

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)
Shri Sharat Jain	(Director)
Shri Ganesh Dutt	(Director)
Shri Anuj Kumar	(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

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HISAR METAL INDUSTRIES LIMITED

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NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of HISAR METAL INDUSTRIES LIMITED will be held on Monday, the 27th day of September, 2010 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, 2010 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 Smt. Anubha Tayal who retires by rotation and being eligible, offers herself for re-appointment.
4. To elect a Director in place Shri M.P. Jindal who retires by rotation and being eligible, offers himself for re-appointment.
5. 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:

6. Appointment of Mr. Sharat Jain as Director

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

"RESOLVED THAT Mr. Sharat Jain who was appointed as the Additional Director of the Company by the Board of Directors in their meeting held on 31st day of October, 2009 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. Ganesh Dutt as Director

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

"RESOLVED THAT Mr. Ganesh Dutt who was appointed as the Additional Director of the Company by the Board of Directors in their meeting held on 31st day of October, 2009 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".

8. Appointment of Mr. Anuj Kumar as Director

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

"RESOLVED THAT Mr. Anuj Kumar who was appointed as the Additional Director of the Company by the Board of Directors in their meeting held on 31st day of October, 2009 at the Registered office of the Company and in

HISAR METAL INDUSTRIES LIMITED

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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 : 31st May, 2010

By order of the Board of Directors

sd
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 24th day of September, 2010 to 27th day of September, 2010 (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 of 10% for the year ended March 31, 2010 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 27, 2010.
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 (hereinafter called "the Fund"). The balance lying in the unpaid dividend account for the year ended 31st March, 2003 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 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. 6 :

Mr. Sharat Jain S/o Shri Subhash Jain R/o 13 City Plaza, Mall 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 31st day of October, 2009. He is the Non-Executive director of the Company. He is a Science Graduate. He has 8 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

HISAR METAL INDUSTRIES LIMITED

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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 Mr. Sharat Jain himself none of the other directors is interested in the resolution.

Item No. 7:

Mr. Ganesh Dutt S/o Shri Hiralal Pandey R/o H.No.01J, Ward No.26, Delhi Road Factories, 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 31st day of October, 2009. He is the Non-Executive director of the Company. He is a Graduate. He has about 3 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 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 Mr. Ganesh Dutt himself none of the other directors is interested in the resolution.

Item No. 8 :

Mr. Anuj Kumar S/o Shri Shiv Kumar R/o H.NO.238, Ward No.10, Bawani Khera, Bhiwani, – 125 032 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 31st day of October, 2009. He is the Non-Executive director of the Company. He is a Graduate. He has 5 years of experience in Steel Industry. 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 Mr. Anuj Kumar himself none of the other directors is interested in the resolution.

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 given below :

1. Name	: Smt. Anubha Tayal (Relative of Promoter Director)
Age	: 53 years
Qualification	: Graduate
No. of Shares held in the Company	: 476100
Expertise	: 20 years experience as Director.
Outside Directorship	: Nil
Chairmanship/Membership of the Board Committees	: Hisar Metal Industries Ltd.
	Audit Committee - Member
	Investors Grievance Redressal Committee - Member

HISAR METAL INDUSTRIES LIMITED**4**

2. Name : Mr. M.P. Jindal (Promoter Director)
Age : 61 years
Qualification : Graduate
No. of Shares held in the Company : 107000
Expertise : 39 years experience as Industrialist.
Outside Directorship : Jindal Industries Limited, Hisar - Director
Ravindra Tubes Limited, Hisar - Director
Chairmanship/Membership of the Board Committees : Hisar Metal Industries Ltd.
Chairman of the Board
Remuneration Committee - Member
3. Name : Mr. Sharat Jain (Independent Directors)
Age : 38 years
Qualification : Graduate
No. of Shares held in the Company : NIL
Expertise : 8 years experience in Cold Rolling Mills
Outside Directorship : Nil
Chairmanship/Membership of the Board Committees : Nil
4. Name : Mr. Ganesh Dutt (Independent Directors)
Age : 23 years
Qualification : Graduate
No. of Shares held in the Company : NIL
Expertise : 3 years experience in Cold Rolling Mills
Outside Directorship : Nil
Chairmanship/Membership of the Board Committees : Nil
5. Name : Mr. Anuj Kumar (Independent Directors)
Age : 29 years
Qualification : Graduate
No. of Shares held in the Company : NIL
Expertise : 5 years experience in Steel Industries
Outside Directorship : Nil
Chairmanship/Membership of the Board Committees : Nil

Regd. Office :
Near Industrial Development Colony
Delhi Road, Hisar – 125005 (Haryana)
Dated: 31st May, 2010

By order of the Board of Directors

sd
PARDEEP NANDAL
(COMPANY SECRETARY)

DIRECTORS' REPORT

To
The Members,
Hisar Metal Industries Limited

The Directors have pleasure in presenting before you 20th Annual Report together with Audited Statement of Account of the Company for the year ended 31st March, 2010.

	(Rs. in Lac)	
1. FINANCIAL RESULTS	2009-10	2008-09
Sales/Other receipts	16099.85	13020.44
Profit before depreciation and Taxation	557.17	198.12
Less : depreciation	198.62	156.17
Profit after depreciation	358.55	41.95
Less : Provision for Taxation		
Current Year (MAT)	64.81	33.66
MAT Credit Entitlement	(8.24)	—
Fringe Benefit Tax	—	1.40
Deferred Tax	69.46	(19.68)
Previous Year Tax	—	(0.42)
Profit after Taxation	232.52	26.99
Add profit brought forward	159.38	174.51
Profit available for appropriation	391.90	201.50
Dividend/Tax on dividend	41.98	42.12
Transfer to General Reserve	—	—
Surplus carried to Balance Sheet	349.92	159.38

2. DIVIDEND

The Directors recommend a dividend of 10% per annum for the year ended 31st March, 2010.

3. COMPANY'S BUSINESS GROWTH AND PROSPECTS

The Company has been consistently showing better performance. The production has increased by 57% to 13351M.T. The turnover has increased by 25% to Rs16058 Lac. The increase in PBT and PAT is very attractive. The PBT has increased by 755% to Rs.359 Lac and PAT has increased by 762% to Rs.233 Lac. We wish to repeat this growth in the coming financial year too.

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.

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

Smt. Anubha Tayal and Shri M.P. Jindal being the longest in office retires in this meeting and being eligible, offers themselves for re-appointment. Mr. Sharat Jain, Mr. Ganesh Dutt and Mr. Anuj Kumar 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. Sharat Jain, Mr. Ganesh Dutt and Mr. Anuj Kumar 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.

Registered Office :

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

Dated : 31st May, 2010

For and on behalf of the Board of Directors

sd

(M.P. JINDAL)

CHAIRMAN

HISAR METAL INDUSTRIES LIMITED

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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	PREVIOUS YEAR
		2009-2010	2008-2009
1. ELECTRICITY			
a) Purchased Units	Units	6693080	4613920
Total amount	Rs.	30903573	21361746
Rate/Unit	Rs.	4.62	4.63
b) Own Generation			
i) Through Generator	Units	731542	105396
Total amount	Rs.	5767162	777548
Cost per unit	Rs.	7.88	7.38
ii) Through Steam Turbine Generator		Not Applicable	Not Applicable
2. COAL		Not Applicable	Not Applicable
3. FURNACE OIL (LIGHT DIESEL OIL)	Rs.	46789771	28202539
4. LPG		9572015	6563310
5. OTHER/INTERNAL GENERATION		Not Applicable	Not Applicable

B) CONSUMPTION PER UNIT OF PRODUCTION

PRODUCT	C.R. STRIPS	C.R. STRIPS
Electricity (Units)	553	496
Furnace oil (Ltr.)	142	114
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	: NIL
2. Benefits derived as a result of the above R & D	: NIL
3. Future plan of action	: NIL
4. Expenditure on R & D	: NIL
a) Capital	: NIL
b) Recurring	: NIL
c) Total	: NIL
d) Total R & D expenditure as a percentage of total Turnover	: NIL

HISAR METAL INDUSTRIES LIMITED

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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 therefore and future plans of action : Not Applicable

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

Sd
(M.P.JINDAL)
CHAIRMAN

Place : Hisar

Dated : 31st May, 2010

Annexure B

CORPORATE GOVERNANCE REPORT

Corporate Governance Report for the year 2009-10 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 stake-holders.
2. **BOARD OF DIRECTORS :**
 - i) **Composition:** The Company's Board consisted of 10 members of which 9 were the Non-executive Directors. During the year 2009-10 Mr. Sharat Jain, Mr. Ganesh Dutt and Mr. Anuj Kumar, appointed as additional Directors of the Company. 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 Director
3.	Smt. Anubha Tayal	Director	Non-Executive
4.	Shri Shital Parshad Jain	Director	Independent being Non-Executive
5.	Shri Sajjan Singh	Director	Independent being Non-Executive
6.	Mr. Karan Dev Tayal	Director	Non-Executive
7.	Mr. Rahul Dev Tayal	Director	Non-Executive
8.	Mr. Sharat Jain	Director	Independent being Non-Executive
9.	Mr. Ganesh Dutt	Director	Independent being Non-Executive
10.	Mr. Anuj Kumar	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.

HISAR METAL INDUSTRIES LIMITED

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INTERSE RELATIONSHIP OF DIRECTORS :

Name of Director	M.P. Jindal	Abhiram Tayal	Anubha Tayal	Sajjan Singh	Karan Dev Tayal	Rahul Dev Tayal	Shital Parshad Jain	Sharat Jain	Ganesh Dutt	Anuj Kumar
M.P. Jindal	Self	Not related	Not related	Not related	Not related	Not related	Not related	Not related	Not related	Not related
Abhiram Tayal	Not related	Self	Wife	Not related	Son	Brother	Not related	Not related	Not related	Not related
Anubha Tayal	Not related	Husband	Self	Not related	Son	Husband's Brother	Not related	Not related	Not related	Not related
Sajjan Singh	Not related	Not related	Not related	Self	Not related	Not related	Not related	Not related	Not related	Not related
Shital Parshad Jain	Not related	Not related	Not related	Not related	Not related	Not related	Self	Not related	Not related	Not related
Karan Dev Tayal	Not related	Father	Mother	Not related	Self	Uncle	Not related	Not related	Not related	Not related
Rahul Dev Tayal	Not related	Brother	Brother's Wife	Not related	Nephew	Self	Not related	Not related	Not related	Not related
Sharat Jain	Not related	Not related	Not related	Not related	Not related	Not related	Not related	Self	Not related	Not related
Ganesh Dutt	Not related	Not related	Not related	Not related	Not related	Not related	Not related	Not related	Self	Not related
Anuj Kumar	Not related	Not related	Not related	Not related	Not related	Not related	Not related	Not related	Not related	Self

ii) **BOARD MEETINGS:** In all, 14 meetings of directors were held during the financial year 2009-10 which consist of 5 meetings of Board of Directors, 4 meeting of committee to redress the grievances of shareholders and Investor Complaints, 4 meeting of Audit Committee and 1 meeting of Remuneration 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., 30.06.2009, 31.07.2009, 31.10.2009, 04.12.2009, and 29.01.2010. The maximum interval between any two Board meetings was not more 91 days.

iii) **ATTENDANCE OF DIRECTORS :** The attendance of the directors during the year 2009-10 is shown as under :

Name of Director	Meeting held During Tenure of the Director	Meetings attended During the tenure	Attendance at the last AGM held on 29.08.2009
Shri M. P Jindal	5	4	No
Shri Abhiram Tayal	5	5	Yes
Smt. Anubha Tayal	5	5	Yes
Shri Sajjan Singh	5	5	Yes
Shri Shital Parshad Jain	5	5	Yes
Shri Karan Dev Tayal	5	5	Yes
Shri Rahul Dev Tayal	5	5	Yes
Shri Sharat Jain	2	2	No
Shri Ganesh Dutt	2	2	No
Shri Anuj Kumar	2	2	No

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	—	1
Shri Abhiram Tayal	—	—	—	—
Smt. Anubha Tayal	—	—	—	2
Shri Sajjan Singh	—	—	1	2
Shri Shital Parshad Jain	—	—	2	—
Shri Karan Dev Tayal	1	—	—	—
Shri Rahul Dev Tayal	1	—	—	—
Shri Sharat Jain	—	—	—	—
Shri Ganesh Dutt	—	—	—	—
Shri Anuj Kumar	—	—	—	—

- 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 of the ensuing Annual General Meeting, is to be re-appointed. Smt. Anubha Tayal, aged about 53 years is the Non-executive Director.

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 61 years is the Non-executive Director and Chairman of the Board of the Company.

Mr. Sharat Jain was appointed as the additional director of the Company on 31.10.09 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 Mr. Sharat Jain as the director liable to retire by rotation.

Mr. Ganesh Dutt was appointed as the additional director of the Company on 31.10.09 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 Mr. Ganesh Dutt as the director liable to retire by rotation.

Mr. Anuj Kumar was appointed as the additional director of the Company on 31.10.09 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 Mr. Anuj Kumar as the director liable to retire by rotation.

Further the brief resume of Smt. Anubha Tayal, Shri M.P. Jindal, Mr. Sharat Jain, Mr. Ganesh Dutt and Mr. Anuj Kumar, 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, 2010.

The composition of the Audit Committee and their attendance at the Committee meetings held during the year ended 31st March, 2010 are as under :

Member Director.	Executive/Non Executive	Independent/Non-Independent	No. of Meetings Attended (Total meetings held 4)
Sh. Shital Parshad Jain-	Non-Executive/Chairman	Independent	4
Sh. Sajjan Singh	Non- Executive/Member	Independent	4
Smt. Anubha Tayal	Non-Executive/Member	Non-Independent	4

During the financial year ended 31st March, 2010, the Audit Committee Meetings held on 26.05.2009, 31.07.2009, 31.10.2009 and 29.01.2010.

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 Shital Parshad Jain	Chairman (Independent and Non-executive)
Shri Sajjan Singh, Member	Independent and Non-Executive
Shri M. P. Jindal, Member	Promoter and Non-Executive

HISAR METAL INDUSTRIES LIMITED

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iii) **Remuneration Committee Meeting (Attendance):** During the year ended 31st March, 2010, one 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 Annual 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 2009-10 is as under :

S.No.	Name	Salary & Allowances (Rs.)	Perquisites (Rs.)	Contribution to P.F. (Rs.)	Total (Rs.)
1.	Mr. Abhiram Tayal	600000.00	NIL	9360.00	609360.00

1. Service contract is for 5 years
2. Notice period is 3 calendar months.
3. Severance fee is payable in accordance with provisions of Section 318 of the Companies Act, 1956.
4. Managing Director's remuneration does not include contribution to gratuity fund since the same is paid for the Company as a whole.

The Company has not paid any fixed component and performance linked incentives to the Directors during the year.

The Company does not have any stock option scheme.

vi) **Shareholding of the Non-Executive Directors :**

The shareholding of the Non-Executive Directors of the Company as on 31st March, 2010 is as under :

S.No.	Name	No. of shares
1.	Shri M. P. Jindal	107000
2.	Smt. Anubha Tayal	475100
3.	Shri Shital Parshad Jain	NIL
4.	Shri Sajjan Singh	NIL
5.	Shri Karan Dev Tayal	NIL
6.	Shri Rahul Dev Tayal	78150
7.	Shri Sharat Jain	NIL
8.	Shri Ganesh Dutt	NIL
9.	Shri Anuj Kumar	NIL

5. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

i) **Terms of Reference :** The Board of Directors had formed a committee to redress the grievances of shareholders and investor complaints on 28.09.2002. The role of this committee is to consider why-why of pending investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividend etc.

ii) **Composition and Attendance :** The Committee consists of Shri Sajjan Singh, Chairman being a Non-executive independent Director, Smt. Anubha Tayal, Member being the Non-Executive Director and Mr. Pardeep Nandal, being Secretary of the committee.

During the year under review, the Grievances Redressal Committee has met four times in which all the members were present. During the financial year ended 31st March, 2010 the meetings of the Committee held on 30.06.2009, 31.07.2009, 31.10.2009 and 29.01.2010. The Minutes of the meeting of the committee were placed before the Board Meeting held immediately after the committee meetings.

During the year ended 31st March, 2010, 7 Complaints were received and replied/resolved to the satisfaction of the shareholders. As on 31st March, 2010, no complaints of the shareholders were pending for redressal.

Separate email id for lodging investors' complaint/Correspondence is : investor@hisarmetal.com

The Company has appointed M/s Skyline Financial Services Pvt. Ltd., 246 1st Floor, Sant Nagar, Main Iscon Temple Road, East of Kailash, New Delhi - 110065 as Share Transfer Agent to give services to the shareholders holding shares in

HISAR METAL INDUSTRIES LIMITED

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physical or dematerialized form. All requests for dematerialization of shares are processed and confirmations thereof are sent to the shareholders within the prescribed time.

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

The Board of Directors in their meeting held on 2nd day of March, 2009 had delegated the power of share transfer to the compliance officer of the company.

6. **GENERAL BODY MEETINGS** : The last three Annual General Meetings of the Company were held at the registered office of the Company at Near I.D.C., Delhi Road, Hisar on the following dates and times :

Financial Year	Location	Date	Time	Special Resolutions
2006-07	- do -	28.09.07	11.00 A.M	One Special Resolution was passed
2007-08	- do -	29.09.08	- do -	No Special Resolution was passed
2008-09	- do -	29.09.09	- do -	No Special Resolution was passed

There were no resolutions which have been passed by the shareholders through postal ballot at any of the above meetings. Further there is no item in the Notice for the forthcoming Annual General Meeting that is proposed to be passed through a Postal ballot.

7. DISCLOSURES :

i) Related Party Transactions :

The details of the deposits accepted by the Company from the related parties are as under :

S.No.	Name	Relations	Amount of deposit as on 31.03.2010 (In Rs.)	Rate of Interest	Period of Deposit
1.	Shri Abhiram Tayal	Promoter Director	425000	11%	3yrs
			425000	Interest Free	On demand
2.	Smt. Anubha Tayal	Director	1025000	11%	3yrs
			400000	Interest Free	On demand
3.	Shri Vikram Kumar Jain	Brother of Director	9785000	11%	3yrs
4.	Mr. Karan Dev Tayal	Director	5000000	11%	3yrs
5.	Mrs. Kashni Tayal	Wife of Director	5000000	11%	3yrs

The above said deposits were accepted by the Company at the terms and conditions approved by the Board of Directors and declared in the Statement in lieu of advertisement which has been filed with the Registrar of Companies.

During the Financial year ended 31st March, 2010, the Company has done the following transactions with associated concerns of the Company:

Nature of Transaction	Details of Transaction
Purchase	Purchase of MS Pipes of Rs.527598/- from Ravindra Tubes Ltd. Purchasing was done at prevailing market prices.
Rent	Rs.258000/- paid to Jindal Metal Ltd. and Rs.36000/- paid to Jindal Product Ltd. For Rent.
Borrowing	Borrowed Rs.100 Lac on 27.06.09 @ 12% from Jindal Polybuttons Ltd. and Rs. 60 Lac on 27.06.09 @ 12% from Jindal Products Ltd.
Borrowing	Borrowed Rs. 65 Lac on 13.03.10 @ 11.5% from Amtrex Trading Company Pvt. Ltd.
Borrowing	Borrowed Rs.100 Lac on 30.03.10 @ 11.5% from Ravindra Tubes Ltd. and Rs. 75 Lac on 29.03.10 @ 11% from North Cott Ginning & Trading Co. Pvt. Ltd.

ii) **Subsidiary** : The Company does not have any subsidiary.

iii) **Disclosure of Accounting Treatment**: The Financial statements have been prepared in accordance with applicable Accounting Standards and relevant presentational requirements of the Companies Act, 1956 and are based on the historical cost convention.

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- iv) **Disclosure of Non-Compliance** : Neither has any non compliance with any of the legal provisions of law been made by the Company nor any penalty or stricture imposed by the stock exchanges or SEBI or any other statutory authority on any matter related to the capital markets during the last 3 years.
- v) **Risk Management**: The Company has laid down Risk Management Policy to inform assessment and minimization procedures.
- vi) **Whistle Blower Policy**: Under the whistle blower policy, the employees of the Company are free to communicate any matter of concern in any area including accounts, finance, management, operations, employment and other affairs of the Company. Further no employee has been denied access to the Audit Committee.
- vii) **Details of compliance of clause 49**: The Company has complied with all the mandatory requirements. Further the Company has complied with the following non-mandatory requirements:
- The Company has a non-executive chairman which maintains office at the Company's expense.
 - The Company has constituted a Remuneration Committee.
 - The Company's financial statements are un-qualified.
 - The Company has laid down a whistle blower policy.
 - The performance evaluation of the non-executive director is done by the entire Board excluding the Board member to be evaluated. The director is evaluated on a scale of 1 to 5 based on the performance indicators.

8. MEANS OF COMMUNICATION: Quarterly/Annual Financial Results are published in the English and Hindi language newspaper named "Business Standard/Financial Express" and "Amar Ujala/Dainik Bhaskar". These results are also hosted on the Company's website in <http://www.hisarmetal.com>. Significant Developments are made available to the press and to the stock exchanges. During the year under review, no presentations were made to any institutional investors or analysts. Further, a report on management discussion and analysis has been given elsewhere in this report.

9. GENERAL SHAREHOLDERS INFORMATION :

- As indicated in the Notice to our shareholders, the 20th Annual General Meeting of the Company will be held on Monday, the 27th day of September, 2010 at 11.00 A.M. at the Registered office of the Company at Near I.D.C., Delhi Road, Hisar – 125 005.
- The Financial Year of the Company is from April 1 to March 31.
- Date of Book Closure : From 24th day of September to 27th day of September, 2010 (both days inclusive) for the purpose of the Annual General Meeting and payment of final dividend, if approved by members.
- The Dividend if approved by members will be paid within the statutory time limit.
- The shares of the Company are listed on
 - The Delhi Stock Exchange (Regional Stock Exchange)
DSE House, 3/1, Asaf Ali Road, New Delhi – 110 002
 - The Stock Exchange of Ahmedabad.
Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad – 280 015
 - The Jaipur Stock Exchange.
Stock Exchange Building, J.L.N. Marg, Malviya Nagar, Jaipur – 302 017

As on the date of this report, no listing fee to any stock exchange is due and remains unpaid.

- | | | |
|-----------------|----------------------------|-------|
| f) Stock Code : | Delhi Stock Exchange : | 08131 |
| | Jaipur Stock Exchange : | 732 |
| | Ahmedabad Stock Exchange : | 24843 |

The shares of the Company are permitted to be traded at the Mumbai Stock Exchange under the Indonext segment. The details are :

Securities Category	"INDONEXT"
Scrip Code	590018
Scrip ID on the BOLT System	HISARMET
Abbreviated Name on the BOLT system	HISAR METAL

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Market Price Data :

During the year under review, no trading took place either in the Delhi Stock Exchange, Ahmedabad Stock Exchange or the Jaipur Stock Exchange. This is certainly due to no operations at these stock exchanges. The trading done at the Mumbai stock exchange from 1st day of April, 2009 to 31st day of March, 2010 are as under :-

Mumbai Stock Exchange :

Month (2009-10)	Volume	High (Rupees)	Low (Rupees)
April	3247	23.05	18.80
May	5831	25.50	21.60
June	32876	27.50	21.00
July	18342	24.40	19.10
August	7782	25.95	22.70
September	58342	36.75	24.00
October	6900	35.20	30.45
November	18018	34.20	25.75
December	14710	33.75	29.00
January	45681	35.40	30.00
February	15209	32.70	29.70
March	15206	33.55	29.30

g) Share Transfer Agent :

All the works relating to the share registry both for the shares held in the physical as well in the electronic form (demat) are being done at the single point and for this purpose SEBI Registered Category I Registrar and Transfer Agent has been appointed w.e.f. 01.04.2003 whose address is as under :

Skyline Financial Services Pvt. Ltd.

246, 1st Floor, Sant Nagar, Main Iscon, Temple Road,

East of Kailash, New Delhi - 110 065

Phone : 26292682, 26292683

Fax : 26292681

Email : admin@skylinerta.com

h) Shares received for transfer in the physical form are processed and the share certificates returned within a period of 30 days from the date of the receipt subject to the documents being complete and valid in all respects.

i) DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2010 :

Shares holding of Nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% of total	Amount	% of total
Upto	5000	983	75.50	15,01,240	4.17
5001	10000	99	7.60	8,25,950	2.29
10001	20000	53	4.07	9,14,560	2.54
20001	30000	28	2.15	7,11,450	1.98
30001	40000	17	1.31	6,12,210	1.70
40001	50000	18	1.38	10,17,660	2.83
50001	100000	51	3.92	37,33,530	10.37
100001	& above	53	4.07	2,66,83,400	74.12
** Total**		1302	100.00	3,60,00,000	100.00

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J) CATEGORIES OF SHAREHOLDERS AS ON 31.03.2010

Name of the Company : HISAR METAL INDUSTRIES LTD.
Scrip Code : 590018
Shareholding as on : 31-03-2010

Category code	Category of shareholder	Number of shareholders	Total no. of shares	No. of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a %age of (A+B)	As a %age of (A+B+C)	No. of shares	As a %age
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)=(viii)/(iv) * 100
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
	(a) Individuals/ Hindu Undivided Family	37	1648921	805601	45.831	45.831	NIL	NIL
	(b) Central Government/State Government(s)	-	-	-	-	-	-	-
	(c) Bodies Corporate	7	414200	225400	11.506	11.506	NIL	NIL
	(d) Financial Institutions/ Banks	-	-	-	-	-	-	-
	(e) Any Other(specify)	-	-	-	-	-	-	-
	Sub-Total (A) (1)	44	2064121	1031001	57.337	57.337	NIL	NIL
(2)	Foreign	-	-	-	-	-	-	-
	(a) Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
	(b) Bodies Corporate	-	-	-	-	-	-	-
	(c) Institutions	-	-	-	-	-	-	-
	(d) Any Other (specify)	-	-	-	-	-	-	-
	Sub-Total (A) (2)	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	44	2064121	1031001	57.337	57.337	NIL	NIL
(B)	Public shareholding						NA	NA
(1)	Institutions	-	-	-	-	-	NA	NA
	(a) Mutual Funds/UTI	-	-	-	-	-	NA	NA
	(b) Financial Institutions/Banks	-	-	-	-	-	NA	NA
	(c) Central Government/State Government(s)	-	-	-	-	-	NA	NA
	(d) Venture Capital Funds	-	-	-	-	-	NA	NA
	(e) Insurance Companies	-	-	-	-	-	NA	NA
	(f) Foreign Institutional Investors	-	-	-	-	-	NA	NA
	(g) Foreign Venture Capital Investors	-	-	-	-	-	NA	NA
	(h) Any Other (specify)	-	-	-	-	-	NA	NA
	Sub-Total (B) (1)	-	-	-	-	-	NA	NA
(2)	Non-institutions						NA	NA
	(a) Bodies Corporate	58	104948	104948	2.915	2.915	NA	NA
	(b) Individuals							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	1159	719263	476094	19.980	19.980	NA	NA
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	35	706520	522420	19.825	19.825	NA	NA
	(c) Any Other (NRI)	8	5148	5148	0.143	0.143	NA	NA
	Sub-Total (B) (2)	1258	1535879	1108610	42.863	42.863	NA	NA
	Total Public Shareholding (B) = (B) (1) + (B) (2)	1258	1535879	1108610	42.863	42.863	NA	NA
	TOTAL (A) + (B)	1302	3800000	2138611	100	100	NA	NA
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	NA	NA
	GRAND TOTAL (A) + (B) + (C)	1302	3800000	2138611	100	100	NA	NA

For determining public shareholding for the purpose of Clause 40A.

- For definitions of "Promoter" and "Promoter Group", refer to Clause 40A.
- For definitions of "Public Shareholding", refer to Clause 40A.

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k) **Dematerialization of Shares** : As on 31.03.2010, the number of equity shares held in dematerialized form were 2139611 (59.43%) and in physical form were 1460389 (40.57%).

l) **Plant Location** :
HISAR METAL INDUSTRIES LIMITED
Near I.D.C., Delhi Road, Hisar – 125 005

m) **Address for correspondence** :
HISAR METAL INDUSTRIES LIMITED
Near I.D.C., Delhi Road, Hisar – 125 005
Phone : 91-1662-220067, 220367, 220738 Fax : 91-1662-220265

DECLARATION

I, Abhiram Tayal, Managing Director, hereby declare that as provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the senior management personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2010.

For Hisar Metal Industries Limited

sd
Abhiram Tayal
(Managing Director)

Place: Hisar
Date: 31st May, 2010

CEO/CFO CERTIFICATION

As required by sub-clause V of Clause 49 of the Listing Agreement with the Stock Exchanges, we have certified to the Board that for the financial year ended March 31, 2010, the Company has complied with the requirement of the said sub-clause.

For Hisar Metal Industries Limited

Abhiram Tayal
(Managing Director)

For Hisar Metal Industries Limited

sd
R. S. Bansal
(General Manager - Finance)

10. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE :

To the Members of Hisar Metal Industries Limited

We have examined the compliance of conditions of Corporate Governance by Hisar Metal Industries Limited for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges, with relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievance remaining unattended / pending for a period exceeding one month as on March 31, 2010.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Ram Sanjay & Co.
Chartered Accountants

sd
Ram Babu Aggarwal
Partner

Place : HISAR
Date : 31st May, 2010

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Annexure C**MANAGEMENT DISCUSSION AND ANALYSIS****Overview :**

India had a dream run of 5 years during 2003-08 of as the GDP growth averaged nearly 9 percent annually, the best even run for 5 years. But due to world economy began to slow down from middle of 2007-08 Indian economy's pace of growth also slowed down with the rest of the world and it posted growth rate of GDP in 2009-10 just near about 6.5 percent.

Now world recession has passed on and global economic recovery is under way. Although global growth is expected to return to positive territory in 2010, the pace of the recovery will be slow and subject to uncertainty. After falling by an estimated 2.2 percent in 2009, global output is projected to grow 2.7 and 3.2 percent in 2010 and 2011, respectively.

Indian Economic is second fastest growing economy in the world today after China. It has tremendous potential which is attracting global investors to invest in several segments of the economy. Even in last two years when almost all world is facing recession crisis, Indian FDI showed a positive growth.

Industry Structure and Developments :

Your Company is engaged in the manufacture of Cold Rolled Stainless Steel. From manufacturing process involved it may be classified as a stainless steel strips manufacturer. The Indian steel industry has made a rapid progress on strong fundamentals over the recent few years. The industry is getting all essential ingredients required for dynamic growth. The government is backing the industry through favorable industrial reforms, while the private sector is supporting it with investments worth billions of dollars. According to new market research report "Indian Steel Industry Outlook to 2010", India offers a fast growing steel industry with enormous future growth potentials inherent. Even in the tough times of economic slowdown, the industry succeeded to sustain its positive growth momentum on the strong fundamentals of domestic demand from construction, automobile and infrastructure sectors. This report further revealed that stainless steel is emerging as a fastest growing segment in the Indian steel industry with consumption growth forecast at 8.1% CAGR during 2010-2013.

Opportunities :

The steel industry in India has been moving from strength to strength and according to the Annual Report 2009-10 by the Ministry of Steel, India has emerged as the fifth largest producer of steel in the world producing about 60 mmt. of steel a year and is likely to become the second largest producer of crude steel by 2015-16. During 2004-05 and 2008-09 domestic crude steel production grew at a compounded annual growth rate of 8.6 per cent.

Now as recession is almost over and major automobile's and other major foreign companies thinking to extended there operations. India is target point for these because it showed positive growth even in the time when all world was facing recession. India is expected to be one of major auto hub in the world map soon. This will generate more SS demand in these sectors which show's a bright future of the SS industry in India. Stainless steel because of its anti-corrosive property has found favour with builders and architects. This is significant given the fact that some 65% of the domestic steel is consumed in the rural sector. The National Steel Policy 2005 had projected an annual steel consumption growth of 7 per cent based on GDP growth rate of 7-7.5 per cent and production of 110 mmt. of crude steel by 2019-2020. Nonetheless, with the current rate of ongoing greenfield and brownfield projects, the Ministry of Steel has projected that these growth trends are likely to be exceeded and it is envisaged that in the next five years demand will grow at higher annual average growth rate of over 10 per cent as compared to around 7 per cent growth achieved between 1991-92 and 2005-06. Moreover, according to the ministry, the crude steel production capacity in the country by 2011-12 will be nearly 124 mmt.

Your company has 3 Nos. of 4 Hi-Cold Rolling Mills and 2 Nos. of 6 Hi-Cold Rolling Mills. The new 6 Hi-Cold Rolling Mill installed in last year has started production. Your company has immense capability to keep pace with the growing requirement of the industry.

Threats :

Even when recession is almost over but Western countries have still not come out from its effects. During recession among major sectors hit by economic downturn, steel sector occupies the top position. It is also facing a numbers of challenges like raw material costs, high price volatility, trade barriers etc. Moreover, there are other deterrents also like rise in rupee value, poor availability of power and the concern of the government over rising steel prices.

Technological changes, demand volatility, fluctuation in prices of raw material due to fluctuation in the prices of nickel and chrome and poor availability of power are some major factor that can affect the performance of the Company.

Segment-wise or Product wise Performance :

Currently your Company is engaged only in one type of product and involve one type of process and it is called Engineering Product, so there is no segment wise or product wise performance available.

HISAR METAL INDUSTRIES LIMITED

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Outlook :

Indian Steel Industry has grown by leaps and bounds, especially in recent times with Indian firms buying steel companies overseas. The scope for steel industry is huge and industry estimates indicate that the industry will continue to grow reasonably in the coming years with huge demands for stainless steel in the construction of new airports and metro rail projects. The government is planning a massive enhancement of the steel production capacity of India with the modernization of the existing steel plants.

Steel consumption in India is closely associated with manufacturing, housing and infrastructure sectors. Being a developing country, most of the industries are far away from their maturity which kept the steel consumption rate intact in domestic market even during the testing times of recession. As per the report of RNCOS, a leading market research firm in order to evaluate the industry potential in the post recessionary scenario and to examine its future growth prospects, in India finished steel consumption has been showing uptrend for the last few years on the back of rapid development of industries like automobile, residential and non residential. Since finished steel is the prime raw material for these industries, we believe its demand will strongly inflate in coming 2-3 years to keep pace with the people's requirements of homes, automobiles and other infrastructure necessities.

Risk and Concerns :

Pricing volatility and effect of world recession in Western countries are the key factors affecting the growth rate of SS industry in India in the coming year. Nickel accounts for more than 60% of cost of making the 300 series of stainless steel and therefore, volatility in its price has always been affecting the growth of S.S. High nickel prices has led a growth in low nickel SS. This is a trend, which is growing fast the world over.

Subsequent to high cost of production, under developed production technology and the recent fall in international prices of steel there is possibility to turn India into a dumping ground for Chinese and other countries manufacturers. To avoid the dumping the government is thinking to impose the Anti-Dumping duty on Import of steel. Iron and steel products like pig iron, spiegeleisen, semi-finished products, flat products and long products are now subject to custom duty. As per the Press Information Bureau, during 2009, the government took a number of fiscal and administrative steps to contain steel prices. Central value added tax (CENVAT) on steel items was reduced from 14 per cent to 1 per cent. Moreover, in the Union Budget 2010-11, the government has allocated US\$ 37.4 billion to the infrastructure sector and has increased the allocation for road transport by 13 per cent to US\$ 4.3 billion which will further promote the steel industry.

Despite the above, India's potential for raising of total consumption of steel is huge, given that per capita steel consumption is only near about just 50 kg as compared to 150 kg across the world and 300 kg in China.

Internal Control System and their Adequacy :

Your company has adequate internal control systems commensurate with its size and operations, although not documented. The company regularly gets its accounts audited from internal auditor.

Financial Performance with respect to Operational Performance :

The Company has produced 13351 M.T. of prime CRSS Strips as compared to 8530 M.T in the previous financial year while the Company has sold 13328 M.T. of prime CRSS Strips as compared to 8516 M.T. in the previous financial year. The turnover in terms of value is up by 25% to Rs.16058 Lac. The Profit before tax has increased to Rs.359 Lac and Profit after tax has increased to Rs.233 Lac, up by 755% and 762% respectively. Capital Expenditure during the year stood to Rs.378.66 Lac. The Reserve and Surplus stood to Rs.837.38 Lac. The Earning per share is Rs.6.46 and the Book value per share is Rs.33.26. The Board of Directors have recommended a dividend of 10% for the financial year 2009-10.

Industrial Relations and Resource Management :

The company during the previous year continued its record of good industrial relations with its employees. During the year various initiatives had been taken to improve the performance and productivity levels in various departments of the Company. The company has its in house technical centre in the plant to train the new recruits before their placement that helps in optimum utilization of resources as well as maintaining quality standards. It also indulges into and implements various HR initiatives and activities including employee welfare, special rewards, performance review system and various employee motivation activities.

Cautionary Statement :

Management Discussion and Analysis Report may be "forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied depending upon global and Indian demand-supply conditions, changes in government regulations, tax regimes, and economic developments within India and overseas.

For and on behalf of the Board of Directors

sd
(M. P. JINDAL)
CHAIRMAN

Place : Hisar

Dated 31st May, 2010

HISAR METAL INDUSTRIES LIMITED
AUDITORS' REPORT

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To the Members of Hisar Metal Industries Limited

1. We have audited the attached Balance Sheet of Hisar Metal Industries Limited as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the Directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
 - (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Hisar
Dated: 31st May, 2010

For Ram Sanjay & Co.
Chartered Accountants
sd
Ram Babu Aggarwal
Partner
Membership No. 82093

HISAR METAL INDUSTRIES LIMITED
ANNEXURE TO THE AUDITORS' REPORT

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Referred to in paragraph 3 of our report of even date on the accounts for the year ended on March 31, 2010 of Hisar Metal Industries Ltd.

1. In respect of its fixed assets :
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) These fixed assets were physically verified by the management at regular intervals in accordance with a programme of verification adopted by the Company, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) Fixed Assets disposed off during the year were not substantial. According to the information and explanation given to us, we are of the opinion that the disposal of fixed assets has not affected the going concern status of the Company.
2. In respect of its inventories :
 - a) As explained to us, inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of its inventories and no material discrepancies were noticed on physical verification.
3. According to the information and explanations given to us, in respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - I (a) The Company has not granted any loans to Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - II (a) The Company has taken corporate loans aggregating to Rs.400 Lac from five parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b) The rate of interest and other terms and conditions on which loans have been taken by the Company are not prima facie, prejudicial to the interest of the Company.
 - c) The payment of principal amount and interest are also regular.
 - d) There are no overdue amounts of principal and interest.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
5. In respect of transactions entered in the register maintained under Section 301 of the Companies Act, 1956:
 - a) In our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register have been so entered.
 - b) According to the information and explanations given to us, one transaction (excluding loans/ deposits reported under paragraph 3 above) is in excess of Rs. Five Lac in respect of each party, has been entered during the year.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provision of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As informed to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
7. In our opinion, the Company has an Internal audit system commensurate with the size and nature of its business.

8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
9. In respect of statutory dues:
- a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees' state Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Service Tax and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.
- b) According to the records of the Company Sales Tax, Excise Duty, Income Tax, Customs Duty and Wealth Tax which have not been deposited on account of any dispute are given below :-

Name of the Statute	Nature of Dues	Amount (Rs.)	Forum where dispute is pending
Excise Duty	Excise Duty Demand 1999-2000	385377.00	Commissioner Appeal

10. The Company has no accumulated losses as at the end of the financial year and the Company has not incurred cash losses during the current and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, clause 4(xiii) of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
14. In our opinion the Company is not dealing in or trading in shares, securities, debentures and other securities. However, in respect of investments the Company has maintained proper records of the transactions and contracts as well as timely entries have been made therein. These investments have been held by the Company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment on shares during the year.
19. The Company has not issued any debenture.
20. The Company has not raised any money by way of public issue during the year.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

Place : Hisar
Dated: 31st May, 2010

For Ram Sanjay & Co.
Chartered Accountants
sd
(Ram Babu Aggarwal)
Partner
Membership No. 82093

HISAR METAL INDUSTRIES LIMITED**22****BALANCE SHEET AS AT 31.03.2010**

DESCRIPTION	SCHEDULE	AS AT 31ST March, 2010	AS AT 31ST March, 2009
SOURCE OF FUNDS			
1. SHARE HOLDER'S FUND :			
a) Share Capital	A	36,000,000	36,000,000
b) Reserve & Surplus	B	83,738,333	64,684,685
2. LOAN FUNDS :			
a) Secured Loan	C	315,035,605	255,010,117
b) Unsecured Loan	D	113,392,520	99,226,324
3. DEFERRED TAX LIABILITY		21,137,175	14,191,392
4. DEALER SECURITY		26,000,000	26,000,000
	TOTAL	595,303,633	495,112,518
APPLICATION OF FUNDS			
1. FIXED ASSETS	E		
a) Gross Block		348,859,649	241,615,377
b) Less Depreciation		125,760,301	105,888,315
c) Net Block		223,109,348	135,727,062
d) Capital Work in Progress		—	69,378,019
		223,109,348	205,105,081
2. INVESTMENTS	F	84,000	84,000
		84,000	84,000
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	G	282,350,434	41,761,536
b) Sundry Debtors	H	331,845,824	210,746,372
c) Cash & Bank Balances	I	4,880,767	54,720,465
d) Loans & Advances	J	43,537,184	34,463,503
		662,614,209	341,691,876
Less : CURRENT LIABILITIES AND PROVISIONS			
a) Liabilities	K	285,558,563	47,178,413
b) Provisions	L	4,945,361	4,590,026
		290,503,924	51,768,439
NET CURRENT ASSETS		372,110,285	289,923,437
	TOTAL	595,303,633	495,112,518

Significant Accounting Policies/Notes on Accounts

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The Schedules referred to above and notes on accounts form an integral part of the Balance Sheet.

As per our report of even date attached.

For RAM SANJAY & CO.
CHARTERED ACCOUNTANTS*sd*
(RAM BABU AGGARWAL)
PARTNER*sd*
(PARDEEP NANDAL)
COMPANY SECRETARY*sd*
(R. S. BANSAL)
G.M. FINANCE*sd*
(M. P. JINDAL)
CHAIRMAN
sd
(ABHIRAM TAYAL)
MANAGING DIRECTOR
sd
(KARAN DEV TAYAL)
DIRECTORPlace : HISAR
Dated : 31st May, 2010

HISAR METAL INDUSTRIES LIMITED**23****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010**

DESCRIPTION	SCHEDULE	FOR THE YEAR 31ST March, 2010	FOR THE YEAR 31ST March, 2009
INCOME			
Sales & Other Income	M	1,609,984,764	1,302,044,277
Increase/Decrease in Closing Stock	N	11,144,202	(2,357,205)
		<u>1,621,128,966</u>	<u>1,299,687,072</u>
EXPENDITURE			
Raw Material Consumed	O	1,197,088,634	971,696,128
Excise Duty		122,126,486	141,251,987
Manufacturing Expenses	P	162,745,789	92,221,109
Personnel Expenses	Q	21,375,854	19,846,090
Administrative Selling & Other Expenses	R	10,031,607	8,450,479
Financial Expenses	S	52,043,999	46,408,937
Depreciation		19,861,985	15,617,391
		<u>1,585,274,354</u>	<u>1,295,492,121</u>
PROFIT			
Profit before Taxation		35,854,632	4,194,951
Less : Provision for Income Tax			
: Current (MAT)		6,120,452	3,013,385
: Mat Credit Entitlement		(823,518)	—
: Deferred		6,945,783	(1,967,716)
: Wealth		360,352	352,870
: Fringe Benefit Tax		—	140,336
		<u>23,251,563</u>	<u>2,656,076</u>
Add : Previous year Tax		—	42,400
		<u>23,251,563</u>	<u>2,698,476</u>
Balance brought forward from earlier years		15,937,985	17,451,329
Profit available for appropriation		<u>39,189,548</u>	<u>20,149,805</u>
APPROPRIATIONS			
Proposed Dividend (Including tax on dividend)		4,197,915	4,211,820
Balance carried over to Balance Sheet		34,991,633	15,937,985
		<u>39,189,548</u>	<u>20,149,805</u>

Significant Accounting Policies/Notes on Accounts

T

The Schedules referred to above and notes on accounts form an integral part of the Balance Sheet.

As per our report of even date attached.

For RAM SANJAY & CO.
CHARTERED ACCOUNTANTS

(RAM BABU AGGARWAL)
PARTNER

Place: HISAR
Dated: 31st May, 2010

(PARDEEP NANDAL)
COMPANY SECRETARY

(R.S. BANSAL)
G.M. FINANCE

(M. P. JINDAL)
CHAIRMAN

(ABHIRAM TAYAL)
MANAGING DIRECTOR

(KARAN DEV TAYAL)
DIRECTOR

HISAR METAL INDUSTRIES LIMITED**24**

DESCRIPTION	AS AT 31ST March, 2010	AS AT 31ST March, 2009
SCHEDULE "A"		
SHARE CAPITAL		
AUTHORISED :		
5000000 Equity Shares of Rs.10/- each	<u>50,000,000</u>	<u>50,000,000</u>
ISSUED SUBSCRIBED & PAID UP :		
3600000 Equity Shares of Rs.10/- each of the above shares 306960 Equity shares of Rs.10/- each have been issued as fully paid up bonus shares by capitalisation of surplus in Profit & Loss A/c	<u>36,000,000</u>	<u>36,000,000</u>
	<u>36,000,000</u>	<u>36,000,000</u>
SCHEDULE "B"		
RESERVE & SURPLUS		
Share Premium	11,546,700	11,546,700
General Reserve	37,200,000	37,200,000
Profit & Loss Account	34,991,633	15,937,985
	<u>83,738,333</u>	<u>64,684,685</u>
SCHEDULE "C"		
SECURED LOANS		
A) FROM PUNJAB NATIONAL BANK Cash credit secured against hypothecation of stock of Finished Goods Raw Materials, Work-in-progress Book Debts, Stores and Spares and guaranteed by the Directors.	30,663,889	163,193,384
B) FROM PUNJAB NATIONAL BANK Working Capital Demand Loan	201,699,050	0
C) FROM PUNJAB NATIONAL BANK Term Loan secured against first charge on leasehold rights of land, Building and block assets of the Company.	10,092,289	18,174,705
D) FROM PUNJAB NATIONAL BANK Term Loan II secured against first charge on leasehold rights of land, Building and block assets of the Company.	34,837,062	33,525,973
E) FROM PUNJAB NATIONAL BANK Corporate Loan secured against first charge leasehold rights of land, Building and block assets of the Company.	32,312,638	40,116,055
F) FROM KOTAK MAHINDRA PRIME LTD. Term Loan Secured against hypothecation of Car	5,430,677	0
	<u>315,035,605</u>	<u>255,010,117</u>
SCHEDULE "D"		
UNSECURED LOANS		
Fixed Deposits	16,095,000	16,260,000
Corporate Loan	90,022,520	75,691,324
Loan From Directors		
Fixed Deposits	6,450,000	6,450,000
Interest Free Loan	825,000	825,000
	<u>113,392,520</u>	<u>99,226,324</u>

HISAR METAL INDUSTRIES LIMITED

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SCHEDULE "E"

FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.04.2009	ADDITION	SALES/ TRANSFER	TOTAL	UPTO LAST YEAR	FOR THE YEAR	WRITTEN OFF/ADJ.	TOTAL	AS ON 31.03.2010	AS ON 31.03.2009
LAND	9567240	0	0	9567240	0	0	0	0	9567240	9567240
INDUSTRIAL PLOT	10681904	552743	0	11234647	0	0	0	0	11234647	10681904
SHED & BUILDING	19195366	2800000	0	21995366	4079925	649068	0	4728993	17266373	15115441
DELHI OFFICE	0	3710000	0	3710000	0	45831	0	45831	3664169	0
PLANT & MACHINERY	184324461	92181233	0	276505694	91887212	17301103	0	109188315	167317379	92437249
GENERATOR	11412867	0	0	11412867	6971801	846835	0	7818636	3594231	4441066
VEHICLE	3939306	7696591	0	11635897	1309703	745221	0	2054924	9580973	2629603
FURNITURE & FIXTURE	423504	0	0	423504	250980	26808	0	277788	145716	172524
OFFICE EQUIPEMENT	903222	83180	0	986402	315780	44734	0	360514	626888	587442
COMPUTER	1167507	220525	0	1388032	1072914	202386	0	1275300	112732	94593
	241615377	107244272	0	348859649	105888315	19861986	0	125750301	223109348	135727062
CAPITAL WORK-IN-PROGRESS	69378019	25603214	94981233	0	0	0	0	0	0	69378019
	310993396	132847486	94981233	348859649	105888315	19861986	0	125750301	223109348	205105081
PREVIOUS YEAR	231647754	79718191	372549	310993396	90553575	15617391	282651	105888315	205105081	141094179

DESCRIPTION

AS AT 31ST
March, 2010

AS AT 31ST
March, 2009

SCHEDULE "F"

INVESTMENTS

(Non Trade Investments at cost in quoted fully paid up equity shares of Rs.10/- each)
2400 Shares of Haryana Financial Corporation

84,000
84,000

84,000
84,000

SCHEDULE "G"

INVENTORIES

(As valued & certified by the management)

Raw Material
Finished Goods
Stores & Spares

237,596,551
17,883,431
26,870,452
282,350,434

12,444,595
6,739,229
22,577,712
41,761,536

SCHEDULE "H"

SUNDRY DEBTORS

(Unsecured Considered Good)

a) Outstanding for over six months
b) Others

10,359,048
321,486,776
331,845,824

4,238,801
206,507,571
210,746,372

SCHEDULE "I"

CASH AND BANK BALANCES

Cash in hand
Puja Silver Coins (At Cost)
With Scheduled Banks in Current Accounts
FDR with PNB
Fixed Deposits (For Margin Money)

166,895
22,246
2,168,591
-
2,523,035
4,880,767

178,907
21,846
1,370,961
50,000,000
3,148,751
54,720,465

HISAR METAL INDUSTRIES LIMITED**26**

DESCRIPTION	AS AT 31ST March, 2010	AS AT 31ST March, 2009
SCHEDULE "J"		
LOANS AND ADVANCES		
(Unsecured Considered Good)		
Advance recoverable in cash or in kind or for value to be received	36,632,844	27,996,287
Advance Against Machinery	1,968,431	1,670,000
Security Deposits	3,715,520	3,655,610
Prepaid Expenses	1,220,389	1,141,606
	<u>43,537,184</u>	<u>34,463,503</u>
SCHEDULE "K"		
CURRENT LIABILITIES		
Sundry Creditors For Purchase	From S.S.I.* From Others	5,739,762
	258,564,091	
For Capital Goods	From S.S.I.* From Others	14,184,659
	1,764,186	
(*Refer Clause No. 6 of Schedule 'T' Notes on Accounts)		
Advance from Customers	3,653,261	1,958,797
Other Liabilities	21,171,528	24,914,270
Unclaimed Dividend	405,497	380,925
	<u>285,558,563</u>	<u>47,178,413</u>
SCHEDULE "L"		
PROVISIONS		
Proposed Dividend (Including Tax)	4,197,915	4,211,820
Income Tax	387,094	—
Wealth Tax	360,352	352,870
Fringe Benefit Tax	-	25,336
	<u>4,945,361</u>	<u>4,590,026</u>
SCHEDULE "M"		
SALES & OTHER INCOME		
Sale	1,605,842,775	1,280,556,822
Export Sale Income	434,571	1,248,769
Job Charges	730,995	6,176,709
Misc. Income	2,976,443	14,056,875
Profit on sale of Fixed Assets	-	5,102
	<u>1,609,984,784</u>	<u>1,302,044,277</u>
SCHEDULE "N"		
INCREASE (DECREASE) IN STOCK		
Stock at close	17,883,431	6,739,229
Less : Stock at Commencement	6,739,229	9,096,434
	<u>11,144,202</u>	<u>(2,357,205)</u>
SCHEDULE "O"		
RAW MATERIAL CONSUMED		
Opening Stock	12,444,595	127,430,900
Add : Purchases	1,422,240,590	856,709,823
	<u>1,434,685,185</u>	<u>984,140,723</u>
Less : Closing Stock	237,596,551	12,444,595
	<u>1,197,088,634</u>	<u>971,696,128</u>

HISAR METAL INDUSTRIES LIMITED**27****DESCRIPTION****AS AT 31ST
March, 2010****AS AT 31ST
March, 2009****SCHEDULE "P"****MANUFACTURING EXPENSES**

Stores & Spares	46,120,827	19,373,120
Power & Fuel	93,032,521	56,984,584
Chemical	20,469,311	12,934,511
Repair & Maintenance (Plant & Machinery)	2,387,611	1,764,630
Other Manufacturing Expenses	593,746	1,013,338
Building Repairing Expenses	141,773	150,926
	<u>162,745,789</u>	<u>92,221,109</u>

SCHEDULE "Q"**PERSONNEL EXPENSES**

Salaries, Wages & Bonus	16,372,832	15,351,776
Contribution to Provident & Other Funds	2,256,099	2,159,541
Staff & Labour Welfare	967,616	882,986
Gratuity	1,454,871	1,062,612
Leave Encasement	324,436	389,175
	<u>21,375,854</u>	<u>19,846,090</u>

SCHEDULE "R"**ADMINISTRATIVE SELLING & OTHER EXPENSES**

Rent	294,000	294,000
Filing Fees	9,800	10,000
Legal & Professional	306,773	166,998
Vehicle Upkeep & Maintenance	671,794	613,329
Insurance	1,620,221	1,686,338
Postage, Telegram & Telephone	765,068	743,149
Travelling & Conveyance	1,223,496	772,887
Printing & Stationery	535,718	461,468
Auditor's Remuneration as : Statutory Audit Fees	60,000	60,000
Tax Audit Fees	20,000	20,000
Tax Consultancy	22,000	—
Advertisement	254,926	233,055
Fees & Subscription	415,231	347,132
Commission & Discount	1,221,645	24,523
Donation	33,002	23,303
Freight & Octroi	916,056	715,519
Misc. Expenses	391,075	376,445
Sale Promotion	80,877	280,362
Export Sale Exp.	591,282	1,621,971
Sinking Fund	89,800	—
Software Development Charges	74,880	—
Bad Debts	433,963	—
	<u>10,031,607</u>	<u>8,450,479</u>

SCHEDULE "S"**FINANCIAL EXPENSES**

Interest on Term Loans	9,840,882	2,826,493
Interest on Cash Credits	22,312,429	22,115,177
Interest on Fixed & Term Deposits	13,174,011	8,414,196
Interest on Others	5,769,609	9,922,062
Bank Charges	947,068	3,131,009
	<u>52,043,999</u>	<u>46,408,937</u>

SCHEDULE "T"**Significant Accounting Policies and Notes on Accounts for the year ended 31st March, 2010****A. SIGNIFICANT ACCOUNTING POLICIES****i) GENERAL**

- a) The financial statements are prepared under the historical cost convention and in accordance with the requirement of the Companies Act, 1956.
- b) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

ii) BASIS OF ACCOUNTING

The Company follows the mercantile system of Accounting and recognises income and expenditure on accrual basis.

iii) SALES

Sales are inclusive of Excise Duty but net of Sales Tax.

iv) TAXATION

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax assets and liabilities are measured as per the tax rates / laws that have been enacted or substantively enacted by the Balance Sheet date.

v) FIXED ASSETS AND DEPRECIATION**a) VALUATION OF FIXED ASSETS**

Fixed Assets are stated at cost of acquisition inclusive of all incidental expenses related thereto.

b) DEPRECIATION

Depreciation on all fixed assets has been provided on straight line method on pro-rata basis for the period of use at the rates specified in SCHEDULE XIV to the Companies Act, 1956.

vi) VALUATION OF INVENTORIES

Raw Materials, stores and spare parts are valued at cost. Finished Goods & Scrap are valued at cost or Market value whichever is lower.

vii) RETIREMENT BENEFITS.

Gratuity and Leave Encashment is accounted for on accrual basis, on the basis of actuarial valuations.

viii) CONTINGENT LIABILITIES

Contingent liabilities are usually not provided for unless it is probable that the future outcome may be materially detrimental to the Company and are disclosed by way of notes.

ix) INVESTMENTS

Investments are stated at cost.

x) IMPAIRMENT

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- iii. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

xi) EXPENDITURE ON NEW PROJECTS AND SUBSTANTIAL EXPANSION

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period, which are not related to the construction activity nor is incidental thereto are charged to the Profit & Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion is capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its originally assessed standard of performance.

xii) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

xiii) PROVISIONS

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions except those disclosed elsewhere in the notes to the financial statements, are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

xiv) FOREIGN EXCHANGE TRANSACTION

Transaction in Foreign Currency are converted at the rates prevailing on the date of transaction. Gain/Loss on Realization/Payment of revenue transaction in the same year is charged to "Exchange Fluctuation Account" in the Profit & Loss Account.

B. NOTES ON ACCOUNTS**1. Disclosure as per AS15-Retirement Benefits :**

Post Retirement Employee Benefit:

a) Description of Plan

i) Gratuity

ii) Leave Encasement

b) Principal actuarial assumptions :**i) Economic Assumptions**

Particulars	Gratuity		Leave Encasement	
	31.3.10	31.3.09	31.3.10	31.3.09
a) Discounting Rate	7.50	7.00	7.50	7.00
b) Future Salary Increase	5.00	4.50	5.00	4.50
c) Expected Rate of return on assets	0.00	0.00	0.00	0.00

HISAR METAL INDUSTRIES LIMITED**30**

ii) The amounts to be recognized in balance sheet and related analysis

Particulars	Gratuity		Leave Encasement	
	31.3.10	31.3.09	31.3.10	31.3.09
a) Present Value of obligation as at end of the period	6062167	4940752	1535482	1253880
b) Fair Value of plan assets as at the end of the period	—	—	—	—
c) Funded status / difference	(6062167)	(4940752)	(1535482)	(1253880)
d) Excess of actual over estimated	—	—	—	—
e) Unrecognized actuarial (gains)/ losses	—	—	—	—
f) Net asset/(liability) recognized in balance sheet	(6062167)	(4940752)	(1535482)	(1253880)

iii) Expense recognized in the statement of Profit and Loss

Particulars	Gratuity		Leave Encasement	
	31.3.10	31.3.09	31.3.10	31.3.09
a) Current service cost	563762	493771	129562	102947
b) Past service cost	—	—	—	—
c) Interest cost	370556	289848	94041	63006
d) Expected return on plan assets	—	—	—	—
e) Curtailment cost/(Credit)	—	—	—	—
f) Settlement cost/(Credit)	—	—	—	—
g) Net actuarial (gain)/ loss recognized in the period	520553	278993	100833	223222
h) Expense recognized in the statement of profit & losses	1454871	1062612	324436	389175

iv) Reconciliation statement of expense in the statement of profit and loss

Particulars	Gratuity		Leave Encasement	
	31.3.10	31.3.09	31.3.10	31.3.09
a) Present value of obligation as at the end of period	6062167	4940752	1535482	1253880
b) Present value of obligation as at the beginning of the period	4940752	4140692	1253880	900090
c) Benefits paid	333456	262552	42834	35385
d) Actual return on plan assets	—	—	—	—
e) Expenses recognized in the statement of profit & losses	1454871	1062612	324436	389175

v) Movement in the liability recognized in the balance sheet

Particulars	Gratuity		Leave Encasement	
	31.3.10	31.3.09	31.3.10	31.3.09
a) Opening net liability	4940752	4140692	1253880	900090
b) Expenses as above	1454871	1062612	324436	389175
c) Benefits paid	(333456)	(262552)	(42834)	(35385)
d) Closing net Liability	6062167	4940752	1535482	1253880

HISAR METAL INDUSTRIES LIMITED

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2. CONTINGENT LIABILITIES NOT PROVIDED FOR	31.03.2010	31.03.2009
	(Rs.)	(Rs.)
a) Cheques/Bills/LCs/FLCs discounted with Company's Banker	47818738	36172449
b) Guarantee issued by banker for which counter guarantee given by the Company	1298007	1198007
c) Debts not acknowledge as debt		
i) In respect of Excise Duty	385377	385377
ii) In respect of Electricity	210630	210630
iii) In respect of Sales Tax	667720	667720
iv) In respect of Haryana State Pollution Control Board	100000	—
d) Capital Commitments (Net of Advances)	5000000	6290000
e) Local Area Development Tax	12499723	7245178
3. Internal salaries and wages incurred during the year on repair and maintenance have been charged directly to salaries and wages account, the separate amount of which are not ascertainable.		
4. Stores and spares consumed during the year on repair and maintenance has been charged directly to store and spares consumed.		
5. Disclosure on related party transactions: Description of relationship and Names of related parties :-		
i) Key Management Personnel :	Sh. Abhiram Tayal (Managing Director)	
	Smt. Anubha Tayal (Director)	
	Sh. Karan Dev Tayal (Director)	
ii) Relative of Key Management Personnel :	Smt. Kashni Tayal	
	Sh. Vikram Kumar Jain	
iii) Associate Concerns :	M/s. Ravindra Tubes Limited, Hisar	
	M/s. Jindal Polybutton Ltd., Hisar	
	M/s. Jindal Product Ltd., Hisar	
	M/s. Jindal Metal Ltd., Hisar	
	M/s. Amtrex Trading Co. Pvt. Ltd., Hisar	
	M/s. North Cott. Gin. & Trading Co. Pvt. Ltd., Hisar	

(Rs. In Lac)

Sr.No.	Particulars	Key Management Personnel		Relatives of Key Management Personnel		Associate Concern	
		31.03.10	31.03.09	31.03.10	31.03.09	31.03.10	31.03.09
A.	Transactions for the year ended 31.03.2010						
1.	Managerial Remuneration	6.09	3.99	—	—	—	—
2.	Interest Paid	7.10	2.00	16.26	11.17	10.39	3.42
3.	Interest Received	—	—	—	—	—	0.54
4.	Loan received	—	—	—	—	400.00	200.00
5.	Loan given	—	—	—	—	—	200.00
6.	Job Work got done	—	—	—	—	—	1.00
7.	Purchases	—	—	—	—	5.28	1.64
8.	Rent Paid	—	—	—	—	2.94	2.94
B.	Outstanding as on 31.03.2010						
1.	Due to	72.75	72.75	147.85	147.85	240.35	—
2.	Due from	—	—	—	—	—	—

HISAR METAL INDUSTRIES LIMITED**32**

6. Sundry Creditors for goods and expenses include dues to Small Scale Industrial Undertakings aggregating to Rs. Nil. (Previous Year Rs.Nil).

7. Additional information pursuant to the provisions of paragraph 3 & 4 of part II of Schedule VI of the Companies Act, 1956.

A) LICENCED, INSTALLED CAPACITY AND ACTUAL PRODUCTION

	Current Year (MT)	Previous Year (MT)
i) Licenced & installed capacity		
Goods manufactured	C.R. Strips	C.R. Strips
Licenced Capacity	Not Applicable	Not Applicable
Installed Capacity	14400	14400
ii) ACTUAL PRODUCTION		
OWN PRODUCTION		
Cold Rolled Strips (S.S.)	13351	8530
Scrap	976	762
FOR OTHERS – ON JOB		
Cold Rolled Strips (S.S.)	68	983

B) DETAILS OF OPENING STOCK, TURNOVER AND CLOSING STOCK

		Qty. (MT)	Current Year	Previous Year	
			Amount (Rs.)	Qty. (MT)	Amount (Rs.)
i) OPENING STOCK					
C.R. STRIPS	(S.S.)	45	5104164	31	6541077
SCRAP	(S.S.)	34	1635065	41	2555357
			6739229		9096434
ii) TURNOVER					
C.R. STRIPS	(S.S.)	13328	1544517682	8516	1209246383
SCRAP	(S.S.)	946	61325093	769	71310439
			1605842775		1280556822
iii) CLOSING STOCK					
C.R. STRIPS	(S.S.)	68	11727734	45	5104164
SCRAP	(S.S.)	64	6155697	34	1635065
			17883431		6739229

C) RAW MATERIAL CONSUMED

H.R. STRIPS	(S.S.)	14759	1197088634	9557	971696128
			1197088634		971696128

VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL AND SPARE PARTS & COMPONENTS CONSUMED AND PERCENTAGE THERE OF

		%AGE	AMOUNT (Rs.)	%AGE	AMOUNT (Rs.)
i) RAW MATERIAL :	Indigenous	99.80	1194486151	96	931297791
	Imported	00.20	2602483	04	40398337
		100.00	1197088634	100	971696128
ii) STORES AND SPARES :	Indigenous	86	39497206	100	19373120
	Imported	14	6623621	—	—
		100	46120827	100	19373120

D) C.I.F. Value of imports	(Capital Goods)	—	2596528
	(Store and Spares)	5410055	—
E) Expenditure in Foreign Currency (Others)		7591921	37311027
F) Earning in Foreign Exchange		13725548	45619812

HISAR METAL INDUSTRIES LIMITED**33****8. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS ON 31ST MARCH 2010 (AS PER SCHEDULE VI, PART IV OF THE COMPANIES ACT, 1956)**

a) Registration Detail		
Registration Number	:	30937
Corporate Identification No.	:	L74899HR1990PLC030937
State Code	:	05
Balance Sheet Date	:	31.03.2010
b) Capital raised during the year (amount Rs. In Thousands)		
a) Public issue	:	NIL
b) Right issue	:	NIL
c) Bonus issue	:	NIL
d) Private Placement	:	NIL
c) Position of mobilisation and deployment of funds (amount Rs. In Thousands)		
Total Liabilities	:	595304
Total Assets	:	595304
SOURCE OF FUNDS		
Paid up Capital	:	36000
Reserve & Surplus	:	83738
Secured Loans	:	315036
Unsecured Loans	:	113393
Deferred Tax Liability	:	21137
Dealer Security	:	26000
APPLICATION OF FUNDS		
Net Fixed Assets	:	223110
Investments	:	84
Net Current Assets	:	372110
Misc. Expenditure	:	NIL
Accumulated Losses	:	NIL
d) Performance of Company (Amount in Rs. Thousands)		
Turnover/Other Income	:	1609985
Total Expenditure	:	1574130
Profit/Loss before tax	:	35855
Profit/Loss after tax	:	23252
Earning per share	:	6.46
Dividend	:	10%
e) Generic names of principle products/services of Company (as per monetary terms)		
Item Code No. (ITC Code)	:	7220.20
Product Description	:	CR Strips (S.S.)

9. Previous year figures have been regrouped and/or rearranged wherever considered necessary and practical to make them comparable with current year's figures.

10. Schedule A to T is annexed to and form an integral part of Balance Sheet and Profit and Loss account and has been duly authenticated.

SIGNATURE TO SCHEDULE A TO T

For RAM SANJAY & CO.
CHARTERED ACCOUNTANTS

(RAM BABU AGGARWAL)
PARTNER

Place: HISAR
Dated: 31st May, 2010

(PARDEEP NANDAL)
COMPANY SECRETARY

(R.S. BANSAL)
G.M. FINANCE

(M.P. JINDAL)
CHAIRMAN

(ABHIRAM TAYAL)
MANAGING DIRECTOR

(KARAN DEV TAYAL)
DIRECTOR

HISAR METAL INDUSTRIES LIMITED**34****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**

(Rs. in thousands)

	FOR THE YEAR ENDED		FOR THE YEAR ENDED	
	MARCH 31, 2010		MARCH 31, 2009	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax & Extraordinary items		35855		4195
Adjustments for : Depreciation	19862		15617	
Profit on sale of fixed assets	—		(5)	
Loss on sale of Fixed Assets	—		—	
Amortised expenditure	—		—	
Interest paid	52044	71906	46409	62021
Operating profit before working Capital Changes		107761		66216
Adjustments for : Trade & other Receivables	(130174)		153438	
Inventories	(240589)		113022	
Trade Payables & Other Liabilities	238735	(132028)	(115405)	151055
Cash Generated from Operations		(24267)		217271
Interest Paid	(52044)		(46409)	
Direct Taxes Paid	(5657)	(57701)	(3463)	(49872)
Cash flow before Extraordinary items		(81968)		167399
Adjustments for: Extraordinary items	—		—	
Net Cash from Operating Activities		(81968)		167399
B) CASH FLOW FROM INVESTING ACTIVITIES				
Fixed Assets	(37866)		(79718)	
Sale of Fixed Assets	—		95	
Sale of Shares	—		—	
Investment in Mutual Fund	—		—	
Net cash used in Investing Activities	—	(37866)	—	(79623)
C) CASH FLOW FROM FINANCING ACITIVITIES				
Proceeds from Issue of Share Capital	—		—	
Proceeds from Issue of Share Premium	—		—	
Proceeds from long term borrowings	14166		(664)	
Proceeds from short term borrowings	69170		(114292)	
Proceeds / (Repayment) of term loans	(9144)		59889	
Proposed Dividend	(4198)		(4212)	
Net Cash flow from Financing Activities		69994		(59279)
Net increase/ (decrease) in cash & cash equivalents		(49840)		28497
Cash & cash equivalents (Opening balance)		54720		26223
Cash & cash equivalents (Closing balance)		4880		54720

NOTES : Cash & cash equivalents consist of Cash in Hand and balance with banks.

For and on behalf of the Board
sd(ABHIRAM TAYAL)
MANAGING DIRECTOR

Place: Hisar

Dated: 31st May, 2010

AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow statement of **HISAR METAL INDUSTRIES LIMITED** for the year ended 31st March 2010. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of Listing agreements with various stock exchanges and is based on and in agreement with the corresponding profit and loss account and balance sheet of the Company covered by our report of 31st May, 2010 to the members of the Company.

For Ram Sanjay & Co.
Chartered Accountantssd
(RAM BABU AGGARWAL)
PARTNER

Place: Hisar

Dated: 31st May, 2010

HISAR METAL INDUSTRIES LIMITED

REGD. OFFICE : NEAR INDUSTRIAL DEVELOPMENT COLONY
DELHI ROAD, HISAR – 125 005, HARYANA, INDIA

PROXY FORM

FOLIO No.

I/We

of

being a member/members of HISAR METAL INDUSTRIES LIMITED hereby appoint

..... of

..... of failing him/her

of as my/our proxy to attend vote for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held on Monday, the 27th September, 2010 at 11.00a.m.

Signed this day of 2010.

Signature of Proxy/s

Signature

Affix
Revenue
Stamp
Rs. 1/-

NOTE :

- The form should be signed across the stamp as per specimen Signature.
- The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

----- TEAR OFF -----

HISAR METAL INDUSTRIES LIMITED

REGD. OFFICE : NEAR INDUSTRIAL DEVELOPMENT COLONY
DELHI ROAD, HISAR – 125 005, HARYANA, INDIA

ATTENDANCE SLIP

(Please complete this slip and hand it over at the entrance of the Meeting Hall)

I/We hereby record my/our presence at the 20th Annual General Meeting to be held on 27th September, 2010 at 11.00 a.m. at the Registered Office : Near Industrial Development Colony, Delhi Road, Hisar – 125 005 (Haryana).

NAME OF THE SHARE HOLDER/PROXY*

ADDRESS

NO. OF SHARES HELD FOLIO NO.

*(Strike out whichever is Not Applicable)

SIGNATURE OF SHARE HOLDER/PROXY