

**CORPORATE INFORMATION****DIRECTORS**

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

Chairman
Managing Director

AUDITORS

Anil Khandelwal & Associates
Chartered Accountants

BANKERS

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

REGISTERED OFFICE

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

WORKS

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

16TH ANNUAL GENERAL MEETING

Day : Monday
Date : 27th September, 2010
Time : 3.00 p.m.
Venue : Robotics Hall
ISKON Complex
Sant Nagar Main Road
East of Kailash
New Delhi - 110065

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Sixteenth Annual General Meeting of Metal Coatings (India) Limited will be held at Robotics Hall, ISKCON Complex, Sant Nagar Main Road, East of Kailash, New Delhi - 110065 on Monday the 27th day of September, 2010 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010, 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 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.

By order of the Board

Sd/-

(PRAMOD KHANDELWAL)

Managing Director

Date : 17.08.2010

Place : New Delhi

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 Saturday the 24th day of September, 2010 to Monday the 27th day of September, 2010 (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

Sd/-

(PRAMOD KHANDELWAL)

Managing Director

Date : 17.08.2010

Place : New Delhi

**DIRECTORS' REPORT**

TO THE MEMBERS,

The Directors of your Company have pleasure in presenting their SIXTEENTH ANNUAL REPORT together with the Audited Statements of Account for the year ended 31st March, 2010

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

| | 2009-10 | 2008-09 |
|------------------------|---------|---------|
| Total Income | 9204 | 9913 |
| Operating Profit | 376 | 335 |
| Profit before Tax | 158 | 58 |
| Provision for Taxation | 54 | 19 |
| Profit after Tax | 104 | 39 |

PERFORMANCE REVIEW

The Company's turnover & income from operation during the year under review is Rs. 9170.96 lacs as against Rs.9877.61 lacs in the previous year. During the year the Company has experimented in its product mix and successfully changed its product mix to achieve the better bottom line and achieved the Profit Before Tax of Rs.157.59 lacs as against Rs.58.12 lacs in the previous year which shows a magnificent increase of more than 171% as compared to last year.

The directors feel that it would be in the interest of the Company to skip dividend in this year and conserve funds for the smooth running and growth of the company. Therefore, the Directors do not propose to pay any dividend for the year 2009-10.

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. Virendra Hajela, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself 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 The Stock Exchange, Mumbai. The Company has paid the annual listing fee to the Stock Exchange.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts for the financial year ended 31st March, 2010 all the applicable accounting standards have been followed along with proper explanation relating to all material departures;
- (ii) accounting policies were adopted and applied consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit and loss of the Company for the year ended on that date;
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and irregularities have been taken and
- (iv) the Annual Accounts have been prepared on a 'going concern' basis.

AUDITORS

M/s Anil Khandelwal & Associates, Chartered Accountants, Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management Discussion and Analysis Report, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made as part of Annual Report.

ACKNOWLEDGMENTS

The Directors wish to place on record their appreciation to Banks, Financial Institutions, suppliers and customers constituting the supply chain, employees and the shareholders of the Company for their continued support and co-operation.

For and on behalf of the Board of Directors

Date : 17.08.2010
Place : New Delhi

(PRAMOD KHANDELWAL)
Managing Director

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE**

The Company is engaged in the manufacture and sale of Cold Rolled Steel Strips, H.R. Pickled Oiled Coils/Strips, C.R. Flat Wire Strips, Galvanised Wire and Galvanised Strips. These products are used by a wide range of user industries such as Auto Components, Power Transmission Equipment, White Goods, Defence Equipment, Electrical Equipment, etc.

OPPORTUNITIES AND OUTLOOK

The products of the Company are used predominantly in the Auto Components, white goods and in Power Transmission (Cables) industries. With the Indian economy growing rapidly, huge investments in the power sector is expected and consequently a good demand for power cables is expected, which in turn will steer the Galvanised Wire/strips sales of the Company. Besides Power Cables, the company caters to the automotive components and the white goods sectors, both of which have a promising growth potential. The rural penetration of white goods continues to be extremely low in India inspite of a surge in the purchasing power in the rural economy. As power availability improves, the demand for white goods in the rural economy shall drive the demand for the same in the country thereby leading to a demand for the products of the Company.

RISKS, THREATS AND CONCERNS –

Every organization has its own risk management policies to manage the risk and to mitigate the negative impact on the organization. Performance and operating results of any organization may fluctuate due to a number of factors and many of them are beyond the control of the organization. Few of the risks associated with our businesses are following ;

- Volatility in the prices of key raw material
- Cut throat competition.
- Impact of government policies.
- Availability of the Key raw material specifically the material of specific grade and size at the time of requirement.

The Company has sound risk management policy to mitigate the impact of risks and threats. In today's open economy, quality play an important role in marketing the products and to stay ahead of others. Therefore the Company is paying great emphasis to the quality of the product that meet high standards of quality in the market. The Company has a qualified sales team to take proactive actions to determine the customers requirements, high attention to complaint resolution and timely delivery of the product and achieving all-round customer satisfaction.

FINANCIAL PERFORMANCE*(Rs. in lacs)*

| | 2009-10 | 2008-09 |
|----------------------------------|---------|---------|
| Gross Sales & Operational Income | 9171 | 9878 |
| Other Income | 33 | 35 |
| Profit before Interest & Tax | 313 | 270 |
| Interest | 155 | 212 |
| Profit before Tax | 158 | 58 |
| Tax | 54 | 19 |
| Profit after Tax | 104 | 39 |

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has adequate internal control system and is well commensurate with the nature of its business and the size and complexity of its operations. This internal control system, its adequacy and its effectiveness is periodically reviewed by the Audit Committee. These systems have been designed to ensure optimal utilization of resources, accurate and timely reporting of financial transactions, complying with applicable statute and safeguarding the assets from unauthorized use. The Audit Committee is also monitors the implementation of audit recommendations including those relating to strengthening of the company's risk management policies and systems.

CAUTIONARY STATEMENT

Statements in this Report, particularly those which relate to management Discussion and analysis, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied.

**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009-10****(as required under Clause 49 of the Listing Agreements entered into with the stock exchanges)****1. Company's Philosophy on Corporate Governance**

Good corporate governance helps to achieve excellence to further enhance stakeholders value by focusing on long-term stakeholder value creation without compromising on integrity and regulatory compliances. Hence it has always been an integral part of your Company's philosophy and not merely arising out of compliance dictated by statutory requirements. It has been the endeavour of the Company's management to accord highest importance to ensure fairness, transparency, accountability and responsibility to shareholders besides voluntarily implementing practices that would give optimum information to shareholders.

2. Board of Directors

The Company has an executive Chairman, a Managing Director and a Whole time Director. The number of independent Directors and Non-Executive Directors (NED) is 50% of the total number of Directors.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

Attendance of each Director at the Board meetings, last Annual General Meeting and number of other Directorship and Chairmanship / Membership of Committee of each Director in various companies :

| Name | Category | No. of Board Meetings attended | Attendance at last AGM | No. of other Directorship # | Committee Membership @ |
|--|---------------------|--------------------------------|------------------------|-----------------------------|------------------------|
| EXECUTIVE DIRECTORS | | | | | |
| 1 R. C. Khandelwal | Chairman | 4 | Yes | — | 1 |
| 2 Pramod Khandelwal | Managing Director | 4 | Yes | — | 1 |
| 3 A. P. Khandelwal | Whole Time Director | 4 | Yes | — | 1 |
| INDEPENDENT NON EXECUTIVE DIRECTORS | | | | | |
| 4 V. K. Hajela | Director | 4 | Yes | 1 | 1 |
| 5 D. P. Khandelwal | Director | 4 | Yes | — | 1 |
| 6 K. L. Gupta | Director | 2 | No | — | 1 |

: Does not include directorships in companies excluded as per Section 278 of the Companies Act, 1956

@ : In accordance with Clause 49 of the Listing Agreement with the Stock Exchange, Membership / Chairmanship of only the Audit Committee, Shareholders' / Investors' Grievances Committee and the Remuneration Committee of all the Public Limited Companies has been considered

Number of Board Meeting held and the dates on which held

4 Board Meetings were held during the year. The dates on which the meetings held were as follows : 30th June, 2009, 21st July, 2009, 23rd October, 2009 and 18th January, 2010. 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.

Brief Resume of the Director being reappointed, nature of his expertise in specific functional areas and names of companies in which he holds directorship and the membership of the committees of the Board are furnished hereunder:

Mr. Virendra Hajela, - He has 47 years of experience including 37 years in a variety of industries including engineering, chemicals, synthetic fiber, rubber, glass, electronics and telecommunications. He was Executive Director on the Supervisory Board of RPG Enterprises and had responsibility for all the companies in the RP Goenka Group in the business of Telecommunications, Information Technology and Glass Industry.

**3. Details of Remuneration****(a) Whole-Time Directors**

| S. No. | Name | Salary (Rs. in Lacs) |
|--------|-------------------|----------------------|
| 1 | A. P. Khandelwal | 15.00 |
| 2 | R. C. Khandelwal | 15.00 |
| 3 | Pramod Khandelwal | 30.00 |

The remuneration is fixed in nature and there is no performance linked incentives and there is no stock option. The notice period is three months and there is no severance fee.

(b) Non Executive Directors

The Company has not paid any remuneration to Non Executive Directors except the sitting fee.

(c) Sitting Fees paid to Non Whole-Time Directors (April 2009 to March 2010)

| S. No. | Name | Sitting Fees (Rupees) | |
|--------|------------------|-----------------------|-------------------|
| | | Board Meeting | Committee Meeting |
| 1 | V. K. Hajela | 8,000 | 8,000 |
| 2 | D. P. Khandelwal | 8,000 | 8,000 |
| 3 | K. L. Gupta | 4,000 | 4,000 |

4. Board Committees**(a) Audit Committee**

Terms of reference : Apart from all the matters provided in clause 49 of the Listing Agreement and section 292A of the Companies Act, 1956, the Committee reviews working of the Internal Audit Department, approves internal audit programme and discusses with statutory auditors, their observation, suggestion and findings, internal control system, scope of audit, other related matters and major accounting policies followed by the Company. The minutes of the Audit Committee meetings are confirmed by the Board of Directors.

Composition:

| S. No. | Name | Designation | No. of Meetings Attended |
|--------|------------------|------------------------|--------------------------|
| 1 | V. K. Hajela | Chairman (Independent) | 4 |
| 2 | D. P. Khandelwal | Member (Independent) | 4 |
| 3 | K. L. Gupta | Member (Independent) | 2 |

The Company has constituted an Audit Committee on 31.01.2003 of the Board comprising of 3 Directors. All are independent Directors. The Committee held four meetings during the period on 30.06.2009, 21.07.2009, 23.10.2009 and 18.01.2010.

(b) Shareholders Committee

The Board has constituted a Share Transfer & Shareholders / Investors Grievances Committee to approve the Share Transfer, Transmission, Transposition of name, Issue of Split / Duplicate Certificates and to review the status report on redressal of Shareholder and Investor Complaints received by the Company / Share Transfer Agents.

Composition:

| S. No. | Name | Category |
|--------|-------------------|----------|
| 1. | A. P. Khandelwal | Chairman |
| 2. | R. C. Khandelwal | Member |
| 3. | Pramod Khandelwal | Member |