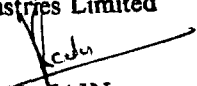


**HISAR
METAL**

CERTIFIED TO BE TRUE COPY
For Hisar Metal Industries Limited


V. K. JAIN
(Company Secretary)

**EIGHTEENTH
ANNUAL REPORT
2007-2008**

HISAR METAL INDUSTRIES LTD.

BOARD OF DIRECTORS

Shri M.P. Jindal	(Chairman)
Shri Abhiram Tayal	(Managing Director)
Smt. Anubha Tayal	(Director)
Shri Shital Parshad Jain	(Director)
Shri Sajjan Singh	(Director)

COMPANY SECRETARY

Shri V.K. Jain

AUDITORS

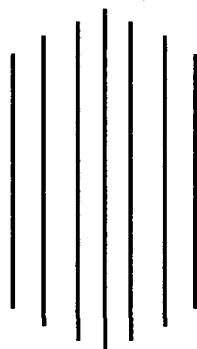
Ram Sanjay & Co.
Chartered Accountants
95-97, Green Square Market
Hisar - 125001 (Haryana)

BANKERS

Punjab National Bank

REGISTERED OFFICE & WORKS

Near Industrial Development Colony
Delhi Road, Hisar - 125005
(Haryana). INDIA

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HISAR METAL INDUSTRIES LTD.

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NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Members of HISAR METAL INDUSTRIES LIMITED will be held on Monday, the 29th day of September, 2008 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, 2008 and Profit and Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
2. To declare a dividend for the financial year ending 31.03.2008.
3. To elect a Director in place of Shri M.P. Jindal 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.

SPECIAL BUSINESS :

5. To Consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution: "RESOLVED that Shri Shital Parshad Jain be and is hereby appointed as the Director of the Company liable to retire by rotation."
6. To consider and if thought fit to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED that in partial modification of the resolution passed by the shareholders in their meeting held on 25th day of September, 2004 and in accordance with the provision of section 309,310 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956, the salary payable to Mr. Abhiram Tayal, Managing Director, be enhanced from the current basic pay of Rs.15000/- per month to Rs.50000/- per month with effect from 1st October, 2008 for the remaining tenure of his service i.e. till 14th February, 2010."

"RESOLVED FURTHER that the other terms and conditions of his appointment as well as the perquisites payable to him shall remain as per the resolution passed by the shareholders on 25th day of September, 2004."

Regd. Office :
Near Industrial Development Colony
Delhi Road, Hisar – 125005 (Haryana)
Dated : 30th June, 2008

By order of the Board of Directors

(V. K. Jain)
Company Secretary

NOTES :

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 explanatory statement pursuant to section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting, is given below and forms part of the notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 25th day of September, 2008 to 29th day of September, 2008 (both days inclusive) for the Annual General Meeting and determining the name of members eligible for dividend, if approved, at the Annual General Meeting.
4. The dividend for the year ended March 31, 2008, 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 29, 2008.
5. Members holding shares in physical form are requested to intimate the following directly to the Company's RTA
 - a) Change if any, in their address with pin code numbers.
 - b) Quote their ledger Folio No. in all their correspondence.
 - c) Send their Share Certificates for consolidation.
 - d) Request for nomination forms for making nominations as per Section 109A of the Companies Act, 1956, if not already intimated.
6. Pursuant to Section 205A of the Companies Act, 1956, dividend, which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education & Protection Fund of the Central Government.

HISAR METAL INDUSTRIES LTD.**2**

Members who have not encashed their dividend warrant so far for the financial year ended 31st March 2001, or any subsequent financial year(s) are requested to address their claim to The Company Secretary, Hisar Metal Industries Ltd., Near IDC, Delhi Road, Hisar – 125005.

7. Members/Proxies attending the Meeting are requested to bring their copy of the Annual General Meeting Report for reference at the Meeting and also the Attendance Slip duly filled in for attending the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :**Item No. 5 :**

Shri Shital Parshad Jain S/o Shri Jai Kanwar Jain R/o 101, Green Square Market, Hisar was appointed as the additional director of the Company pursuant to section 260 of the Companies Act, 1956 by the Board of Directors in their meeting held on 12th day of October, 2007. He is an independent director of the Company. He is a renowned advocate practicing in taxation matters at Hisar. He has about 37 years of experience as a Tax consultant. He is also the Chairman of the Audit Committee formed as per the provisions of clause 49 (II) of the Listing Agreement. Pursuant to section 260 of the Companies Act, 1956 he can continue to his office of director up to the date of this Annual General Meeting of the Company. The Company has received a notice in writing from a member under section 257 of the Companies Act, 1956 signifying his intention to propose him as the office of the Director liable to retire by rotation. The Board of Directors is therefore proposing the aforesaid resolution for his appointment under section 255 of the Companies Act, 1956 for due approval of the members.

Except Shri Shital Parshad Jain himself none of the other directors is interested in the resolution.

Item No. 6 :

In the Annual General Meeting held on 25th day of September, 2004, the Shareholders approved the re-appointment of Mr. Abhiram Tayal, Managing Director of the Company for a period of 5 years w.e.f. 14th day of February, 2005 on the salary of Rs.15000/- per month. Currently he is drawing a salary of Rs.15000/- per month and perquisites as recommended by the Remuneration Committee and approved by the Shareholders in their meeting held on 25th day of September, 2004. However, considering the present trend of the remuneration payable to such senior executives in the industry and considering his vast experience in the stainless steel industry, the Remuneration Committee of the Company decided to recommend an enhancement in his remuneration to a revised salary of Rs.50000/- per month plus perquisites, which the Board of Directors has accepted at its meeting held on 30th June, 2008. Accordingly the Ordinary Resolution under item No. 6 is being proposed. The Board considers it desirable that the Company should continue to avail his services and recommends the Resolution under Item No. 6, for acceptance by the Members of the Company.

In compliance of Section 309, 310 read with schedule XIII of the Companies Act, 1956, the terms of remuneration payable to the Managing Director are now being placed before the Members for their approval.

The earlier resolution passed by the shareholders in their meeting held on 25th day of September, 2004 is available for inspection by the Shareholders of the Company at its Registered office between 11.00 a.m. and 3.00 p.m. on any working day prior to the date of the meeting and also at the meeting.

This may be treated as an abstract under Section 302 of Companies Act, 1956.

Except Mr. Abhiram Tayal, Managing Director and Mrs. Anubha Tayal his wife, no other director is interested in the Resolution under Item No. 6 of the Notice.

HISAR METAL INDUSTRIES LTD.**3****INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT**

As required under the Listing Agreement, the particulars of Directors who are proposed to be re-appointed are as given below :

- | | | |
|---|---|--|
| 1. Name | : | Mr. M.P. Jindal (Promoter Director) |
| Relationship with other Directors | : | No relationship with other directors |
| Age | : | 59 years |
| Qualification | : | Graduate |
| No. of Shares held in the Company | : | 107000 |
| Expertise | : | 37 years experience as Industrialist |
| Outside Directorship | : | Jindal Industries Limited, Hisar -Director
Adhipathi Properties & Investments Pvt. Ltd. – Director
Pridhi Properties & Investments Pvt. Ltd. – Director
Ravindra Tubes Limited - Director |
| Chairmanship/Membership of the Board Committees | : | Hisar Metal Industries Limited
Chairman of the Board
Remuneration Committee - Member |
| 2. Name | : | Mr. Shital Parshad Jain (Independent Director) |
| Relationship with other Director | : | No relationship with other directors |
| Age | : | 62 years |
| Qualification | : | Advocate |
| No of Shares held in the Company | : | NIL |
| Outside Directorship | : | NIL |
| Chairman/Membership of the Board Committees | : | Hisar Metal Industries Limited
Chairman of the Audit Committee &
Remuneration Committee |

Regd. Office :
Near Industrial Development Colony
Delhi Road, Hisar – 125 005 (Haryana)
Dated : 30th June, 2008.

By order of the Board of Directors

(V. K. Jain)
COMPANY SECRETARY

HISAR METAL INDUSTRIES LTD.**4****DIRECTORS' REPORT**

To

The Members,

Hisar Metal Industries Limited

The Directors have pleasure in presenting before you 18th Annual Report together with Audited Statement of Account of the Company for the year ended 31st March, 2008.

(Rs. In Lacs)

1. FINANCIAL RESULTS	2007-08	2006-07
Sales/Other receipts	17287.48	19521.84
Profit before depreciation and Taxation	313.61	436.26
Less: depreciation	155.77	152.93
Profit after depreciation	157.84	283.33
Less : Provision for Taxation		
Current Year :	55.85	104.68
Deferred Tax :	—	—
Wealth Tax :	0.98	1.15
Fringe Benefits Tax:	1.24	1.71
Previous Year Income Tax:	1.03	—
Add: Previous year Tax	—	0.06
Deferred Tax	15.56	10.05
Profit after Taxation	114.30	185.90
Add profit brought forward	402.33	258.55
Profit available for appropriation	516.63	444.45
Dividend and Tax on dividend	42.12	42.12
Transfer to General Reserve	300.00	—
Surplus carried to Balance Sheet	174.51	402.33

2. DIVIDEND

The Directors recommend a dividend of 10% per annum for the year ended 31st March, 2008.

3. COMPANY'S BUSINESS GROWTH AND PROSPECTS

This year the performance is not good although satisfactory. The production is down by 22% and the Sales in terms of quantity by 21%. The Sales in terms of value is down by 11% approx. to Rs.17287 lacs and the result is that the PBT and PAT both are down by 44% to Rs.157.84 and 38.5% to Rs.114.30 lacs respectively. The reasons are price fluctuation in the raw material throughout the year causing poor demand of our finished product, poor export demand and poor availability of power throughout the year. We hope to do better in the coming financial year.

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 A.

7. COMPLIANCE OF GUIDELINES OF SEBI/STOCK EXCHANGE

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

8. DIRECTORS' RESPONSIBILITY STATEMENT

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 have been followed along-with 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.

HISAR METAL INDUSTRIES LTD.**5**

- 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. DIRECTORS

Shri M.P. Jindal retires by rotation and being eligible, offers himself for re-appointment.

Shri Shital Parshad Jain who was appointed as the additional director of the Company is to be appointed as the director of the Company liable to retire by rotation under section 255 of the Companies Act, 1956. The Company has received a notice under section 257 from a shareholder signifying his intention to propose the name of Sh. Shital Parshad as the director liable to retire by rotation.

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 in Annexure B on Corporate Governance and in Annexure C on Management discussion and analysis along-with Auditors certificate are forming part of this report.

11. AUDITORS

The Auditors of the Company M/s Ram Sanjay & Company, Chartered Accountants, Hisar retires at the conclusion of 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.

For and on behalf of the Board of Directors

Registered Office:

Near Industrial Development Colony,
Delhi Road, Hisar – 125005 (Haryana)

Dated : 30th June, 2008

(M.P.JINDAL)
CHAIRMAN

HISAR METAL INDUSTRIES LTD.**6****Annexure A**

Statement of Particulars under Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 forming part of Directors' Report for the year ended 31st March 2008.

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	PREVIOUS YEAR
		2007-2008	2006-2007
1. ELECTRICITY			
a) Purchased Units	Nos.	5389680	6673120
Total amount	Rs.	24658131	28838069
Rate/Unit	Rs.	4.57	4.32
b) Own Generation			
i) Through Generator	Ltr.	118867	187090
Cost per unit	Rs.	7.33	8.03
ii) Through Steam Turbine Generator		Not Applicable	Not Applicable
2. COAL		Not Applicable	Not Applicable
3. FURNACE OIL (LIGHT DIESEL OIL)	Rs.	27261857	30801544
4. LPG		7695889	8603119
5. OTHER/INTERNAL GENERATION		Not Applicable	Not Applicable
B) CONSUMPTION PER UNIT OF PRODUCTION			
PRODUCT		C.R.STRIPS	C.R.STRIPS
Electricity (Units)		614	609
Furnace oil (Ltr.)		138	135
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 : NIL
- a) Capital :
- 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 : NIL

C) FOREIGN EXCHANGE EARNINGS AND OUT GO

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
Dated : 30th June, 2008

(M.P.JINDAL)
CHAIRMAN

HISAR METAL INDUSTRIES LTD.

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Annexure B**CORPORATE GOVERNANCE REPORT**

Corporate Governance Report for the year 2007-08 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 endeavors to enhance shareholders' value and interests of all other stakeholders.
2. **BOARD OF DIRECTORS** :
 - i) **Composition** : The Company's Board consisted of 5 members of which 4 were the Non-executive Directors. During the year 2007-08 with the appointment of Mr. Shital Parshad Jain, the Independent Director the Company has now 2 independent directors and thus now meets the requirements of clause 49 (I) of the Listing Agreement upto 31.03.08. However, as per amendment dated 08.04.08, the Company will need one more independent director. The recent amendment has been discussed in the Board Meeting of the Directors held on 30.06.08 and it has been decided to look for one more competent independent director to meet with the amended requirement of clause 49 (I). The particulars of directors viz. names, designation and the status are given hereunder :

S.No.	NAME	DESIGNATION	STATUS	D. O. A.
1.	Shri M.P. Jindal	Chairman	Promoter being Non-Executive	14.02.1995
2.	Shri Abhiram Tayal	Managing Director	Promoter being Executive	21.07.1990
3.	Smt. Anubha Tayal	Director	Non-Executive	14.05.1990
4.	Shri Shital Parshad Jain	Director	Independent being Non-Executive	12.10.2007
5.	Shri Sajjan Singh	Director	Independent being Non-Executive	28.09.2002

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

INTERSE RELATIONSHIP OF DIRECTORS :

Name of Director	M.P. Jindal	Abhiram Tayal	Anubha Tayal	Sajjan Singh	Shital Parshad Jain
M.P. Jindal	Self	Not related	Not related	Not related	Not related
Abhiram Tayal	Not related	Self	Wife	Not related	Not related
Anubha Tayal	Not related	Husband	Self	Not related	Not related
Sajjan Singh	Not related	Not related	Not related	Self	Not related
Shital Parshad Jain	Not related	Not related	Not related	Not related	Self

- ii) **BOARD MEETINGS** : In all, 15 meetings of directors were held during the financial year 2007-08 which consist of 7 meetings of Board of Directors, 4 meeting of committee to redress the grievances of shareholders and Investor Complaints and 4 meeting of Audit Committee.

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., 24.04.2007, 30.06.2007 (Adjourned on 07.07.07), 31.07.2007, 20.09.2007, 12.10.2007, 31.10.2007 and 31.01.2008. The maximum interval between any two Board meetings was 91 days.

- iii) **ATTENDANCE OF DIRECTORS** : The attendance of the directors during the year 2007-08 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 28.09.2007
Shri M. P. Jindal	7	7	Yes
Shri Abhiram Tayal	7	6	Yes
Smt. Anubha Tayal	7	7	No
Shri Jagdish Rai Jindal	1	1	No (Resigned on 26.05.2007)
Shri Sajjan Singh	7	7	Yes
Shri Shital Parshad Jain	3	3	No

HISAR METAL INDUSTRIES LTD.

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iv) **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	-	1
Shri Abhiram Tayal	-	-	-	-
Smt. Anubha Tayal	-	-	-	2
Shri Sajjan Singh	-	-	1	2
Shri Shital Parshad Jain	-	-	2	-

v) **DETAILS OF DIRECTORS TO BE APPOINTED/RE-APPOINTED AT THE ANNUAL GENERAL MEETING :**

Shri M.P. Jindal who is liable to retire by rotation on the date of the ensuing Annual General Meeting, is to be re-appointed. Shri M.P. Jindal, aged about 59 years is the Non-executive Director and Chairman of the Board of the Company.

Shri Shital Parshad Jain was appointed as the additional director of the Company on 12.10.07 and is to remain in office till this annual general meeting therefore, in order to appoint him as the director liable to retire by rotation, the Company has received a notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose the name of Shri Shital Parshad Jain as the director liable to retire by rotation.

Further the brief resume of Shri M.P. Jindal and Shri Shital Parshad Jain, their expertise, names of companies in which they are the directors and holds the membership of the Committees of the Board and their shareholding are being published as part of the Notice to the Annual General Meeting.

3. **AUDIT COMMITTEE :**

i) **Terms of Reference** : In Compliance with the requirement of clause 49 of the Listing Agreement of the Stock Exchanges, an Audit Committee has been constituted on 28.09.2002. The Committee deals with accounting, financial matters and internal control. The powers, role, delegation, responsibilities and terms of reference of the Audit Committee are as provided in Clause 49 of the Listing Agreement.

ii) **Composition** : The Audit Committee consists of three directors, out of which two are the independent directors. The Company secretary acts as the secretary of the audit committee. All the members of the audit committee have sound knowledge of finance and accounts. The head of Finance, Internal Auditors and Statutory Auditors attend the meeting of the committee on the invitation of the Chairman.

Corporate Governance Report for the year ended 31st March, 2008

The composition of the Audit Committee and their attendance at the Committee meetings held during the year ended 31st March, 2008 are as under :

Member Director	Executive/Non Executive	Independent/ Non-Independent	No. of Meetings Attended (Total meetings held 4)
● Sh. Jagdish Rai Jindal	Non-Executive	Independent	1 (Resigned on 26.05.07)
● Sh. Shital Parshad Jain	Non-Executive	Independent	3
● Sh. Sajjan Singh	Non-Executive	Independent	4
● Smt. Anubha Tayal	Non-Executive	Non Independent	4

During the financial year ended 31st March, 2008, the Audit Committee Meetings held on 26.05.2007, 13.10.2007, 30.10.2007 and 30.01.2008.

4. **REMUNERATION COMMITTEE :**

i) **Terms of Reference** : The committee reviews and approves the salaries, perquisites, service agreements and other employment conditions of for the Executive Directors.

ii) **Composition** : All the members of the Remuneration Committee are Non-Executive Directors. The members of the Remuneration committee are :

Shri Shital Parshad Jain
Shri Sajjan Singh, Member
Shri M. P. Jindal, Member

Chairman (Independent and Non-executive)
Independent and Non-Executive
Promoter and Non-Executive