



***FOURTEENTH
ANNUAL REPORT
2003-2004***

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.

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NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of HISAR METAL INDUSTRIES LIMITED will be held on Saturday, the 25th day of September, 2004 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, 2004 and Profit and Loss Account for the year ended on that date and the reports of Auditors and Directors thereon.
2. To declare a dividend.
3. To elect a Director in place Sh. 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 resolutions :
 - a) "RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors pursuant to section 293(1)(a) and (d) of the Companies Act, 1956 to borrow monies together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeding the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, from directors, shareholders, firms, Financial Institutions, Companies financial, public or private sectors concerns, banks etc. with or without security on companies' assets by way of mortgage, charge or pledge or otherwise of all or any of immovable and/ or moveable properties of the company where-so-ever situated present or future and/or substantially the whole of all or any of the undertaking(s) of the company, as the Directors deem fit, provided that the total amount of monies borrowed from all the parties at a time shall not exceed Rs.20,00,00,000/- (Rupees twenty crores only)".
 - b) RESOLVED that in accordance with the provisions of section 198, 309, 269 read with schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and pursuant to article 108 to 111 of the Articles of Association of the Company, the consent of the Company, be and is hereby accorded to the re-appointment of Shri Abhiram Tayal, as Managing Director of the Company for a period of five years w.e.f. 14th February, 2005 on the remuneration for the time being, as set out herein below and approved by the Remuneration Committee comprising of two independent directors set up in accordance to the requirements of clause 49 of the Listing Agreement of the Stock Exchanges with liberty to the said Remuneration Committee of Directors to alter and vary the terms and conditions of the said appointment so as the remuneration not to exceed the limits specified in schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or any amendments and/or modification that may hereafter be made thereto by the Central Government or as may be agreed to between the Board of Directors and Shri Abhiram Tayal.

For the time being following remuneration be paid/payable to Shri Abhiram Tayal w.e.f. 14th February, 2005 :

Salary Rs.15000/- (Rupees Fifteen thousand only) per month.

Perquisites : Perquisites, in addition to salary, shall be restricted to the following :

- i) Medical reimbursement : Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- ii) Leave travel concession : Leave travel concession for self and family once in a year not exceeding two months' salary.
- iii) Club fees : Fees of clubs subject to maximum of two clubs provided that no life membership or admission fees will be paid.
- iv) Telephone and other necessary communication facilities at the residence for company's business shall be provided by the Company. Personal long distance calls on telephone shall be billed by the company to the Managing Director.
- v) Facility of cars with driver for business purpose of the company.

- vi) Contribution to provident fund and superannuation fund as per rules of the company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- vii) Gratuity payable shall not exceed half a month's salary for each completed year of service.
- viii) Encashment of earned leave at the time of retirement/superannuation in accordance with the rules of the company.
- ix) Sh. Abhiram Tayal shall not be entitled to any sitting fee.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year, the total remuneration by way of salary and perquisites to be paid/payable to Shri Abhiram Tayal shall not exceed the ceiling limit as prescribed in Section II (A) of Part II of Schedule XIII of the Companies Act, 1956 as may be amended from time to time.

FURTHER RESOLVED THAT in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Remuneration Committee of Directors be and are hereby authorized to vary the remuneration including salary, commission, perquisites, allowance, etc. within such prescribed limit or ceiling and the terms of appointment be suitably amended to give effect to such modification, relaxation or variation without any further reference to the Company in General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution".

Regd. Office :
Near Industrial Development Colony
Delhi Road, Hisar – 125 005 (Haryana)
Dated : 16th day of July, 2004

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. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the company will remain closed from 21st day of September, 2004 to 25th day of September, 2004 (both days inclusive) in connection with the Annual General Meeting.
4. The dividend of 10% for the year ended March 31, 2004 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 25, 2004.
5. 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.
6. Members who have not encashed their dividend warrants for the financial years ending 1997, 1998, 1999, 2000, 2001, 2002 and the year 2003 are requested to approach the Company for renewing their dividend warrants. 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 as under: -

Outstanding Dividend for the Year Ending

1997
1998
1999
2000
2001
2002
2003

Month of Transfer

October 2004
October 2005
October 2006
December 2007
October 2008
October 2009
October 2010

7. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
8. In deference to the Govt. Policy, no gift shall be distributed at the Annual General Meeting..

HISAR METAL INDUSTRIES LTD.**3****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :****Item No. 5 :**

The power to borrow money to meet the needs of the company vests in Board of Directors. However Section 293(1)(d) says that the aggregate borrowings (apart from temporary loans obtained from the company's bankers in the ordinary course of business) made by the company will not exceed the aggregate of the paid up capital and its free reserves and if the company needs to borrow in excess of the paid up capital and free reserves, the consent of the shareholders by way of ordinary resolution which specify the total amount up to which moneys may be borrowed by the Board of Directors, is required. On 13th day of March, 1995, the consent of the shareholders was obtained by way of ordinary resolution which specified the limit of such amount as Rs.10 crores. The capacity expansion of the company is under progress, hence, more funds are required to meet the capital cost of the expansion project and therefore the company needs to borrow more. The Board of Directors is therefore proposing the aforesaid resolution to increase the limit of borrowings mentioned in section 293(1)(d) from Rs. 10 crores to Rs.20 crores for due approval of the members.

None of the directors is interested in the resolution.

Item No. 6 :

The Board of Directors in their meeting held on 16th day of July, 2004 have resolved to continue the appointment of Shri Abhiram Tayal as the Managing Director of the Company for a further period of five years with effect from 14th day of February, 2005 on the same terms & conditions and the remuneration which was fixed by the Remuneration Committee consisting of two independent directors. The current tenure of Shri Abhiram Tayal, will expire on 13th day of February, 2005.

During his tenure as the Managing Director, the company's growth has remained upwards and the company has immensely benefited by his long drawn experience in Cold Rolling Industry. The Board of Directors has reposed full confidence in his leadership as the Managing Director of the Company.

The Remuneration Committee of the Independent Directors has made no changes in the remuneration package of Shri Abhiram Tayal. Shri Abhiram Tayal will get his remuneration as under :

Salary Rs.15000/- (Rupees Fifteen thousand only) per month.

Perquisites : Perquisites, in addition to salary, shall be restricted to the following :

- i) Medical Reimbursement : Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- ii) Leave Travel Concession : Leave Travel Concession for self and family once in a year incurred not exceeding two months' salary.
- iii) Club Fees : Fees of clubs subject to maximum of two clubs provided that no life membership or admission fees will be paid.
- iv) Telephone and other necessary communication facilities at the residence for company's business shall be provided by the Company. Personal long distance calls on telephone shall be billed by the company to the Managing Director.
- v) Facility of cars with driver for business purpose of the company.
- vi) Contribution to provident fund and superannuation fund as per rules of the company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- vii) Gratuity payable shall not exceed half a month's salary for each completed year of service.
- viii) Encashment of earned leave at the time of retirement/superannuation in accordance with the rules of the company.
- ix) Sh. Abhiram Tayal shall not be entitled to any sitting fee.

In the event of loss or inadequacy of profit in any financial year, the total remuneration by way of salary and perquisites shall not exceed the ceiling limit mentioned in section II (A) of Part II of Schedule XIII of the Companies Act, 1956.

The Board of Directors is therefore proposing the aforesaid resolution for due approval of the members. Except Shri Abhiram Tayal, Managing Director himself and Smt. Anubha Tayal, Director and being his wife, no other director is concerned or interested in the resolution.

This Explanatory Statement will also constitute the statement to be sent to the members of the Company under section 302 of the Companies Act, 1956.

Regd. Office :
Near Industrial Development Colony
Delhi Road, Hisar – 125 005 (Haryana)
Dated : 16th day of July, 2004

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 14th Annual Report together with Audited Statement of Account of the Company for the year ended 31st March, 2004.

(Rs. In Lacs)

1. FINANCIAL RESULTS	<u>2003-2004</u>	<u>2002-2003</u>
Sales/Other receipts	8204.87	6282.03
Profit before depreciation and Taxation	201.28	180.87
Less depreciation	82.10	79.32
Profit after depreciation	119.18	101.55
Less : Provision for Taxation		
Current Year :	38.16	22.11
Deferred Tax :	1.43	18.00
Less : Previous Year Income Tax	0.48	—
Profit after Taxation	79.11	61.44
Add profit brought forward	123.95	103.24
Profit available for appropriation	203.06	164.68
Dividend/Tax on dividend	40.61	40.73
Transfer to General Reserve	—	—
Surplus carried to Balance Sheet	162.45	123.95

2. DIVIDEND

The Directors recommend a dividend of 10% per annum for the year ended 31st March, 2004.

3. OPERATION

During the year under review, production has increased by 11 % to 8831 M.T. & net profit by 29 % 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. TRADING WITH MUMBAI STOCK EXCHANGE

The Board of Directors are happy to inform that Mumbai Stock Exchange has permitted the trading of shares on the BSE in B2 Group. BSE Scrip Code is 590018.

9. DIRECTORS' RESPONSIBILITY

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

- a) That in the preparation of the annual accounts, the applicable accounting standards has been followed alongwith proper explanation relating to material departures.
- b) 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.

10. DIRECTOR

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

11. 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 during 2003-04. 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.

12. AUDITORS

The Auditors of the Company J.P. Tulsian & Co., Chartered Accountants, Hisar retires at the conclusion 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.

13. INSURANCE

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

14. 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 – 125 005 (Haryana)

Dated : 30th June, 2004

(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	PREVIOUS YEAR
	2003-2004	2002-2003

1. ELECTRICITY**a) Purchased units**Nos. **2885099** 2388309

Total amount

Rs. **1,20,73,442** 1,00,59,624

Rate/Unit

Rs. **4.18** 4.21**b) Own Generation****i) Through Generator**Ltr. **457103** 406026

Cost per unit

Rs. **3.97** 3.46**ii) Through Steam Turbine Generator****Not Applicable** Not Applicable**2. COAL****Not Applicable** Not Applicable**3. FURNACE OIL (LIGHT DIESEL OIL)**Rs. **1,55,23,726** 1,34,19,306**4. LPG**Rs. **47,09,550** 23,11,305**5. OTHER/INTERNAL GENERATION****Not Applicable** Not Applicable**B) CONSUMPTION PER UNIT OF PRODUCTION****PRODUCT**

	C. R. STRIPS	C. R. STRIPS
--	---------------------	---------------------

Electricity (Units)

522 480

Furnace Oil (Ltr.)

140 135

Coal

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Others

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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) and (f) of Schedule "T" Notes to the accounts.

For and on behalf of the Board of Directors

Place : Hisar

Date : 30th June, 2004

(M.P. JINDAL)
CHAIRMAN