

**SEVENTEENTH
ANNUAL REPORT
2006-2007**

HISAR METAL INDUSTRIES LTD.

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Shri V.K. Jain

AUDITORS

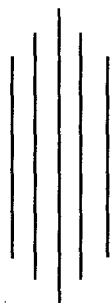
J.P. Tulsian & Co.,
 Chartered Accountants
 95-97, Green Square Market
 Hisar-125 001 (Haryana)

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 17th Annual General Meeting of the Members of HISAR METAL INDUSTRIES LIMITED will be held on Friday, the 28th day of September, 2007 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, 2007 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 of Smt. Anubha Tayal who retires by rotation and being eligible, offers herself 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.

The retiring auditors M/s. J.P. Tulsian & Co., Chartered Accountants are eligible for reappointment. The retiring auditors J.P. Tulsian & Co. have informed the company that they do not wish to be considered for reappointment. The company has received a special notice from a member proposing the appointment of M/s. Ram Sanjay & Co., Chartered Accountants as Auditors in place of M/s. J.P. Tulsian & Co.

SPECIAL BUSINESS :

5. To Consider and if thought fit to pass, with or without modification(s), the following resolutions as Special Resolution :

"RESOLVED that pursuant to the provisions of section 149(2A) of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the commencement of the business by the company as given in clause no. 79 of the other objects of the Memorandum of Association namely "To purchase, acquire, take on lease or in exchange or any other lawful manner any area, land building, structures and to turn the same into account develop the same and dispose of or in maintain the same and dispose of or maintain the same and to build townships, markets, or other buildings or conveniences thereon and to equip the same or any part thereof with all or any amenities or conveniences, drainages facilities, electric, telegraphic, telephonic installations and to deal with the same in any manner."

Registered Office :

Near Industrial Development Colony
Delhi Road, Hisar – 125 005 (Haryana)
Dated : 7th day of July, 2007

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. 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 24th day of September, 2007 to 28th day of September, 2007 (both days inclusive) in connection with the Annual General Meeting.
4. The dividend of 10% for the year ended March 31, 2007 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 28, 2007.
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 en-cashed their dividend warrants for the financial years ending 2000, 2001, 2002, 2003, 2004, 2005 and the financial year 2006 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.
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.

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

The company possesses and owns some land which it had purchased to establish new business or to expand business. In view of the increased valuation of land, the directors thought it profitable to develop the land, erect building structure, townships, markets etc. and then to dispose of the same, it would be more profitable and revenue increasing to shareholders. Clause 79 of the other objects of the Memorandum of Association allows the Board of Directors to start such business subject to the provisions of section 149(2A) of the Companies Act, 1956. The Board of Directors, therefore, seek your consent by passing Special Resolution to start the new business namely "To purchase, acquire, take on lease or in exchange or any other lawful manner any area, land building, structures and to turn the same into account develop the same and dispose of or in maintain the same and dispose of or maintain the same and to build townships, markets, or other buildings or conveniences thereon and to equip the same or any part thereof will all or any amenities or conveniences, drainages facilities, electric, telegraphic, telephonic installations and to deal with the same in any manner"

None of the directors is interested in the resolution.

Registered. Office :

Near Industrial Development Colony
Delhi Road, Hisar – 125 005 (Haryana)
Dated: 7th day of July, 2007.

By order of the Board of Directors

(V. K. Jain)
(COMPANY SECRETARY)

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of Director who is proposed to be reappointed are as given below :

1. Name	: Smt. Anubha Tayal	
Age	: 50 years	
Qualification	: B.Sc.	
No. of Shares held in the company	: 147760	
Expertise	: 17 years experience as Director	
Outside Directorship	: Nil	
Chairmanship/Membership of the Board Committees		
Hisar Metal Industries Limited	: Audit Committee	- Member
	Investors' Grievance Redressal Committee	- Member

HISAR METAL INDUSTRIES LTD.**3****DIRECTORS' REPORT**

To
The Members,
Hisar Metal Industries Limited

The Directors have pleasure in presenting before you 17th Annual Report together with Audited Statement of Account of the Company for the year ended 31st March, 2007.

(Rs. In Lacs)

1. FINANCIAL RESULTS

	2006-2007	2005-2006
Sales/Other receipts	19521.84	12714.06
Profit before depreciation and Taxation	436.26	184.19
Less : Depreciation	152.93	93.31
Profit after depreciation	283.33	90.88
Less : Provision for Taxation		
Current Year :	104.68	7.68
Deferred Tax :	—	7.46
Wealth Tax :	1.15	1.32
Fringe Benefits Tax	1.71	1.53
Add : Previous year Wealth Tax	0.06	—
Deferred Tax Assets	10.05	
Profit after Taxation	185.90	72.89
Add profit brought forward	258.55	226.71
Profit available for appropriation	444.45	299.60
Dividend/Tax on dividend	42.12	41.05
Surplus carried to Balance Sheet	402.33	258.55

2. DIVIDEND

The Directors recommend a dividend of 10% for the year ended 31st March, 2007.

3. OPERATION

The Company has been consistently showing better performance. The production has increased by 15% to 12083 M.T. The turnover has increased by 54% to Rs.19522 lacs, out of which export turnover is 1710 lacs. The increase in PBT and PAT is very attractive. The PBT has increased by 212% to Rs.283 lacs and PAT has increased by 155% to Rs.186 lacs. We hope to repeat this growth in the coming financial year too.

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 STATEMENT

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 have been followed along-with proper explanation relating to material departures.

HISAR METAL INDUSTRIES LTD.

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- 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.

9. DIRECTOR

The casual vacancy caused by the death of independent director, CA Shri Dharam Paul was filled by the appointment of Shri Jagdish Rai Jindal, an independent director on 31.08.2006. However Shri Jagdish Rai Jindal also resigned on 26th day of May, 2007. The company is now in search of suitable independent director.

Smt. Anubha Tayal retires by rotation and being eligible, offers herself 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 along-with Auditors certificate are given elsewhere in this report as Annexure and forming part of this report.

11. AUDITORS

M/s J.P. Tulsian & Co., Chartered Accountants have expressed their desire not to seek reappointment. The company has received a notice pursuant to Section 225 of the Companies Act, 1956, proposing to appoint M/s. Ram Sanjay & Co., Chartered Accountants, as Auditors of the Company.

M/s. Ram Sanjay & Co., Chartered Accountants have confirmed their eligibility and willingness to accept office, if appointed.

The senior partners CA Ram Babu Aggarwal and CA Sanjay Verma of J.P. Tulsian & Co. who were looking after the audit of the company have formed a new firm namely M/s. Ram Sanjay & Co. Necessary Certificate pursuant to section 224(1B) of the Companies Act, 1956 has been obtained from M/s Ram Sanjay & Co., Chartered Accountants.

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 – 125 005 (Haryana)
Dated : 7th day of July, 2007

(M.P. JINDAL)
CHAIRMAN

HISAR METAL INDUSTRIES LTD.**5****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
2006-2007	2005-2006

1. ELECTRICITY

a) Purchased Units	Nos.	6673120	5251571
Total amount	Rs.	2,88,38,069	2,24,76,576
Rate/Unit	Rs.	4.32	4.28

b) Own Generation

i) Through Generator	Ltr.	1,87,090	2,20,487
Cost per unit	Rs.	8.03	7.45

ii) Through Steam Turbine Generator

Not Applicable	Not Applicable
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2. COAL

Not Applicable	1,61,335
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3. FURNACE OIL (LIGHT DIESEL OIL)

Rs.	3,08,01,544	2,48,33,204
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4. LPG

86,03,119	87,25,834
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5. OTHER/INTERNAL GENERATION

Not Applicable	Not Applicable
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B) CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT	C.R.STRIPS	C.R.STRIPS
Electricity (Units)	609	580
Furnace Oil (Ltr.)	135	142
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

Date : 7th day of July, 2007

(M.P. JINDAL)

CHAIRMAN

HISAR METAL INDUSTRIES LTD.

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ANNEXURE

CORPORATE GOVERNANCE

Corporate governance Report for the year 2006-07 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 :**
 - i) **Composition :** The Company's Board consisted of 5 members of which 4 were the Non-executive Directors. During the year 2006-07, Casual Vacancy of Shri Dharam Paul, the Independent Director caused by his death on 12.06.06 was filled by Shri Jagdish Rai Jindal, the independent director. He was also appointed the Chairman of the Audit Committee but he also resigned on 26.05.2007 due to some personal reasons. 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-Executive
2.	Shri Abhiram Tayal	Managing Director	Promoter being Executive
3.	Smt. Anubha Tayal	Director	Non-Executive
4.	Shri Jagdish Rai Jindal	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.

Note : Due to resignation of Shri Jagdish Rai Jindal, the Board has now 4 members. The Company is in search of a suitable independent director who could also chair the meeting of the Audit Committee. Suitable candidate for independent director will be appointed before the next due meeting of the audit committee.

- ii) **BOARD MEETINGS :** In all, 15 meetings of directors were held during the financial year 2006-07 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., 12.04.2006, 30.05.2006, 30.06.2006, 31.07.2006, 31.08.2006, 31.10.2006 and 31.01.2007. The maximum interval between any two Board meetings was 91 days.

- iii) **ATTENDANCE OF DIRECTORS :** The attendance of the directors during the year 2006-07 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 25.09.2006
Shri M. P Jindal	7	7	Yes
Shri Abhiram Tayal	7	7	Yes
Smt. Anubha Tayal	7	7	No
Shri Dharam Paul	2	2	No
Shri Sajjan Singh	7	7	Yes
Shri Jagdish Rai Jindal	3	3	Yes

- 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 Dharam Paul	—	1	1	—
Shri Sajjan Singh	—	—	2	1
Shri Jagdish Rai Jindal	—	—	1	1

HISAR METAL INDUSTRIES LTD.

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- v) DETAILS OF DIRECTORS TO BE APPOINTED/RE-APPOINTED AT THE ANNUAL GENERAL MEETING :**
Smt. Anubha Tayal who is liable to retire by rotation on the date the ensuing Annual General Meeting, is to be re-appointed. Smt. Anubha Tayal, aged about 50 years is the Non-executive Director of the Company. She is also the first director of the company and holds directorship since incorporation. She holds the membership of the Audit Committee and the Investors' Grievance Redressal Committee. She does not hold directorship in any other company.

Further the brief resume of Smt. Anubha Tayal, her expertise, names of companies in which she is the director and holds the membership of the Committees of the Board and her shareholding is 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 had been constituted on 28.09.2002. The Committee deals with accounting, financial matters and internal control. The power, 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 Chairman of the committee has attended the last Annual General Meeting. 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, 2007

The composition of the Audit Committee and their attendance at the Committee meetings held during the year ended 31st March, 2007 are as under :

Member Director	Executive/Non Executive	Independent/ Non-Independent	No. of Meetings Attended (Total meetings held 4)
● Sh. Dharam Paul	Non-Executive	Independent	1
● Sh. Jagdish Rai Jindal	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, 2007, the Audit Committee Meetings held on 29.05.2006, 25.09.2006, 30.10.2006 and 30.01.2007.

4. REMUNERATION COMMITTEE :

- i) Terms of Reference :** The committee reviews and approves the salaries, perquisites, service agreements and other employment conditions 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 Jagdish Rai Jindal, Chairman Independent and Non- Executive
Shri Sajjan Singh, Member Independent and Non-Executive
Shri M. P. Jindal, Member Promoter and Non-Executive

Corporate Governance Report for the Year ended March 31, 2007

- iii) Remuneration Committee Meeting (Attendance) :** During the year ended 31st March, 2007, no meeting of this committee was held.
- iv) Remuneration Policy :** The Managing Director is paid remuneration approved by the Board of Directors on the recommendation of Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders at the General Meeting and such other authorities as the case may be. The Non Executive Directors do not draw any remuneration from the Company.
- v) Details of Managing Director's Remuneration :** The details of the remuneration paid to the Managing Director during the financial year 2006-07 is as under :

S. No.	Name	Salary & Allowances (Rs.)	Perquisites (Rs.)	Contribution to P.F. (Rs.)	Total (Rs.)
1.	Shri Abhiram Tayal	1,80,000.00	NIL	9,360.00	1,89,360.00