the appointment of Mr. R.C. Khandelwal as Chairman and Wholetime Director consequently he shall cease to be Managing Director of the Company. Mr. R. S. Khandelwal is deemed to be interested in the proposed resolution.

Item No. - 8

Mr. Pramod Khandelwal, was appointed at the sixth Annual General Meeting as Whole time Director of the Company with effect from 16th May, 2000 for a term of 5 years. The Board of Directors, in its meeting dated May 12, 2004 appointed Mr. Pramod Khandelwal as Managing Director subject to approval at the Annual General Meeting. Your Board of 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 appoint Mr. Pramod Khandelwal as Managing Director of the Company. Mr. A. P. Khandelwal and Mrs. V. P. Khandelwal are deemed to be interested in the proposed resolution.

By Order of the Board

Date : 29.06.2004
Place : New Delhi

(PRAMOD KHADELWAL)
Managing Director

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 10th day of August, 2004 to Thursday the 12th day of August, 2004 (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.

By Order of the Board

Date : 29.06.2004
Place : New Delhi

(PRAMOD KHADELWAL)
Managing Director



**METAL COATINGS (INDIA) LIMITED**

Regd. Office : K-81A, Lajpat Nagar - II, New Delhi - 110 024

ATTENDANCE SLIP

DP. Id*

Client Id*

1. Full Name of Shareholder / Proxy.....

2. Registered Folio No.

3. If Proxy, Full name of Shareholder

I hereby record my presence at the 10th Annual General Meeting of the Company held on 12th day of August, 2004 at 12.30 P. M. at the Royal Court, 41, Ring Road, Lajpat Nagar - IV, New Delhi- 110 024.

.....
Signature of Shareholder/Proxy

*Applicable for investors holding Shares in electronic form.

Important : This attendance slip may be handed over at the entrance of the Meeting Hall.

Tear Here

**METAL COATINGS (INDIA) LIMITED**

Regd. Office : K-81A, Lajpat Nagar - II, New Delhi - 110 024

PROXY FORM

DP. Id*

Client Id*

I/We.....

of..... in the

District.....being a member of Metal Coatings (India) Limited hereby

appoint.....of..... (or failing him/

her.....of..... as my proxy to vote for

me and on my behalf at the 10th Annual General Meeting of the Company to be held on 12th August, 2004 at 12.30 P.M.

and at any adjournment thereof.

Affix
Revenue
Stamp

Signature.....

Ledger Folio No :

*Applicable for investors holding Shares in electronic form.

Note : The proxy must be deposited at the Registered Office of the Company at K-81A, Lajpat Nagar - II, New Delhi - 110 024, not less than Forty Eight hours before the time for holding the meeting.

**DIRECTORS' REPORT**

TO THE MEMBERS,

The Directors of your Company have pleasure in presenting their TENTH ANNUAL REPORT together with the Audited Statements of Account for the year ended 31st March, 2004.

FINANCIAL HIGHLIGHTS*(Rs. in lacs)*

	2003-04	2002-03
Total Income	5522	4367
Operating Profit	327	169
Profit before Tax	120	6
Provision for Taxation	43	2
Profit after Tax	77	4

PERFORMANCE REVIEW

The year 2003-2004 was a turbulent year for the steel industry. Due to overheating in the Chinese economy, the availability of the key raw materials namely H. R. Coils and Wire Rods became scarce. The Company faced occasional shut-downs and underutilisation of capacities. This affected the production and sales adversely. Your Company however achieved a Sales Turnover of Rs. 5519 lacs registering a growth of 27% over the previous year inspite of the severe shortages in raw material availability. The profit before tax is Rs. 120 lacs as against Rs. 6 lacs in the previous year.

The year under review witnessed consolidation of the new businesses that the Company ventured into last year namely Galvanised Wire and Strips, C. R. Flat Wire & C. R. Strips for Auto application. Encouraged by the resounding response from the market for these products, the Company undertook an expansion project which will add 6,000 MT per annum of C. R. Strips manufacturing capacity. The manufacturing facilities for this expansion are being progressively commissioned and the entire commissioning will be completed by August, 2004.

During the year, your Company also successfully developed a new product –HRPO (Hot Rolled Pickled Oiled) Coils and Strips. The HRPO Coils and Strips of the Company were well accepted by the market and the forthcoming years are expected to see a good demand growth in this business segment.

Keeping in view the investments in expansions and diversification projects, 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 payment of dividend for the year 2003-2004.

PERSONNEL

Industrial relations remained cordial throughout the year barring a few days of strike at Ballabhgarh factory which was successfully and cordially resolved. There is no employee who is in receipt of remuneration equivalent to or exceeding the amount prescribed u/s 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended.

BOARD OF DIRECTORS

In accordance with the Articles of Association of the Company Mr. Virendra Hajela and Mr. R. S. Khandelwal, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. Mr. A. P. Khandelwal relinquished charge as Chairman of the Company and the Board of Directors wishes to place on record the appreciation of his stewardship under which the company made great strides. Further the HSIDC has withdrawn the nomination of its nominee director Mr. Rajesh Sharma. The Board wishes to place on record appreciation of the services rendered by Mr. Rajesh Sharma to the Company during his tenure of Directorship.

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.