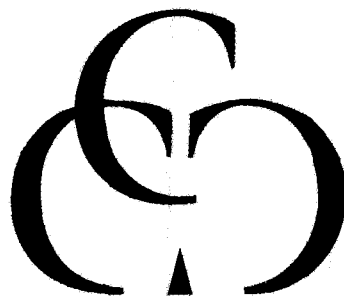


**14th
ANNUAL REPORT
2007 - 2008**



METAL COATINGS (INDIA) LIMITED

**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.

14TH ANNUAL GENERAL MEETING

Day : Friday
Date : 26th September, 2008
Time : 03.00 P.M.
Venue : Arya Samaj Bhawan
Maharishi Dayanand Marg,
Malviya Nagar,
New Delhi - 110 017

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**DIRECTORS' REPORT**

TO THE MEMBERS,

The Directors of your Company have pleasure in presenting their FOURTEENTH ANNUAL REPORT together with the Audited Statements of Account for the year ended 31st March, 2008.

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

	2007-08	2006-07
Total Income	11558	9072
Operating Profit	420	263
Profit before Tax	158	62
Provision for Taxation	54	23
Profit after Tax	104	39

PERFORMANCE REVIEW

The Company achieved a commendable growth of more than 27% in Total Income during the year under review over 2006-07 through better utilisation of its existing manufacturing facilities. The growth has been particularly spectacular in H.R. Pickled Oiled (HRPO) Coils business which witnessed a 112% growth over the previous year, up from 2774 MT in 2006-07 to 5870 MT in 2007-08. This could be achieved through Process Engineering and innovation by the Product Development team at Ballabgarh Factory. The profit before tax is Rs. 158 lacs as against Rs. 62 lacs in the previous year showing a phenomenal increase of 155% over 2006-07.

DIVIDEND

Your directors are pleased to recommend a dividend of 10% on the equity capital for the year 2007-08. if approved, the dividend payout will be Rs. 49.04 lacs, and taxation on proposed dividend will be Rs. 8.33 lacs.

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, Director, retires 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, 2008 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, 2008 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

For and on behalf of the Board of Directors

Date : 30.06.2008
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 THREATS

The products of the Company are used predominantly in the Auto Components 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 sales of the Company. There are however indications in the year 2008-09 of a down turn in the global economy which in turn could lead to a slowing down of demand for the Company's products.

RISKS AND CONCERNS

H. R. Coils, Wire Rods and Zinc constitute the major raw materials of the Company. The prices and availability are directly linked to international demand. Price and availability of materials have been very volatile most of last year. However, your company is well equipped with a combination of long term tie-ups and spot buying arrangements.

OUTLOOK

The Company is catering to, amongst others, the auto components and power cables sector. With the increase in demand for vehicles in the country and global outsourcing of auto components from India, the outlook for this sector is promising. Further the expected growth in the power cable sector which use Galvanised Wire produced by the Company holds out good potential for higher demand for the Company's products. On the whole, the Company expects to register a good growth in the forthcoming years.

FINANCIAL PERFORMANCE

(Rs. In lacs)

	2007-08	2006-07
Sales	11528	9054
Other Income	31	18
Profit before Interest & Tax	364	195
Interest	206	133
Profit before Tax	158	62
Tax	54	23
Profit after Tax	104	39

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has adequate internal control system monitored by an Internal Auditor reporting to the Audit Committee. The Audit Committee is meeting periodically for reviewing the performance of the Company and formulating policies/issuing guidelines to the Management.

CAUTIONARY STATEMENT

Estimates and expectations stated in this Management Discussion and analysis may be "forward-looking" statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to your Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and international markets, change in the Government regulations, tax laws, other statutes and other incidental factors.

**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2007-08**

(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 ensuring 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	6	Yes	1	1
2. Pramod Khandelwal	Managing Director	6	Yes	1	1
3. A. P. Khandelwal	Whole Time Director	5	Yes	—	1
INDEPENDENT NON EXECUTIVE DIRECTORS					
4. V. K. Hajela	Director	4	Yes	1	1
5. D. P. Khandelwal	Director	6	Yes	—	1
6. K. L. Gupta	Director	3	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

6 (Six) Board Meetings were held during the year. The dates on which the meetings held were as follows : 28th April, 2007, 29th June, 2007, 28th July, 2007, 25th October, 2007, 1st November, 2007 and 24th January, 2008. 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 45 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	15.10
2.	R. C. Khandelwal	15.00
3.	Pramod Khandelwal	15.00

The remuneration is fixed in nature and there is no performance linked incentives and there is no stock options. The Notice period is three months and there is no severance fees.

(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 2007 to March 2008)

S. No.	Name	Sitting Fees (Rupees)	
		Board Meeting	Committee Meeting
1.	V. K. Hajela	8,000	6,000
2.	D. P. Khandelwal	12,000	6,000
3.	K. L. Gupta	6,000	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)	3
2.	D. P. Khandelwal	Member (Independent)	3
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 three meetings during the period on 29.06.2007, 25.10.2007 and 24.01.2008.

(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**

The remuneration of Whole-time-Directors were approved in Annual General Meeting by the shareholders. Hence a Remuneration Committee has not been constituted.

Name & Designation of Compliance Officer : R. A. Sharma, Manager Finance

During the year ended on 31st March, 2008, 9 letters/complaints received from the shareholders, were duly replied/resolved. During the year ended on 31st March, 2008, 4 transfer deeds involving 7,000 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
2004-05	28.09.2005	10.30 AM	Royal Court, 41, Ring Road, Lajpat Nagar-IV, New Delhi-110 024
2005-06	29.09.2006	3.00 PM	Arya Samaj Bhawan, Maharishi Dayanand Marg, Malviya Nagar, New Delhi-110 017
2006-07	28.09.2007	3.00 PM	Arya Samaj Bhawan, Maharishi Dayanand Marg, Malviya Nagar, New Delhi-110 017

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

No special resolutions or ordinary resolutions were required to be put through postal ballot at the previous AGM held on 28.09.2007 last year.

No special resolution on matters requiring postal ballot are placed for shareholders' approval at the 14th AGM.

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. General Shareholders Information**Annual General Meeting**

Annual General Meeting is proposed to be held on 26th September, 2008 at 3.00 p.m. at Arya Samaj Bhawan, Maharishi Dayanand Marg, Malviya Nagar, New Delhi – 110017.

Financial Calendar (tentative)

Results for the quarter ending June 30, 2008	Last week of July, 2008
Results for the quarter ending September 30, 2008	Last week of October, 2008
Results for the quarter ending December 31, 2008	Last week of January, 2009
Results for the quarter ending March 31, 2009	Last week of April, 2009
Annual General Meeting	September, 2009

Date of book closure

The Register of Members and the Share Transfer Books of the Company will remain closed from the 24th September, 2008 to 26th September, 2008 (both days inclusive).

Dividend

A dividend @ 10% has been proposed.

**Listing on Stock Exchange**

The equity shares of the Company are listed at - The Stock Exchange Mumbai , (BSE) and the Stock Code is 531810.

Market Information;

Market Price Data [High / Low during each month in last Financial year]

(In Rupees)

Month / year 2007-2008	BSE	
	High	Low
April – 2007	19.30	16.95
May – 2007	22.40	17.25
June – 2007	18.00	15.65
July – 2007	21.00	16.90
August – 2007	21.95	18.25
September – 2007	21.00	18.25
October – 2007	19.00	17.00
November – 2007	21.25	18.20
December – 2007	28.25	17.40
January – 2008	32.00	25.35
February – 2008	24.15	18.15
March – 2008	20.45	19.05

Registrar & Share Transfer Agent : M/s Intime Spectrum Registry Limited,
A-40, IInd Floor, Naraina Industrial Area,
Phase – II, New Delhi - 110028
Phone No. 011-25896893, 41410592-95
Fax No. : 011-41410591

Share Transfer System:

The Board has constituted a Share Transfer Committee to approve inter alia transfer of shares etc. in physical form and to ratify the confirmation made to demat request received by the Company. The entire process including despatch of share certificates to the shareholders are completed within the time stipulated as per the Listing Agreement.

(a) Distribution of Shareholding as on 31st March, 2008

Number of Equity Shares Held	No. of Shareholders	Percentage of total Share-holders	No. of Shares held	Percentage of total shares
1 to 500	586	65.77	98112	2.00
501 to 1000	137	15.38	120182	2.45
1001 to 2000	56	6.29	94332	1.93
2001 to 3000	37	4.15	94645	1.93
3001 to 4000	11	1.23	41672	0.85
4001 to 5000	11	1.23	52118	1.06
5001 to 10000	21	2.36	159530	3.25
10001 & above	32	3.59	4243409	86.53
TOTAL	891	100.00	4904000	100.00

(b) Categories of Shareholders as on 31st March, 2008

Category	No. of Equity Shares	% to paid-up Capital
Corporate Bodies	2289459	46.68
General Public	2314456	47.20
Non Resident Individuals	300085	6.12
TOTAL	4904000	100.00



Dematerialisation of Shares	:	16.31% Equity Shares (8,00,010 Equity Shares) have been dematerialised upto 31st March, 2008
Liquidity	:	The Company's Shares are traded on The Stock Exchange, Mumbai.
Plant Location	:	1. Sector – 45, Meola Maharajpur, Faridabad 2. Plot No. 113, Sector – 59, HSIDC Indl. Estate , Faridabad
Address for Correspondence	:	Regd. Office : A-178/12A, Dayanand Colony, Lajpat Nagar - IV, New Delhi – 110024

CERTIFICATE

TO THE MEMBERS OF METAL COATINGS (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by Metal Coatings (India) Limited, for the year ended on 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to a review of the procedures and implementations thereof, adopted by the Company, for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that as on 31st March, 2008 there were no investor grievances remaining unattended for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which management has conducted the affairs of the Company.

For **ANIL KHANDELWAL & ASSOCIATES**
Chartered Accountants

Date : 30.06.2008
Place : New Delhi

(ANIL KHANDELWAL)
Partner
Membership No. : 87372

**AUDITORS' REPORT****TO THE MEMBERS OF METAL COATINGS (INDIA) LIMITED**

We have audited the attached Balance Sheet of METAL COATINGS (INDIA) LIMITED, as at 31st March, 2008, and also the Profit & Loss Account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) order, 2004 (together "the order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of "the Companies Act, 1956" of India (the "act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we state that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors, as on 31.03.2008, and taken on records by the Board of Directors, none of the Directors of the Company are disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2008;
 - (ii) In the case of the Profit & Loss Account, of the profit for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **ANIL KHANDELWAL & ASSOCIATES**
Chartered Accountants

Date : 30.06.2008
Place : New Delhi

(ANIL KHANDELWAL)
Partner
Membership No. : 87372

**ANNEXURE REFERRED TO IN PARAGRAPH (2) OF OUR REPORT OF EVEN DATE**

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 :
 - a. The Company has taken loans from directors aggregating to Rs. 181.15 lacs during the year.
 - b. In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - c. In respect of loans taken by the Company, the interest payments, wherever applicable are regular and the principal amount is repayable on demand.
 - d. There is no overdue amount in respect of loans taken by the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956 ;
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to rupees five lacs only or more in respect of any party.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.
8. To the best of our knowledge and according to information given to us, the Company has maintained the cost records as prescribed by the Central Government under section 209 (1) (d) of the Companies Act, 1956.



9. In respect of statutory dues:

According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth tax, Customs Duty, Excise Duty, Cess and other statutory dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2008 for a period of more than six months from the date of becoming payable.

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.

11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in the payment of dues to financial institutions and Bank.

12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of the securities by way of pledge of shares, debentures and other securities.

13. The provision of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

15. The company has not given any guarantees for loan taken by others from banks or financial institutions.

16. The Company has not raised any new term loans during the year and there is no term loans outstanding at the beginning of the year.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilised any amount from short term sources towards repayment of long-term borrowings and acquisition of fixed assets.

18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures.

20. The Company has not raised any money by way of public issue during the year.

21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For **ANIL KHANDELWAL & ASSOCIATES**
Chartered Accountants

Date : 30.06.2008
Place : New Delhi

(ANIL KHANDELWAL)
Partner
Membership No. : 87372

**BALANCE SHEET AS AT 31ST MARCH, 2008****(Rs. in Lacs)**

Particulars	Schedule No.	As at 31.03.2008	As at 31.03.2007
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
(a) Share Capital	1	490.40	490.40
(b) Reserves & Surplus	2	611.09	565.19
		<u>1101.49</u>	<u>1055.59</u>
Loan Funds			
(a) Secured Loans	3	1960.10	1719.89
(b) Unsecured Loans		163.30	130.30
		<u>2123.40</u>	<u>1850.19</u>
Deferred Tax Liability (Net)		<u>67.13</u>	<u>67.70</u>
TOTAL		<u><u>3292.02</u></u>	<u><u>2973.48</u></u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets	4		
Gross Block		1522.73	1343.89
Less : Depreciation		781.34	735.29
Net Block		741.39	608.60
Capital WIP		16.99	130.17
		<u>758.38</u>	<u>738.77</u>
Current Assets, Loans and Advances			
(a) Inventories	5	980.39	595.47
(b) Sundry Debtors	6	1447.80	1590.25
(c) Cash & Bank Balances	7	58.13	55.62
(d) Loans and Advances	8	227.31	102.95
		<u>2713.63</u>	<u>2344.29</u>
Less : Current Liabilities & Provisions	9		
(a) Liabilities		141.75	88.41
(b) Provisions		38.24	21.17
		<u>179.99</u>	<u>109.58</u>
Net Current Assets		<u>2533.64</u>	<u>2234.71</u>
TOTAL		<u><u>3292.02</u></u>	<u><u>2973.48</u></u>
Notes to accounts & Significant Accounting Policies	12		

In terms of our annexed report of even date.

For **ANIL KHANDELWAL & ASSOCIATES**
Chartered Accountants

For and on behalf of the Board

(ANIL KHANDELWAL)
Partner
Membership No. 87372(R. C. KHANDELWAL)
Chairman(PRAMOD KHANDELWAL)
Managing Director

Date : 30.06.2008

Place : New Delhi

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008***(Rs. in Lacs)*

Particulars	Schedule No.	For the Year ended 31.03.2008	For the Year ended 31.03.2007
<u>INCOME</u>			
Sales		11527.56	9053.78
Processing Income		14.74	15.74
Interest / Other Income		15.93	2.64
Increase / (Decrease in stock)		384.92	169.02
		<u>11943.15</u>	<u>9241.18</u>
<u>EXPENDITURE</u>			
Purchases		10299.15	7890.90
Power & Fuel		437.31	381.88
Job Work Charges		48.52	51.76
Consumable Stores		154.48	133.25
Repair to Plant & Machinery		81.13	80.40
Excise Duty		200.30	175.17
Employee Rem. & Benefits	10	143.77	133.94
Administrative and Other Expenses	11	158.16	130.42
Interest		205.79	133.37
Depreciation		56.20	68.51
		<u>11784.81</u>	<u>9179.60</u>
Profit before tax		158.34	61.58
Provision for tax			
— Current Tax		53.17	26.79
— Deferred Tax		(0.57)	(6.06)
— Fringe Benefit Tax		1.81	1.98
Profit after tax		103.93	38.87
Balance brought forward from previous year		532.89	496.11
Amount available for appropriation		636.82	534.98
<u>APPROPRIATION</u>			
Proposed Dividend		49.04	—
Dividend Tax		8.33	—
Prior Period Expenses		0.66	2.09
Balance Carried forwarded		<u>578.79</u>	<u>532.89</u>
Earning per Share (Rs.)		2.12	0.79
Notes to accounts & Significant Accounting Policies	12		

In terms of our annexed report of even date.

For **ANIL KHANDELWAL & ASSOCIATES**

Chartered Accountants

For and on behalf of the Board

(ANIL KHANDELWAL)

Partner

Membership No. 87372

(R. C. KHANDELWAL)

Chairman

(PRAMOD KHANDELWAL)

Managing Director

Date : 30.06.2008

Place : New Delhi

**SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT***(Rs. in Lacs)*

	As at 31.03.2008	As at 31.03.2007
<u>SCHEDULE - 1 : SHARE CAPITAL</u>		
Authorised		
60,00,000 Equity Shares of Rs. 10/- each	600.00	600.00
	<u>600.00</u>	<u>600.00</u>
Issued & Subscribed		
50,26,800 Equity Shares of Rs. 10/- each	502.68	502.68
	<u>502.68</u>	<u>502.68</u>
Paid up		
49,04,000 Equity Shares of Rs. 10/- each	490.40	490.40
fully called up (of the above shares 7,67,408 shares are allotted as fully paid up for consideration other than cash)		
	<u>490.40</u>	<u>490.40</u>

SCHEDULE - 2 : RESERVES & SURPLUS

	As at 31.03.2007	Additions	As at 31.03.2008
Profit & Loss Account	532.89	45.90	578.79
General Reserve	26.16	—	26.16
Forfeited Shares Account	6.14	—	6.14
TOTAL	<u>565.19</u>	<u>45.90</u>	<u>611.09</u>

	As at 31.03.2008	As at 31.03.2007
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SCHEDULE - 3 : SECURED LOANS**From Banks**

(Secured against hypothecation of book debts, inventories & Motor Vehicles and by way of mortgage of land, buildings and Plant & Machinery)

1960.10	1719.89
<u>1960.10</u>	<u>1719.89</u>


SCHEDULE - 4 : FIXED ASSETS
(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2007	Additions	Sold/ Discarded	Total as on 31.03.2008	As on 01.04.2007	For the Year ended 31.03.2008	Dep. on discarded assets	Total as on 31.03.2008	As at 31.03.2008	As at 31.03.2007
Land	81.87	—	—	81.87	—	—	—	—	81.87	81.87
Buildings	208.88	165.40	—	374.28	50.54	7.06	—	57.60	316.68	158.34
Plant & Machinery	969.74	15.58	—	985.32	647.24	42.55	—	689.79	295.53	322.50
Motor Vehicles	73.01	7.79	10.54	70.26	32.45	5.81	10.15	28.11	42.15	40.56
Furniture, Fixtures & Office Equipment	7.38	0.13	—	7.51	3.28	0.44	—	3.72	3.79	4.10
Computers	2.88	0.48	—	3.36	1.65	0.34	—	1.99	1.37	1.23
Temporary Shed	0.13	—	—	0.13	0.13	—	—	0.13	—	—
Total	1343.89	189.38	10.54	1522.73	735.29	56.20	10.15	781.34	741.39	608.60
Capital W.I.P.	—	16.99	—	16.99	—	—	—	—	16.99	130.17
Previous year	1364.61	40.42	61.14	1343.89	699.36	68.52	32.59	735.29	608.60	665.25

(Rs. in Lacs)

	As at 31.03.2008	As at 31.03.2007
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SCHEDULE - 5 : INVENTORIES

(as certified by the management)

Raw Materials	571.36	335.40
Stores & Spares	13.70	20.40
Stock in Process	336.95	196.20
Scrap Material	9.52	3.98
Finished Goods	48.86	39.49
	<u>980.39</u>	<u>595.47</u>

SCHEDULE - 6 : SUNDRY DEBTORS

(Unsecured, Considered Good)

Outstanding for period exceeding Six Months	291.73	244.74
Others	1156.07	1345.51
	<u>1447.80</u>	<u>1590.25</u>

SCHEDULE - 7 : CASH AND BANK BALANCES

Cash in hand	2.97	3.74
Bank balance with Scheduled Banks	2.84	2.68
Fixed deposits with Scheduled Banks	52.32	49.20
	<u>58.13</u>	<u>55.62</u>

SCHEDULE - 8 : LOANS AND ADVANCES

(Unsecured, considered good, recoverable in cash or in kind or for value to be received/adjusted)

Balance with Central Excise	36.75	30.92
Other Advances	190.56	72.03
	<u>227.31</u>	<u>102.95</u>

*(Rs. in Lacs)*

	As at 31.03.2008	As at 31.03.2007
<u>SCHEDULE - 9 : CURRENT LIABILITIES AND PROVISIONS</u>		
(a) Current Liabilities		
Sundry Creditors - Trade	11.87	33.05
- Others	16.07	3.41
T.D.S. Payable	1.86	0.47
Other Liabilities	111.95	51.48
	<u>141.75</u>	<u>88.41</u>
(b) Provisions	38.24	21.17
	<u>179.99</u>	<u>109.58</u>

	For the year ended 31.03.2008	For the year ended 31.03.2007
<u>SCHEDULE - 10: EMPLOYEES REMUNERATION AND BENEFITS</u>		
Salary, Wages and Bonus	86.62	79.62
Provident Fund & ESI	11.63	11.37
Directors' Remuneration	45.52	42.95
	<u>143.77</u>	<u>133.94</u>

SCHEDULE - 11: ADMINISTRATIVE AND OTHER EXPENSES

Distribution Expenses	30.79	36.02
Staff & Labour Welfare	5.95	5.54
Postage & Telephones	5.78	6.05
Bank & Financial Charges	11.97	12.57
Auditors Remuneration	1.50	1.45
Cash Discount	7.05	9.71
Travelling Expenses	1.02	0.81
Conveyance & Vehicle Maintenance	9.08	10.11
Printing & Stationery	2.07	2.14
Miscellaneous Expenses	82.95	46.02
	<u>158.16</u>	<u>130.42</u>

**SCHEDULE - 12 : NOTES TO THE ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES****A. SIGNIFICANT ACCOUNTING POLICIES**

- 1) The accounts have been prepared under the going concern and historic cost convention, unless otherwise stated.
- 2) The sales and raw material purchases are inclusive of excise duty.
- 3) Fixed Assets :
 - i) Fixed Assets are stated at cost to the company less depreciation.
 - ii) Depreciation is provided under straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- 4) Valuation of Inventories :
 - i) Raw Materials, Work-in-process and Stores are valued at cost.
 - ii) Finished goods are valued at lower of cost and net realisable value.
 - iii) Scrap is valued at estimated net realisable value.

B. NOTES TO ACCOUNTS**1. Contingent Liabilities**

The HSIDC has increased the price of land by Rs. 20.76 lacs and demanded the enhanced price. This demand is being disputed and the matter is pending with Hon'ble High Court for the state of Punjab & Haryana. The Company has however, paid Rs. 5.25 lacs.

2. Managerial Remuneration**(Rs. in Lacs)**

	2007-08	2006-07
Salary	40.00	40.00
Commission	5.10	2.61
Sitting fees to Directors	0.42	0.34
	45.52	42.95
Computation of Managerial Commission		
Profit before Tax	158.34	61.58
Add : Managerial Remuneration charged to Accounts	45.52	42.95
	203.86	104.53
Commission	5.10	2.61

3. Particulars of licensed capacity, installed capacity and Production:

	2007-08	2006-07
Licensed Capacity	N. A.	N. A.
Installed Capacity		
— C.R.Strips (TPA)	17000	17000
— C. R. / M. S. Flat Wire (TPA)	500	500
— G.I. Wire (TPA)	3500	3500
Production #		
— C.R.Strips (MT)	15270	14491
— H.R. Pickled Oiled (MT)	5870	2774
— G.I. Wire / Strips (MT)	3656	3083

Production figures are net of returns.


4. Materials

Raw materials are purchased indigenously and not imported.

Particulars of Raw Material consumed are as under:

PARTICULARS	2007-08		2006-07	
	Qty. (MT)	Value (Rs.in Lacs)	Qty. (MT)	Value (Rs.in Lacs)
a) H.R.Coils*	24801	8232	20790	6286
b) C.R.Strips	314	113	243	77
c) Zinc	239	391	202	415
d) Wire Rods	3781	1328	3077	943

* Figures include re-sales without issue to production.

5. Particulars of opening and closing stock of finished goods
a) Opening Stock

G.S.Tape	—	—	32	12
C.R.Strips	118	39	109	29
G. I. Wire	—	—	11	4

b) Closing Stock

G.S.Tape	—	—	—	—
C.R.Strips	89	35	118	39
HRPO	31	11	—	—
G. I. Wire	4	2	—	—

6. Particulars of Sales

C.R.Strips	15299	6273	14482	5557
G.S.Tapes	—	—	104	48
H. R. Pickled Oiled	5839	2863	2774	962
G. I. Wire/Strips	3652	2045	3022	1574
Others	—	347	—	913

7. Interest

on Fixed Loan	—	—	—	—
on Other Account	—	205.79	—	133.37
		<u>205.79</u>		<u>133.37</u>

8. Payment to Auditors

a) Audit Fees	0.65	0.65
b) Tax Audit Fees	0.20	0.20
c) Taxation Matters	0.30	0.30
d) Certification Work	0.10	0.10
e) Reimbursement of Expenses	0.25	0.20
	<u>1.50</u>	<u>1.45</u>

9. Earning Per Share

Profit after Tax	103.93	38.87
No. of Shares (in lacs)	49.04	49.04
Earning Per Share (Rs.)	2.12	0.79

**10. Deferred Tax**

The working of 2007-08 has resulted in deferred tax assets amounting to Rs. 0.57 Lacs. This has been deducted from the deferred tax liability making it to Rs. 67.13 lacs.

11. Balance of Sundry Debtors, Sundry Creditors, Loans and Advances are subject to confirmation.

12. Previous year figures have been regrouped wherever considered necessary.

13. All figures have been rounded off to the nearest of Rupees lacs.

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the report of the Board of Directors for the period ended 31st March 2008.

Particulars with respect to conservation of energy :

New tubular furnace for wire annealing was successfully installed and tested and was put to commercial use. This has resulted in cost savings on use of fuel and thereby contributed to conservation of energy.

A. Power and Fuel Consumption

	2007-08	2006-07
(i) Electricity :		
(a) Purchased ('000 Units)	2789.94	2877.48
Total Amount (Rs. in lacs)	134.13	127.43
Rate per unit (Rs.)	4.81	4.43
(b) Own Generation		
(D.G. Set) ('000 Units)	893.59	635.49
Total Amount (Rs. in lacs)	98.90	71.75
Cost per unit (Rs.)	11.07	11.29
(ii) Diesel Oil/C - 9		
Quantity (Kilo Litres '000)	970.40	705.55
Total Amount (Rs. in lacs)	238.85	185.86
Average Rate (Rs./ Litre)	24.61	26.34
(iii) Furnace Oil		
Quantity (Kilo Litres '000)	330.32	386.00
Total Amount (Rs. in lacs)	64.33	68.59
Average Rate (Rs./ Litre)	19.48	17.77

B. Consumption per unit of production

	Production Unit	Current Year	Previous Year
Electricity (KWH)	MT	148.55	172.64

Research and Development and Technology Absorption:

In view of auto industry moving to newer grades of steel, the technology to manufacture these grades of steel is being developed to keep up with the changing trends in the user industry for steel strips.

Foreign Exchange Earning and Outgo

Foreign Exchange Earning and Outgo is nil.

**14. Related Party Transactions**

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made. No amounts have been written off or written back during the year in respect of debts due from or to related parties.

There are no other related parties where control exist that needs to be disclosed.

(Rs. in Lacs)

Name of related Party	Description of relationship with the party	Nature of transactions	Value of transaction for the year ended 31.03. 2008	Outstanding as on 31.03.2008	Payable (P) Receivable (R)	Written off During Year ended 31.03.2008
M/s Anil Khandelwal & Associates	Partners Mr. Anil Khandelwal & Mr. Vinay Khandelwal are sons of Mr. A. P. Khandelwal and Brothers of Mr. Pramod Khandelwal. Mr. S. K. Khandelwal is son of Mr. D. P. Khandelwal.	Audit Fee	1.50	1.50	(P)	Nil
Mr. Vinay Khandelwal	Son of Mr. A. P. Khandelwal, Director	Rent	0.36	—	—	Nil
M/s Kochar Agro Industries Pvt. Ltd.	Associate	Sale/Rent	549.19	6.19	(R)	Nil
M/s Silvassa Wooden Drums	Associate	Purchases/ Sales	78.16	0.17	(R)	Nil
M/s Khandelwal Galva Strips Pvt. Ltd.	Associate	Finance	19.05	8.05	(P)	Nil
Mr. R. C. Khandelwal	Chairman	Remuneration Other Liability	15.00 58.00	0.78 51.00	(P) (P)	Nil Nil
Mr. Pramod Khandelwal	Managing Director	Remuneration Other Liability	15.00 15.15	0.78 —	(P) —	Nil Nil
Mr. A. P. Khandelwal	Director	Remuneration Other Liability	15.10 108.00	5.77 110.50	(P) (P)	Nil Nil
Mr. D. P. Khandelwal	Director	Sitting Fee	0.18	0.10	(P)	Nil
Mr. V. K. Hajela	Director	Sitting Fee	0.14	0.02	(P)	Nil
Mr. K. L. Gupta	Director	Sitting Fee	0.10	0.10	(P)	Nil

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008 (CLAUSE 32 OF LISTING AGREEMENT)***(Rs. in Lacs)**For the year ended
31st March, 2008***A. Cash Flow from Operating Activities :**

Net Profit before taxes and Extraordinary Items		158.34
Adjustment for		
Depreciation	56.20	
Interest paid	205.79	261.99
Operating profit before working capital changes		420.33
(Increase)/Decrease in Sundry Debtors	142.45	
(Increase)/Decrease in Inventories	(384.92)	
(Increase)/Decrease in Loans & Advances	(124.36)	
Increase/(Decrease) in Current Liabilities	(6.18)	(373.01)
Cash generated from operations		47.32
Interest paid	(205.79)	
Extraordinary Items:		
Tax and Interest on tax paid for earlier year	(0.66)	(206.45)
Net cash from operating activities		(159.13)

B. Cash flow from investing activities

Additions to fixed assets (including capital work in progress and advances on capital account)	(75.81)	
Proceeds from sales of Investment	—	
Purchase of investments	—	
Net cash from Investing Activities		(75.81)

C. Cash flow from Financing Activities

Proceeds from new borrowings	277.02	
Repayment of borrowing	(3.81)	
Dividend & Tax paid	(35.76)	
Net cash from Financing Activities		237.45
Net cash flows during the year (A+B+C)		2.51
Cash and cash equivalents (Opening balance)		55.62
Cash and cash equivalents (Closing balance)		58.13

Notes to cash flow statement:

- Figures in brackets indicate cash out flows.
- Interest paid relates to the charge of the year and is considered part of operating activities.
- Bank borrowings have been grouped as part of financing activities.
- Figures have been rounded off to the nearest of Rupee Lacs.

For and on behalf of the Board

Date : 30.06.2008
Place : New Delhi

(PRAMOD KHANDELWAL)
Managing Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No.	:	55-63387	State Code	:	55
Balance Sheet Date	:	31.03.2008			

II. Capital raised during the year (Amount in Rupees thousands)

Public Issue	:	Nil	Right Issue	:	Nil
Bonus issue	:	Nil	Private Placement	:	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rupees thousands)

Total Liabilities	329202	Total Assets	329202
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Sources of Funds

Paid-up Capital	:	49040	Reserves and Surplus	:	61109
Secured Loans	:	196010	Deferred Tax	:	6713
Unsecured Loans	:	16330			

Application of Funds

Net Fixed Assets	:	75838	Investment	:	Nil
Net Current Assets	:	253364	Miscellaneous Exp.	:	Nil
Accumulated Losses	:	Nil			

IV. Performance of the Company (Amount in Rupees thousands)

Turnover	:	1155823	Total Expenditure	:	1139989
(Including other Income & processing Income-3067)					
Profit before tax	:	15834	Profit after Tax	:	10393
Earning per share (Rs.)	:	2.12	Dividend	:	4904
(Annualised)					

V. Generic Name of the Principal Products/Services of the Company

Item Code No. (ITC Code)	:	72123000
Product Description	:	Galvanised Steel Tape
Item Code No. (ITC Code)	:	72113000
Product Description	:	Cold Rolled Steel Strips