



**NINETEENTH
ANNUAL REPORT
2008-2009**

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)
Shri Karan Dev Tayal	(Director)
Shri. Rahul Dev Tayal	(Director)

COMPANY SECRETARY

Shri Pardeep Nandal

AUDITORS

Ram Sanjay & 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

**CONTENTS****Page No.**

Notice	1
Director's Report	6
Auditor's Report.....	19
Balance Sheet.....	22
Profit & Loss Account.....	23
Significant Accounting Policies/	28
Notes on Accounts	
Cash Flow Statement.....	34

HISAR METAL INDUSTRIES LIMITED

1

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of HISAR METAL INDUSTRIES LIMITED will be held on Monday, the 28th day of September, 2009 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, 2009 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 Shri Sajjan Singh 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. Appointment of Shri. Abhiram Tayal as Managing Director**

To Consider and if thought fit to pass, with or without modification(s), the following resolution as ordinary resolution:

"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 reenactment thereof, for the time being in force) and pursuant to article 108 to 111 of the Article 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, 2010 on the remuneration for the time being, as set out herein below and approved by the Remuneration Committee set up in accordance to the requirement of clause 49 of the Listing Agreement of the Stock Exchanges with liberty to the said Remuneration Committee of Directors to alter and vary 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, 2010:
Salary Rs. 50,000/- (Rs. Fifty 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 month's salary.
- iii. Club Fees: Fees of clubs subject to 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. Cars facilities 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. Shri. Abhiram Tayal shall not be entitled to any sitting fee.

HISAR METAL INDUSTRIES LIMITED**2**

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 Govt. to Schedule XIII to the Companies Act, 1956, the Remuneration Committee of Directors be and 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 Director of the Company be and is hereby authorized to take such steps as may be necessary to give effects to this resolution."

6. Appointment of Mr. Karan Dev Tayal as Director

To Consider and if thought fit to pass, with or without modification(s), the following resolution as ordinary resolution:

"RESOLVED THAT Mr. Karan Dev Tayal who was appointed as the Additional Director of the Company by the Board of Directors in their meeting held on 3rd day of October, 2008 at 11.00 A.M. at the Registered office of the Company and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a shareholder intending to propose him for the office of the Director, be and is hereby appointed as the Director of the Company liable to retire by rotation under section 255 of the Companies Act, 1956."

7. Appointment of Mr. Rahul Dev Tayal as Director

To Consider and if thought fit to pass, with or without modification(s), the following resolution as ordinary resolution:

"RESOLVED THAT Mr. Rahul Dev Tayal who was appointed as the Additional Director of the Company by the Board of Directors in their meeting held on 2nd day of March, 2009 at 11.00 A.M. at the Registered office of the Company and in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 from a shareholder intending to propose him for the office of the Director, be and is hereby appointed as the Director of the Company liable to retire by rotation under section 255 of the Companies Act, 1956."

Regd. Office :

Near Industrial Development Colony
Delhi Road, Hisar – 125005 (Haryana)
Dated: 5th August, 2009

By order of the Board of Directors

Pardeep Nandal
(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 25th day of September, 2009 to 28th day of September, 2009 (both days inclusive) in connection with the Annual General Meeting.
4. The dividend of 10% for the year ended March 31, 2009 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, 2009.

HISAR METAL INDUSTRIES LIMITED**3**

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 as to enable the Company to dispatch the dividend warrants at their correct addresses.
6. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956 the unclaimed/unpaid dividend have been transferred to the Investor Education and Protection Fund of the Central Government ("the Fund"). The balance lying in the unpaid dividend account for the year ended 31st March, 2002 will be transferred to the Fund shortly. Shareholders are requested to note that the company is statutorily required to transfer to the Fund all dividends which remain unpaid/unclaimed for a period of seven years from the date they became due for payment and once such amount are transferred to the Fund, no claim shall lie against the Fund or the Company. Shareholders who have not yet encashed their dividend warrants are requested to do so sufficiently in advance before the said transfers take place.
7. Members/Proxies should bring 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 :**

The Board of Directors in their meeting held on 30th June, 2009 have resolved to continue the appointment of Shri. Abhiram Tayal as the Managing Director of the Company for a further period of five years commencing with effect from 14th February, 2010 on the same terms & conditions and the remuneration which was fixed by the Remuneration Committee. The current tenure of Shri Abhiram Tayal, will expire on 13th Day of February, 2010.

The Company registered a tremendous growth and got benefited by his rich experience in Stainless Steel Industry during his tenure of service as the Managing Director of the company in past. The Board of Directors have reposed full confidence in his leadership as the Managing Director of the Company.

The Remuneration Committee in its meeting held on 30th June, 2009 at the registered office of the company has made no change in the current remuneration package of Shri Abhiram Tayal as decided by it in its meeting held on 23rd June, 2008 and approved by the shareholders in their Annual General Meeting held on 29th day of September, 2008. Shri. Abhiram Tayal will get his remuneration as under:

Salary Rs. 50,000/-(Rs. Fifty 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 month's salary.
- iii. Club Fees: Fees of clubs subject to 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. Cars facilities 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. Shri. Abhiram Tayal shall not be entitled to any sitting fee.

HISAR METAL INDUSTRIES LIMITED**4**

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 as 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 himself, Mrs. Anubha Tayal, his wife, Mr. Karan Dev Tayal, his son and Mr. Rahul Dev Tayal, his brother 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.

Item No. 6:

Mr. Karan Dev Tayal S/o Shri Abhiram Tayal R/o Raghunath Bhawan, Kath Mandi Road, Hisar – 125001 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 3rd day of October, 2008. He is the Non-Executive director of the Company. He is a Software Engineer. He has 5 years of experience as a Software Engineer in Citi Group. 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 to 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 Mr. Abhiram Tayal, his father, Mr. Rahul Dev Tayal, his uncle and Mrs. Anubha Tayal, his mother none of the director is interested in the resolution.

Item No. 7:

Mr. Rahul Dev Tayal S/o Shri Baldev Tayal R/o Raghunath Bhawan, Kath Mandi Road, Hisar – 125001 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 2nd day of March, 2009. He is the Non-Executive director of the Company. He is a Commerce Graduate. He has about 15 years of experience in Cold Rolling Mills. 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 to 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 Mr. Abhiram Tayal, his brother, Mrs. Anubha Tayal his brother's wife, and Mr. Karan Dev Tayal, his cousin no other director is interested in the resolution.

HISAR METAL INDUSTRIES LIMITED**5****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. Sajjan Singh (Independent Director) |
| Age | : 39 years |
| Qualification | : B.Sc. |
| No. of Shares held in the Company | : NIL |
| Expertise | : Experience of working in a cold rolling mill. |
| Outside Directorship | : NIL |
| Chairmanship/Membership of the Board Committees | : Hisar Metal Industries Ltd.
Shareholders Grievance Committee - Chairman
Audit Committee - Member
Remuneration Committee - Member |
| 2. Name | : Mr. Karan Dev Tayal (Relative of Promoter Directors) |
| Age | : 29 years |
| Qualification | : Master in Computer Science |
| No. of Shares held in the Company | : NIL |
| Expertise | : 5 Years experience in Citi Group as Software Engineer |
| Outside Directorship | : NIL |
| Chairmanship/Membership of the Board Committees | : NIL |
| 3. Name | : Mr. Rahul Dev Tayal (Relative of Promoter Directors) |
| Age | : 51 years |
| Qualification | : Commerce Graduate |
| No. of Shares held in the Company | : NIL |
| Expertise | : 15 years experience in Cold Rolling Mills |
| Outside Directorship | : North Cott Ginning and Trading Company Pvt. Ltd. |
| Chairmanship/Membership of the Board Committees | : NIL |

Regd. Office :

Near Industrial Development Colony
Delhi Road, Hisar – 125 005 (Haryana)
Dated : 5th August, 2009.

By order of the Board of Directors

PARDEEP NANDAL
(COMPANY SECRETARY)

HISAR METAL INDUSTRIES LIMITED**6****DIRECTORS' REPORT**

To
The Members,
Hisar Metal Industries Limited

The Directors have pleasure in presenting before you 19th Annual Report together with Audited Statement of Account of the Company for the year ended 31st March, 2009.

(Rs. In Lacs)

1. FINANCIAL RESULTS	2008-09	2007-08
Sales/Other receipts	13020.44	17287.48
Profit before depreciation and Taxation	198.12	313.61
Less : depreciation	156.17	155.77
Profit after depreciation	41.95	157.84
Less : Provision for Taxation		
Current Year	33.66	56.83
Fringe Benefit Tax	1.40	1.24
Deferred Tax	(19.67)	(15.56)
Previous Year Tax	(0.42)	1.03
Profit after Taxation	26.98	114.30
Add profit brought forward	174.51	402.33
Profit available for appropriation	201.49	516.63
Dividend/Tax on dividend	42.12	42.12
Transfer to General Reserve	—	300.00
Surplus carried to Balance Sheet	159.37	174.51

2. DIVIDEND

The Directors recommend a dividend of 10% per annum for the year ended 31st March, 2009.

3. COMPANY'S BUSINESS GROWTH AND PROSPECTS

This year the performance is not good although satisfactory. The production is down by 9% and the Sales in terms of quantity by 11%. The Sales in terms of value is down by 25% approx. to Rs.13020 lacs and the result is that the PBT and PAT both are down by 73% to Rs.41.95 and 76% to Rs.26.98 lacs respectively. The main reasons are price fluctuation in the raw material throughout the year causing lower demand of our finished product, lower 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 deposit 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.

HISAR METAL INDUSTRIES LIMITED**7****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.
- b) The directors had selected such accounting policies and applied them consistently and made judgments 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

Shri Sajjan Singh being the longest in office retires in this meeting and being eligible, offers himself for re-appointment. Mr. Karan Dev Tayal and Mr. Rahul Dev Tayal who were appointed as the additional directors of the Company are to be appointed as the directors of the Company liable to retire by rotation under section 255 of the Companies Act, 1956. The Company has received notice under section 257 from shareholders signifying their intention to propose the name of Mr. Karan Dev Tayal and Mr. Rahul Dev Tayal as the directors 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 each on Corporate Governance and management discussion and analysis along-with Auditors certificate is given elsewhere in this report as Annexure and 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, 2009

(M. P. JINDAL)
CHAIRMAN

HISAR METAL INDUSTRIES LIMITED**8****ANNEXURE A**

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**
2008-2009**PREVIOUS YEAR**
2007-2008**1. ELECTRICITY****a) Purchased Units****Nos.****4613920****5389680**

Total amount

Rs.**2,13,61,746****2,46,58,131**

Rate/Unit

Rs.**4.63****4.57****b) Own Generation****i) Through Generator****Ltr.****23895****118867**

Cost per unit

Rs.**7.38****7.33****ii) Through Steam Turbine Generator****Not Applicable****Not Applicable****2. COAL****Not Applicable****Not Applicable****3. FURNACE OIL (LIGHT DIESEL OIL)****Rs.****2,82,02,539****2,72,61,857****4. LPG****8563310****7695889****5. OTHER/INTERNAL GENERATION****Not Applicable****Not Applicable****B. CONSUMPTION PER UNIT OF PRODUCTION****PRODUCT****C.R.STRIPS****C.R.STRIPS**

Electricity (Units)

496**614**

Furnace oil (Ltr.)

114**138**

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****:****Not Applicable****a) Technology imported****:****NIL****b) Year of import****:****NIL****c) Has technology fully absorbed****:****NIL****d) If not fully absorbed, areas where this has not taken place, reasons****:****Not Applicable**

therefore and future plans of action

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

(M. P. JINDAL)Dated : 30th June, 2009**CHAIRMAN**