



19th

ANNUAL REPORT 2012-2013

METAL COATINGS (INDIA) LIMITED

CORPORATE INFORMATION

DIRECTORS

R. C. Khandelwal
Pramod Khandelwal
A. P. Khandelwal
V. K. 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

912, Hemkunt Chambers,
89, Nehru Place, New Delhi - 110019.

WORKS

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

19TH ANNUAL GENERAL MEETING

Day : Monday
Date : 23rd September, 2013
Time : 11.00 a.m.
Venue : Hotel Conclave
A-20, Kailash Colony
New Delhi - 110048

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**DIRECTORS' REPORT**

TO THE MEMBERS,

The Directors of your Company have pleasure in presenting their NINETEENTH ANNUAL REPORT together with the Audited Statements of Account for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS*(Rs. in lacs)*

	For the Accounting Year ended 31.03.2013	For the Accounting Year (15 months period) ended on 31.03.2012
Total Revenue	10160	12144
Operating Profit	489	587
Profit before Tax	222	261
Provision for Taxation	82	90
Profit after Tax	140	171

PERFORMANCE REVIEW

The year under review was characterised by headwinds in the form of a weakening economy and rising inflation which led to a challenging market situation by way of demand coming under pressure. In spite of the tough market conditions, your Company recorded a modest increase of about 5% in its Income from Operations during the year as compared to previous period (annualised). With a strong brand presence in the industry, the company could also substantially hold prices in the otherwise falling sentiments situation. The Income from Operations during the year ended 31st March, 2013 was Rs. 10160 lacs as against Rs. 12144 lacs in the previous accounting year (15 Months). The Profit After Tax was Rs. 140 lacs as against Rs. 171 lacs in the previous accounting year (15 Months).

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. V.K Hajela and Mr. S. K. Gupta retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

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

- in the preparation of the Annual Accounts for the year ended 31st March, 2013 all the applicable accounting standards have been followed along with proper explanation relating to all material departures;
- 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, 2013 and of the profit and loss of the Company for the year ended on that date;
- 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
- 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.

CORPORATE GOVERNANCE

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

DIVIDEND

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the year ended 31st March 2013.

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

Sd/-

(R.C KHANDELWAL)

Chairman

Date : 09.08.2013

Place : New Delhi

Annexure to the Directors' Report**Disclosure of particulars with respect to conservation of energy :****A. POWER AND FUEL CONSUMPTION**

	For the Year ended 31.03.2013	For the Accounting Year (15 Months Period) ended 31.03.2012
(i) Electricity		
(a) Purchased ('000 Units)	3004.26	3348.47
Total Amount (Rs. in lacs)	198.86	203.79
Rate per unit (Rs.)	6.62	6.09
(b) Own Generation		
(D.G. Set) ('000 Units)	673.34	668.34
Total Amount (Rs. in lacs)	103.45	89.71
Cost per unit (Rs.)	15.36	13.42
(ii) Diesel Oil/C-9 :		
Quantity (Kilo Litres '000)	1007.90	1344.62
Total Amount (Rs. in lacs)	408.49	465.15
Average Rate (Rs./Litre)	40.53	34.59

B. Consumption per unit of production

	Production Unit	Current Year	Previous Year
Electricity (KWH)	MT	124.00	109.74

Particulars with respect to conservation of energy :

The following measures have resulted in conservation & efficient utilisation of energy :

- Solar Panels have been successfully installed at the Ballabhgarh Factory for usage in lighting.
- FRP transparent sheeting have been used in the roof cladding at the plant to let more natural sunlight in, leading to savings in power.

Research and Development and Technology Absorption:

Modifications in the equipment and processes were carried out successfully for the manufacture of Blade Grade stainless steel leading to significant productivity improvement.

Foreign Exchange Earning and Outgo NIL

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

The Company is engaged in the manufacture and sale of Cold Rolled Steel Strips, HRPO Coils and HB/HHB Wire. These products are used by a wide range of user industries such as Auto Components, Consumer Durables, Electrical Equipment etc.

OPPORTUNITIES AND OUTLOOK

The products of the Company are used predominantly in the Auto Components and Consumer durables/white goods components industries. While the outlook in the Auto industry is not very sanguine in the forthcoming year, the medium to long term demand potential in this sector remains intact. The increasing young middle class population will sooner or later add to the demand for two-wheelers and cars. The consumer durables industry on the other hand is likely to continue to grow especially in the rural India where the penetration of white goods/consumer durables continues to be low in spite of a surge in the purchasing power in the rural economy. As power availability and distribution picks momentum, the demand for these white goods and appliances is expected to be robust in the years to come.

RISKS, THREATS AND CONCERNS –

Every organization has its own risk management policies to manage the risks 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 :

1. Steep increase in fuel prices coupled with high interest rates are a cause of concern as they have had a dampening effect on the demand for vehicles.
2. The economic slowdown could lead to dampening of demand and delays in receivables.

The Company has a sound business risk management policy to mitigate the impact of risk and threats. In today's open economy, quality plays an important role in marketing the products and to stay ahead of others. Therefore the Company is laying great emphasis on the quality of its products that meet high standards of quality in the market. Special attention is being paid to management of receivables with a close monitoring of the trends or any development at the highest levels to ensure that there is no loss to the company on this account.

FINANCIAL PERFORMANCE

	For the year ended on 31.03.2013	For the accounting year (15 months period) ended on 31.03.2012
Revenue from Operation (Net)	10108	12085
Other Income	52	59
Profit before Finance Cost	428	508
Finance Cost	206	247
Profit before Tax	222	261
Tax	82	90
Profit after Tax	140	171

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has adequate internal control system which is 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 unauthorised use. The Audit Committee 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 ENDED 31.03.2013
(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	7	Yes	—	1
2 Pramod Khandelwal	Managing Director	7	Yes	—	1
3 A. P. Khandelwal	Whole Time Director	7	Yes	—	1
INDEPENDENT NON EXECUTIVE DIRECTORS					
4 V. K. Hajela	Director	6	No	1	2
5 S. K. Gupta	Director	6	Yes	—	2
6 K. L. Gupta	Director	4	No	—	2

: 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

7 Board Meetings were held during the year ended 31.03.2013. The dates on which the meetings held were as follows: 14.05.2012, 14.08.2012, 22.08.2012, 10.11.2012, 22.11.2012, 07.01.2013 and 12.02.2013. 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/appointed, 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. V.K Hajela: He has 50 Years of experience including 40 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. Mr V.K Hajela is not related to any Director of the Company.

Mr. S.K Gupta: He is a commerce graduate and has over 32 years experience in engineering and fast moving consumer goods industries. He does not hold any directorship in any other companies. Mr S.K. Gupta is not related to any Director of the Company.

Mr A. P. Khandelwal, aged 75 years is Ex-Chairman of a Central Public Sector Undertaking. He started his career as an executive in "Shriram Group" and later on served as a Chief of Finance /Administration of various PSU's. His vast experience & wide contacts with Corporates acts as a major guiding force behind the company. He does not hold any directorship in any other companies.



Mr. Pramod Khandelwal : Mr. Pramod Khandelwal aged 47 years is a rank holder chartered accountant having more than 24 years of industrial experience. He controls and looks after all the financial, commercial and marketing aspect of the Company. He brings with him a rich experience of more than 5 years with Hindustan Unilever Ltd. During his tenure at Hindustan Unilever he held various managerial positions. He is Director in M/s Kochar Agro Industries Private Limited and member of Share Transfer & Shareholders / Investors Grievances Committee. Mr Pramod Khandelwal is son of Mr. A. P. Khandelwal, Director of the Company.

Mr. R.C Khandelwal: Mr. R.C Khandelwal, aged 62 years is a Mechanical Engineer having more than 40 years of industrial experience. He has served as key Executive in different institutions / companies. He takes care of production function covering technical aspects of production. He is Director in M/s Kochar Agro Industries Private Limited and member of Share Transfer & Shareholders/Investors Grievances Committee. Mr. R.C Khandelwal is not related to any Director of the Company.

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 2012 to March 2013)

S. No.	Name	Sitting Fees (Rupees)	
		Board Meeting	Committee Meeting
1	V. K. Hajela	12,000	10,000
2	S. K. Gupta	12,000	8,000
3	K. L. Gupta	8,000	10,000

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.

Composition:

S. No.	Name	Designation	No. of Meetings Attended
1	V. K. Hajela	Chairman (Independent)	5
2	S. K. Gupta	Member (Independent)	4
3	K. L. Gupta	Member (Independent)	5

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 five meetings during the year ended on 31st March, 2013 on 14.05.2012, 14.08.2012, 22.08.2012, 10.11.2012, and 12.02.2013.

(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

(c) Remuneration Committee**Composition**

S. No.	Name	Category
1.	V. K. Hajela	Chairman (Independent)
2.	K. L. Gupta	Member (Independent)
3.	S. K. Gupta	Member (Independent)

Terms of Reference: The Remuneration Committee has been constituted to recommend/review remuneration of the Chairman, Managing Director and Wholtime Directors, based on their performance and defined assessment criteria.

Remuneration policy and other terms of appointment of Directors:

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice.

Name & Designation of Compliance Officer : R. A. Sharma, DGM (Finance)

During the year ended on 31st March, 2013, 1 letter/complaint received from the shareholder, were duly replied/resolved. During the 12 months period ended on 31st March, 2013, 7 transfer deeds involving 3504 equity shares were received and duly approved by the Committee and accordingly transferred.

5. General Body Meeting

Year, date, time and venue of the last 3 AGMs are as under:

Year	Date	Time	Venue
2009-10	27.09.2010	3.00PM	Robotics Hall, ISKON Complex, Sant Nagar Main Road, East of Kailash, New Delhi - 110065
2010-11	29.07.2011	10.30AM	Hotel Conclave, A-20, Kailash Colony, New Delhi-110048
2011-12	28.09.2012	11.30AM	Hotel Impress, A - 25, Kh. No. 393, Mahipalpur, Near N.H - 8, Vasant Kunj Road, New Delhi - 110 037

There was no Extra Ordinary General Meeting held during the last three years.

Special Resolution passed through Postal Ballot

No special resolution was passed through Postal Ballot during the Financial Year ended 31st March, 2013. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.

6. Disclosures

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors, or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of Company at large : NIL

Details of Non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last 3 years: NIL

7. Means of Communications

Quarterly results are published through news papers namely Financial Express and Jansatta. These results are not sent individually to shareholders. Management Discussion & Analysis Report forms part of the Annual Report.

8. Code of Conduct

The Board has laid down a code of conduct for all Board Members and senior management of the Company. All Board members and senior management, that includes company executives who report directly to the Chairman and executive directors, have affirmed their compliance with the said code. A declaration signed by Mr. Pramod Khandelwal, Managing Director, to this effect is provided here below.