



***FIFTEENTH
ANNUAL REPORT
2004-2005***

HISAR METAL INDUSTRIES LTD.

BOARD OF DIRECTORS

Shri M. P. Jindal (Chairman)
 Shri Abhiram Tayal (Managing Director)
 Smt. Anubha Tayal (Director)
 Shri Dharam Paul (Director)
 Shri Sajjan Singh (Director)

COMPANY SECRETARY

Shri V. K. Jain

AUDITORS

J.P. Tulsian & Co.,
 Chartered Accountants
 95-97, Green Square Market
 Hisar-125 001 (Haryana)

BANKERS

Punjab National Bank

REGISTERED OFFICE & WORKS

Near Industrial Development Colony
 Delhi Road, Hisar-125 005
 (Haryana), INDIA



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HISAR METAL INDUSTRIES LTD.**1****NOTICE**

Notice is hereby given that the 15th Annual General Meeting of the Members of HISAR METAL INDUSTRIES LIMITED will be held on Saturday, the 24th day of September, 2005 at 11.00 A.M. at the Registered Office of the Company at Near Industrial Development Colony, Delhi Road, Hisar (Haryana) to conduct the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2005 and Profit and Loss Account for the year ended on that date and the reports of Auditors and Directors thereon.
2. To declare dividend.
3. To elect a Director in place of Sh. Dharam Paul who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

Regd. Office :

Near Industrial Development Colony
Delhi Road, Hisar – 125005 (Haryana)
Dated : 30th day of June, 2005

By Order of the Board of Directors

(V. K. Jain)
Company Secretary

NOTE :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy so appointed need not be a member of the Company. The proxies in order to be effective must be received at the Company's Registered office not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the company will remain closed from 21st day of September, 2005 to 24th day of September, 2005 (both days inclusive) in connection with the Annual General Meeting.
3. The dividend of 15% for the year ended March 31, 2005 as recommended by the Board, if sanctioned at the ensuing Annual General Meeting will be payable to those members whose names appear on the Company's Register of Members and List of Beneficiaries as on September 24, 2005.
4. While members holding shares in physical form may write to the Company for any change in their address and bank mandates, members having shares in electronic form may inform the same to their depository participants immediately so to enable the company to dispatch the dividend warrants at their correct address.
5. Members who have not en-cashed their dividend warrants for the financial years ending 1998, 1999, 2000, 2001, 2002, 2003 and 2004 are requested to approach the Company for renewing their dividend warrants. Please note that the dividend which remains unpaid or unclaimed for a period of seven years shall be transferred by the Company to the Investor Education and Protection Fund Account.
6. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
7. In deference to the Govt. Policy, no gift shall be distributed at the Annual General Meeting.

Regd. Office :

Near Industrial Development Colony
Delhi Road, Hisar – 125 005 (Haryana)
Dated : 30th day of June, 2005

By order of the Board of Directors

(V. K. Jain)
Company Secretary

HISAR METAL INDUSTRIES LTD.

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DIRECTORS' REPORT

To
The Members,
Hisar Metal Industries Limited

The Directors have pleasure in presenting before you 15th Annual Report together with Audited Statement of Account of the Company for the year ended 31st March, 2005.

(Rs. In Lacs)

1. FINANCIAL RESULTS

	2004-2005	2003-2004
Sales/Other receipts	11138.85	8204.87
Profit before depreciation and Taxation	286.17	201.28
Less depreciation	85.09	82.10
Profit after depreciation	201.08	119.18
Less : Provision for Taxation		
Current Year :	19.60	38.16
Deferred Tax :	52.74	1.43
Wealth Tax :	0.58	—
Less : Previous Year Income Tax	2.33	0.48
Profit after Taxation	125.83	79.11
Add profit brought forward	162.45	123.95
Profit available for appropriation	288.28	203.06
Dividend/Tax on dividend	61.57	40.61
Surplus carried to Balance Sheet	226.71	162.45

2. DIVIDEND

The Directors recommend a dividend of 15% per annum for the year ended 31st March, 2005.

3. OPERATION

During the year under review, production has increased to 9669 M.T. as compared to 8831 M.T. in the previous year an increase of 9.50 % & net profit has increased to Rs.125.83 Lac from Rs.79.11 Lac in the last year an increase of 59 % hence all is well with the Company and we hope to perform alike in the future.

4. FIXED DEPOSITS

There was no such fixed deposits with the Company as matured and remained unpaid at the end of the year.

5. PARTICULARS OF THE EMPLOYEES

None of the employees of the Company is covered under the provision of Section 217 (2A) of the Companies Act, 1956.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO

The particulars prescribed by the Companies (Disclosures of Particulars in the Report of the Board of the Directors) Rules, 1988 are given in Annexure which forms part of Directors Report.

7. COMPLIANCE OF GUIDELINES OF SEBI/STOCK EXCHANGE

We have duly complied with all the guidelines issued by SEBI/Stock Exchange.

8. DIRECTORS' RESPONSIBILITY

As required pursuant to the Companies (Amendment) Act, 2000, the Board of Directors confirm as under :

- That in the preparation of the annual accounts, the applicable accounting standards has been followed alongwith proper explanation relating to material departures.
- The directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial year and of the Profit of the Company for that period.

- c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- d) That the Directors had prepared the annual accounts on going concern basis.

9. DIRECTOR

Sh. Dharm Paul retires by rotation and being eligible, offers himself for re-appointment.

10. CORPORATE GOVERNANCE

Your Company has in all material aspects complied with the conditions of Corporate Governance as contained in Clause 49 of the Listing Agreement. A separate report each on corporate governance and management discussion and analysis alongwith Auditors' Certificate are given elsewhere in this report as Annexure and forming part of this report.

11. AUDITORS

The Auditors of the Company J.P. Tulsian & Co., Chartered Accountants, Hisar retires at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Necessary Certificate pursuant to section 224(1B) of the Companies Act, 1956 has been obtained from the Auditors.

12. INSURANCE

The properties and assets of the company to the extent required are adequately insured.

13. ACKNOWLEDGEMENT

The Board of Directors thank and deeply acknowledge the co-operation, assistance and support provided by all the stakeholders viz workers, shareholders, bankers, customers, dealers, vendors, Government and the regulators.

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For and on behalf of the Board of Directors

Registered Office:

Near Industrial Development Colony,
Delhi Road, Hisar – 125 005 (Haryana)
Dated : 30th June, 2005

(M.P. JINDAL)
CHAIRMAN

HISAR METAL INDUSTRIES LTD.

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ANNEXURE TO DIRECTORS' REPORT

Pursuant to Companies (Disclosure of Particulars in the Report of Directors) Rules 1988.

A. CONSERVATION OF ENERGY

The following measures are employed by the Company for conservation of energy :-

- i) Improving power factor by the Company for conservation of energy.
- ii) Utilising the proper load of plant and equipment, Electric Motor etc.
- iii) Reducing the maximum demand by properly distributing the loads.

Total energy consumption and energy consumption per unit of production as per FORM A is as under :-

FORM A**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****A. POWER AND FUEL CONSUMPTION**

CURRENT YEAR 2004-2005	PREVIOUS YEAR 2003-2004
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1. ELECTRICITY

a) Purchased Units	Nos.	3889878	2885099
Total amount	Rs.	1,63,89,291	1,20,73,442
Rate/Unit	Rs.	4.21	4.18
b) Own Generation			
i) Through Generator	Ltr.	468248	457103
Cost per unit	Rs.	5.56	3.97
ii) Through Steam Turbine Generator		Not Applicable	Not Applicable

2. COAL

Not Applicable

3. FURNACE OIL (LIGHT DIESEL OIL)

Rs. 2,05,30,938 15523726

4. LPG

8978310 4709550

5. OTHER/INTERNAL GENERATION

Not Applicable

B) CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT	C.R.STRIPS	C.R.STRIPS
Electricity (Units)	601	522
Furnace oil (Ltr.)	158	140
Coal	—	—
Others	—	—

FORM B**(FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION)****RESEARCH AND DEVELOPMENT (R & D)**

1. Specified Area in which R & D carried out by the company :
2. Benefits derived as a result of the above R & D :
3. Future plan of action :
4. Expenditure on R & D :
 - a) Capital : NIL
 - b) Recurring :
 - c) Total :
 - d) Total R & D expenditure as a percentage of total Turnover :

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption and innovation : NIL
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. : NIL
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished :
 - a) Technology imported : Not Applicable
 - b) Year of import : NIL
 - c) Has technology fully absorbed : NIL
 - d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action : Not Applicable

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The Particulars of Foreign exchange earnings and outgo are given in Item No. 7 (D), (E) & (F) of Schedule 'T' Notes to the accounts.

For and on behalf of the Board of Directors

Place : Hisar

(M.P. JINDAL)

Date : 30th June, 2005

CHAIRMAN

ANNEXURE TO DIRECTORS' REPORT**CORPORATE GOVERNANCE**

Corporate governance Report for the year 2004-05 following the guidelines given as per clause 49 of the Listing Agreement of the Stock Exchanges is being published as under :

- 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :** Your Company is committed to set up best corporate practices. The company strives to achieve efficient conduct of its business in a true and fair manner providing transparency and accountability in business and endeavours to enhance shareholders' value and interests of all other stake-holders.
- 2. BOARD OF DIRECTORS :** At present the Company's Board consists of 5 members of which 4 are the Non-executive Directors. The particulars of directors viz. names, designation and the status are given hereunder :

S.No.	NAME	DESIGNATION	STATUS
1.	Shri M.P. Jindal	Chairman	Promoter being Non-Excutive
2.	Shri Abhiram Tayal	Managing Director	Promoter being Executive
3.	Smt. Anubha Tayal	Director	Promoter being Non-Excutive
4.	Shri Dharam Paul	Director	Independent being Non-Executive
5.	Shri Sajjan Singh	Director	Independent being Non-Executive

The Chairman of the Board is the Non-Executive and the number of independent Directors on the Board meets the requirement of corporate governance.

- 3. BOARD MEETINGS :** In all, 43 meetings of directors were held during the financial year 2004-05 which consists of 11 meetings of Board of Directors, 23 meetings of Share Transfer Committee, 4 Meetings of the Audit Committee, 1 Meeting of the Remuneration Committee, 4 meeting of committee to redress the grievances of shareholders and Investor Complaints.

Detailed agenda were circulated to all the directors and the members of the respective committees sufficiently in advance of their meetings.

The Board meeting held on the following dates viz., 02.04.2004, 29.04.2004, 24.05.2004, 30.06.2004, 16.07.2004, 31.07.2004, 20.09.2004, 29.10.2004, 25.11.2004, 31.12.2004 and 31.01.2005.

The maximum interval between any two Board meetings was 62 days.

- 4. ATTENDANCE OF DIRECTORS :** The attendance of the directors during the year 2004-2005 is shown as under:

Name of Director	Meeting held During the Tenure of the Director	Meetings attended during the tenure	Attendance at the last AGM held on 25.09.2004
Shri M. P Jindal	11	11	No
Shri Abhiram Tayal	11	11	Yes
Smt. Anubha Tayal	11	11	Yes
Shri Dharam Paul	11	10	Yes
Shri Sajjan Singh	11	11	No

- 5. OTHER DIRECTORSHIP :** The number of directorships held in other bodies corporate by the Directors is as follows :

Name	No. of directorship in other companies		No. of membership of committees	
	Pvt.	Public	Chairman	Member
Shri M.P. Jindal	2	2	—	—
Shri Abhiram Tayal	—	—	—	—
Smt. Anubha Tayal	—	—	—	1
Shri Dharam Paul	—	1	2	—
Shri Sajjan Singh	—	—	2	2

HISAR METAL INDUSTRIES LTD.

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- 6. DETAILS OF DIRECTORS TO BE APPOINTED/RE-APPOINTED AT THE ANNUAL GENERAL MEETING :** Shri Dharam Paul who is liable to retire by rotation on the date the ensuing Annual General Meeting, is to be re-appointed. Shri Dharam Paul is the independent director on the Board of the Company. He is the leading practicing Chartered Accountant. He is also the Chairman of the Audit Committee and the Remuneration Committee.
- 7. REMUNERATION OF DIRECTORS :** The company pays remuneration by way of salary to Shri Abhiram Tayal, Managing Director only. His total salary and perquisite during the previous year 2004-05 is Rs.1.89 lacs. Except him, no other directors are being remunerated either by way of salary/commission or by way of sitting fees.
- 8. DETAILS OF SERVICE CONTRACT :** Shri Abhiram Tayal, has been appointed as the Managing Director of the Company on the 16th day of July, 2004 for a period of five years w.e.f. 14.02.2005 to 13.02.2010. His appointment and remuneration package has been approved by the shareholders in the Annual General Meeting held on 25th day of September, 2004.
- 9. AUDIT COMMITTEE :** In Compliance with the requirement of clause 49 of the Listing Agreement, an Audit Committee has been constituted on 28.09.2002. The Audit Committee consists of three directors, out of which two are the independent directors. Composition of the Audit committee are as under :

Shri Dharam Paul, Chairman (Independent Director)
 Shri Sajjan Singh, Member (Independent Director)
 Smt. Anubha Tayal, Member (Non-executive Director)
 Shri V. K. Jain, Secretary

Terms of reference of the Audit Committee are as per conditions of the listing agreement as given in clause 49A of the Listing Agreement.

During the year under review Audit committee met four times in which all the members were present.

- 10. REMUNERATION COMMITTEE :** The Company has formed a Remuneration Committee consisting of the following members of the Board :

Shri Dharam Paul, Chairman	Independent and Non-executive Director
Shri Sajjan Singh, Member	Independent and Non-executive Director
Shri M.P. Jindal , Member	Promoter and Non-Executive Director

The first meeting of the Remuneration committee was held on the 15th day of July, 2004 to recommend the remuneration package of Shri Abhiram Tayal. His remuneration package as recommended has been approved by the Shareholders in their Annual General Meeting held on 25th day of September, 2004. The company does not pay remuneration to any other director either by way of salary or fees or by any other means.

- 11. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE :** The Board of Directors has formed a committee to redress the grievances of shareholders and investor complaints on 28.09.2002. It consists of Shri Sajjan Singh, Chairman being a Non-executive independent Director and Shri V. K. Jain, Member being Company Secretary of the Company.

During the year under review, the Grievances Redressal Committee has met four times in which all the members were present. As on the date of this report, none of the complaints received were pending for redressal.

The Company has appointed M/s Skyline Financial Services Pvt. Ltd. 123, Vinoba Puri, Lajpat Nagar – II, New Delhi – 110 024 as Share Transfer Agent to process for servicing the shareholders holding shares in physical or dematerialized form. All requests for dematerialization of shares are processed and confirmations thereof are sent to the depository participants within the prescribed time.

The company has also constituted share transfer committee to approve transfer of shares which meets frequently.

The Company has appointed Mr. V. K. Jain, Company Secretary as the Compliance Officer to monitor the Share Transfer process, Dematerialization/Rematerialization and liaison with the regulatory bodies. The Company has complied with the various requirements of the listing agreements and the depositories with respect to transfer of shares. The requisite certificates are sent to them within the prescribed time.