

**HISAR  
METAL**

**TWENTY FIRST  
ANNUAL REPORT  
2010-2011**

**HISAR METAL INDUSTRIES LTD.**

**BOARD OF DIRECTORS**

Shri M.P.Jindal	(Chairman)
Shri Abhiram Tayal	(Managing Director)
Smt. Anubha Tayal	(Director)
Shri Shital Parshad Jain	(Director)
Shri Sajjan Singh	(Director)
Shri Karan Dev Tayal	(Director)
Shri Rahul Dev Tayal	(Director)
Shri Sharat Jain	(Director)
Shri Ganesh Dutt	(Director)
Shri Anuj Kumar	(Director)

**COMPANY SECRETARY**

Shri Pardeep Nandal

**AUDITORS**

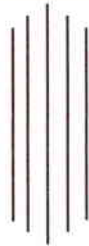
Ram Sanjay & Co.  
Chartered Accountants  
95-97, Green Square Market,  
Hisar - 125 001 (Haryana)

**BANKERS**

Punjab National Bank

**REGISTERED OFFICE & WORKS**

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

**CONTENTS**

	Page No.
Notice .....	1
Director's Report .....	3
Auditor's Report .....	17
Balance Sheet .....	20
Profit & Loss Account .....	21
Significant Accounting Policies/ .....	26
Notes on Accounts	
Cash Flow Statement .....	32

**NOTICE**

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the Members of HISAR METAL INDUSTRIES LIMITED will be held on Monday, the 26<sup>th</sup> day of September, 2011 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 31<sup>st</sup> March, 2011 and Profit and Loss Account for the year ended on that date and the reports of Auditors and Directors thereon.
2. To declare a dividend.
3. To elect a Director in place Shri Shital Parshad Jain who retires by rotation and being eligible, offers himself for re-appointment.
4. To elect a Director in place Shri Sajjan Singh who retires by rotation and being eligible, offers himself for re-appointment.
5. To elect a Director in place Shri Karan Dev Tayal who retires by rotation and being eligible, offers himself for re-appointment.
6. 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.

**Regd. Office :**

Near Industrial Development Colony,  
Delhi Road,  
Hisar – 125 005 (Haryana)  
Dated : 20th August, 2011

**By order of the Board of Directors**

**Pardeep Nandal**  
**(Company Secretary)**

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy so appointed need not be a member of the Company. The proxies in order to be effective must be received at the Company's registered office not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> day of September, 2011 to 26<sup>th</sup> day of September, 2011 (both days inclusive) for the Annual General Meeting and determining the name of members eligible for dividend, if approved, at the Annual General Meeting.
3. The dividend of 10% for the year ended March 31, 2011 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 26, 2011.
4. 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.
5. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956 the unclaimed/unpaid dividend have been transferred to the Investor Education and Protection Fund of the Central Government ("the Fund"). The balance lying in the unpaid dividend account for the year ended 31<sup>st</sup> March, 2004 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 before the said transfers take place.
6. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.

**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 : Mr. Shital Parshad Jain (Independent Director)  
Age : 65 years  
Qualification : Advocate  
No. of Shares held in the Company : NIL  
Expertise : 35 years experience as a lawyer.  
Outside Directorship : Nil  
Chairmanship/Membership of the Board Committees : Hisar Metal Industries Ltd.  
Audit Committee - Chairman  
Remuneration Committee - Chairman
2. Name : Mr. Sajjan Singh (Independent Director)  
Age : 41 years  
Qualification : B.Sc.  
No. of Shares held in the Company : NIL  
Expertise : 12 years Experience of Working in Cold Rolling Mills  
Outside Directorship : NIL  
Chairmanship/Membership of the Board Committees : Hisar Metal Industries Ltd.  
Shareholders Grievance Committee - Chairman  
Remuneration Committee - Member  
Audit Committee - Member
3. Name : Mr. Karan Dev Tayal (Relative of Promoter Director)  
Age : 31 years  
Qualification : Master in Computer Science  
No. of Shares held in the Company : NIL  
Expertise : 5 years experience in Citi Group as Software Engineer  
Outside Directorship : Nil  
Chairmanship/Membership of the Board Committees : Nil

**Regd. Office :**  
Near Industrial Development Colony,  
Delhi Road,  
Hisar – 125 005 (Haryana)  
Dated : 20th August, 2011

**By order of the Board of Directors**

**Pardeep Nandal**  
**(Company Secretary)**

**DIRECTORS' REPORT**

To  
The Members,  
Hisar Metal Industries Limited

The Directors have pleasure in presenting before you 21<sup>st</sup> Annual Report together with Audited Statement of Account of the Company for the year ended 31<sup>st</sup> March, 2011.

		<i>(Rs. In Lac)</i>
<b>1. FINANCIAL RESULTS</b>	<b>2010-11</b>	<b>2009-10</b>
Sales/Other receipts	15988.11	16099.85
Profit before depreciation and Taxation	317.61	557.17
Less : depreciation	238.58	198.62
Profit after depreciation	79.03	358.55
Less : Provision for Taxation		
Current Year	37.45	64.81
MAT Credit Entitlement	—	(8.24)
Deferred Tax	(10.87)	69.46
Previous Year Tax	(0.84)	—
Profit after Taxation	53.29	232.52
Add profit brought forward	349.92	159.38
Profit available for appropriation	403.21	391.90
Dividend/Tax on dividend	41.84	41.98
Surplus carried to Balance Sheet	361.37	349.92

**2. DIVIDEND**

The Directors recommend a dividend of 10% per annum for the year ended 31<sup>st</sup> March, 2011.

**3. COMPANY'S BUSINESS GROWTH AND PROSPECTS**

The Company has been consistently showing good performance. The turnover is almost at the same levels at Rs.15926 Lac as compared to Rs.16058 Lac during the last year. The PBT has gone down from Rs.359 Lac to Rs.79 Lac and PAT has gone down from Rs.233 Lac to Rs.53 Lac, mainly on account of lower production, higher input costs & higher depreciation.

**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**

Mr. Shital Parshad Jain, Mr. Sajjan Singh and Mr. Karan Dev Tayal being the longest in office retire in this meeting and being eligible, offers themselves for re-appointment.

**10. CORPORATE GOVERNANCE**

Your Company has in all material aspects complied with the conditions of Corporate Governance as contained in Clause 49 of the Listing Agreement. A separate report each on Corporate Governance and management discussion and analysis along-with Auditors certificate 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 retire 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 : 20<sup>th</sup> August, 2011

***For and on behalf of the Board of Directors***

**(M. P. JINDAL)  
CHAIRMAN**

**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**

		<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
		<b>2010-2011</b>	<b>2009-2010</b>
<b>1. ELECTRICITY</b>			
a) Purchased Units	Units	<b>7008556</b>	6693080
Total amount	Rs.	<b>33253215</b>	30903573
Rate/Unit	Rs.	<b>4.74</b>	4.62
<b>b) Own Generation</b>			
i) Through Generator	Units	<b>523080</b>	731542
Total amount	Rs.	<b>4721117</b>	5767162
Cost per unit	Rs.	<b>9.03</b>	7.88
ii) Through Steam Turbine Generator		<b>Not Applicable</b>	Not Applicable
		<b>Not Applicable</b>	Not Applicable
<b>2. COAL</b>			
		<b>Not Applicable</b>	Not Applicable
3. FURNACE OIL (LIGHT DIESEL OIL)	Rs.	<b>43197382</b>	46789771
4. LPG		<b>7134665</b>	9572015
		<b>Not Applicable</b>	Not Applicable
<b>5. OTHER/INTERNAL GENERATION</b>			
		<b>Not Applicable</b>	Not Applicable
<b>B) CONSUMPTION PER UNIT OF PRODUCTION</b>			
<b>PRODUCT</b>		<b>C.R.STRIPS</b>	<b>C.R.STRIPS</b>
Electricity (Units)		<b>595</b>	553
Furnace oil (Ltr.)		<b>123</b>	142
Coal		—	—
Others		—	—

**FORM B**

(FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION)

**RESEARCH AND DEVELOPMENT (R & D)**

- 1. Specified Area in which R & D carried out by the Company : 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

**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**

Place : Hisar  
Dated : 20th August, 2011

**(M. P. JINDAL)  
CHAIRMAN**

**Annexure B**
**CORPORATE GOVERNANCE REPORT**

Corporate Governance Report for the year 2010-11 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. The particulars of directors viz., names, designation and the status are given hereunder :

S.No.	NAME	DESIGNATION	STATUS
1.	Shri M. P. Jindal	Chairman	Promoter being Non-Executive
2.	Shri Abhiram Tayal	Managing Director	Promoter being Executive
3.	Smt. Anubha Tayal	Director	Non-Executive
4.	Shri Shital Parshad Jain	Director	Independent being Non-Executive
5.	Shri Sajjan Singh	Director	Independent being Non-Executive
6.	Shri Karan Dev Tayal	Director	Non-Executive
7.	Shri Rahul Dev Tayal	Director	Non-Executive
8.	Shri Sharat Jain	Director	Independent being Non-Executive
9.	Shri Ganesh Dutt	Director	Independent being Non-Executive
10.	Shri 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.



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

ii) **BOARD MEETINGS:** In all, 13 meetings of directors were held during the financial year 2010-11 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.

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., 14.05.2010, 31.05.2010, 31.07.2010, 30.10.2010, and 07.02.2011. The maximum interval between any two Board meetings was not more 99 days.

iii) **ATTENDENCE OF DIRECTOS :** The attendance of the directors during the year 2010-11 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 27.09.2010
Shri M. P Jindal	5	4	Yes
Shri Abhiram Tayal	5	3	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	4	Yes
Shri Rahul Dev Tayal	5	4	Yes
Shri Sharat Jain	5	5	Yes
Shri Ganesh Dutt	5	5	Yes
Shri Anuj Kumar	5	5	Yes

iv) **OTHER DIRECTORSHIP :** The number of directorships held in other bodies corporate by the Directors is as follows:

Name	No. of directorship in other companies		No. of membership of Committees	
	Pvt.	Public	Chairman	Member
Shri M.P. Jindal	—	2	—	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 :**

Mr. Shital Parshad Jain, who is liable to retire by rotation on the date of the ensuing Annual General Meeting, is to be re-appointed. Mr. Shital Parshad Jain, aged about 65 years is the Non-executive Independent Director.

Mr. Sajjan Singh, who is liable to retire by rotation on the date of the ensuing Annual General Meeting, is to be re-appointed. Mr. Sajjan Singh, aged about 41 years is the Non-executive Independent Director.

Mr. Karan Dev Tayal, who is liable to retire by rotation on the date of the ensuing Annual General Meeting, is to be re-appointed. Mr. Karan Dev Tayal, aged about 31 years is the Non-executive Director.

Further the brief resume of Mr. Shital Parshad Jain, Mr. Sajjan Singh and Mr. Karan Dev Tayal, their expertise, names of companies in which they are the directors and hold the membership of the Committees of the Board and their shareholding are being published as part of the Notice to the Annual General Meeting.

**1. 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 31<sup>st</sup> March, 2011.**

The composition of the Audit Committee and their attendance at the Committee meetings held during the year ended 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011, the Audit Committee Meetings held on 24.05.2010, 31.07.2010, 30.10.2010 and 07.02.2011.

**4. REMUNERATION COMMITTEE :**

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

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

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

**iii) Remuneration Committee Meeting (Attendance) :** During the year ended 31<sup>st</sup> March, 2011, no meeting of this committee was held.

**iv) Remuneration Policy :** The Managing Director is paid remuneration approved by the Board of Directors on the recommendation of Remuneration Committee. The remuneration so approved is subject to the approval by the shareholders at the 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 2010-11 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 31<sup>st</sup> March, 2010 is as under :

S.No.	Name	No. of shares
1.	Shri M. P. Jindal	107000
2.	Smt. Anubha Tayal	476100
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 31<sup>st</sup> March, 2011 the meetings of the Committee held on 24.05.2010, 31.07.2010, 30.10.2010 and 07.02.2011. The Minutes of the meeting of the committee were placed before the Board Meeting held after the committee meetings.

During the year ended 31<sup>st</sup> March, 2011, 19 Complaints were received and replied/resolved to the satisfaction of the shareholders. As on 31<sup>st</sup> March, 2011, no complaints of the shareholders were pending for redressal.

Separate email id for lodging investors' complaint/Correspondence is : [investor@hisarmetal.com](mailto:investor@hisarmetal.com)

The Company has appointed M/s Skyline Financial Services Pvt. Ltd., D-153A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi-110 020 as Share Transfer Agent to give services to the shareholders holding shares in 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 2<sup>nd</sup> 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
2007-08	Regd. Office	29.09.08	11 A.M.	No Special Resolution was passed
2008-09	- do -	29.09.09	- do -	No Special Resolution was passed
2009-10	- do -	27.09.10	- 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 31.03.2011 (in Rs.)	Rate of Interest	Period of Deposit
1.	Shri Abhiram Tayal	Promoter Director	2425000	11%	3yrs
2.	Smt. Anubha Tayal	Director	3025000	11%	3yrs
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 31<sup>st</sup> March, 2011, the Company has done the following transactions with associated concerns of the Company :

Nature of Transaction	Details of Transaction
Sale/Purchase	Sale of used Plastic Cane to Jindal Polybuttons Ltd. for Rs.9378/- and Sale of C.R. Strips to Ravindra Tubes Ltd. for Rs.5621/-.
Rent	Rs.278000/- paid to Jindal Metal Ltd. and Rs.36000/- paid to Jindal Product 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.

**iv) Disclosure of Non-Compliance :** Neither 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 :

- i) The Company has a non-executive chairman who maintains office at the Company's expense.
- ii) The Company has constituted a Remuneration Committee.
- iii) The Company's financial statements are un-qualified.
- iv) The Company has laid down a whistle blower policy.
- v) 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.

**3. 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.

**4. GENERAL SHAREHOLDERS INFORMATION :**

- a) As indicated in the Notice to our shareholders, the 21<sup>st</sup> Annual General Meeting of the Company will be held on Monday, the 26<sup>th</sup> day of September, 2011 at 11.00 A.M. at the Registered office of the Company at Near I.D.C., Delhi Road, Hisar – 125 005.
- b) The Financial Year of the Company is from April 1 to March 31.
- c) Date of Book Closure : From 23<sup>rd</sup> day of September to 26<sup>th</sup> day of September, 2011 (both days inclusive) for the purpose of the Annual General Meeting and payment of final dividend, if approved by members.
- d) The Dividend if approved by members will be paid within the statutory time limit.
- e) The shares of the Company are listed on
  - i) The Delhi Stock Exchange (Regional Stock Exchange)  
DSE House, 3/1, Asaf Ali Road, New Delhi – 110 002
  - ii) The Stock Exchange of Ahmedabad.  
Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad – 280 015
  - iii) 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

**Market Price Data :**

During the year under review, no trading took place 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 1<sup>st</sup> day of April, 2010 to 31<sup>st</sup> day of March, 2011 are as under :

**Mumbai Stock Exchange :**

Month (2010-11)	Volume	High (Rupees)	Low (Rupees)
April	19059	32.00	29.15
May	22253	34.70	27.60
June	14136	32.00	27.50
July	14847	31.30	28.00
August	23931	30.25	26.60
September	45457	29.30	26.25
October	30101	28.50	26.20
November	27209	30.00	23.95
December	15586	27.60	24.80
January	10620	27.40	25.15
February	9246	25.50	21.85
March	17295	24.40	21.55

**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.**

D-153 A, 1st Floor, Okhla Industrial Area, Phase - I,

New Delhi-110 020

Phone: 91 11 30857575

Fax: 91 11 30857562

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 31.03.2011 :**

Shares holding of Nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% of total	Amount	% of total
Upto	5000	987	76.39	15,07,990	4.19
5001	10000	91	7.04	7,59,370	2.11
10001	20000	54	4.18	8,82,020	2.45
20001	30000	26	2.01	6,66,800	1.85
30001	40000	19	1.47	6,82,210	1.89
40001	50000	15	1.16	8,83,820	2.46
50001	100000	46	3.56	33,61,120	9.34
100001	& above	54	4.19	2,72,56,670	75.71
<b>** Total**</b>		<b>1292</b>	<b>100.00</b>	<b>3,60,00,000</b>	<b>100.00</b>

**j) CATEGORIES OF SHAREHOLDERS AS ON 31.03.2011**

Name of the Company : **HISAR METAL INDUSTRIES LTD.**  
Scrip Code : **590018**  
Shareholding as on : **31-03-2011**

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 (ix)=(viii)/(iv) *100
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)
(A)	Shareholding of Promoter and Promoter Group							
(1)	Indian							
	(a) Individuals/ Hindu Undivided Family	36	1647921	803601	45.775	45.775	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)	-	-	-	-	-	-	-
	<b>Sub-Total (A) (1)</b>	<b>43</b>	<b>2062121</b>	<b>1029001</b>	<b>57.281</b>	<b>57.281</b>	<b>NIL</b>	<b>NIL</b>
(2)	Foreign							
	(a) Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-
	(b) Bodies Corporate	-	-	-	-	-	-	-
	(c) Institutions	-	-	-	-	-	-	-
	(d) Any Other (specify)	-	-	-	-	-	-	-
	<b>Sub-Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)</b>	<b>43</b>	<b>2062121</b>	<b>1029001</b>	<b>57.281</b>	<b>57.281</b>	<b>NIL</b>	<b>NIL</b>
(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
	<b>Sub-Total (B) (1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>NA</b>	<b>NA</b>
(2)	Non-institutions						NA	NA
	(a) Bodies Corporate	50	84541	84541	2.348	2.348	NA	NA
	(b) Individuals							
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh	1156	684743	451528	19.021	19.021	NA	NA
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	36	763847	579747	21.218	21.218	NA	NA
	(c) Any Other (NRI)	7	4748	4748	0.132	0.132	NA	NA
	<b>Sub-Total (B) (2)</b>	<b>1249</b>	<b>1537879</b>	<b>1120564</b>	<b>42.719</b>	<b>42.719</b>	<b>NA</b>	<b>NA</b>
	<b>Total Public Shareholding</b>	<b>1249</b>	<b>1537879</b>	<b>1120564</b>	<b>42.719</b>	<b>42.719</b>	<b>NA</b>	<b>NA</b>
	(B) = (B) (1) + (B) (2)							
	<b>TOTAL (A) + (B)</b>	<b>1292</b>	<b>3600000</b>	<b>2149565</b>	<b>100</b>	<b>100</b>	<b>NA</b>	<b>NA</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued						NA	NA
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>1292</b>	<b>3600000</b>	<b>2149565</b>	<b>100</b>	<b>100</b>	<b>NA</b>	<b>NA</b>

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.

**k) Dematerialization of Shares :** As on 31.03.2011, the number of equity shares held in dematerialized form were 2149565 (59.71%) and in physical form were 1450435 (40.29%).

**l) Plant Location :****HISAR METAL INDUSTRIES LIMITED**

Near I.D.C., Delhi Road, Hisar – 125 005 (Haryana)

**m) Address for correspondence :****HISAR METAL INDUSTRIES LIMITED**

Near I.D.C., Delhi Road, Hisar – 125 005 (Haryana)

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, 2011.

**For Hisar Metal Industries Limited**

Place: Hisar

Date : 20<sup>th</sup> August, 2011**Abhiram Tayal**  
**(Managing Director)****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, 2011, 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****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 31<sup>st</sup> March, 2011 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, 2011.

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**

Place : HISAR

Date : 20<sup>th</sup> August, 2011**Ram Babu Aggarwal**  
**Partner**



## Annexure C

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Overview :** The Indian economy is one of the fastest growing economies and is the 12<sup>th</sup> largest in terms of the market exchange rate and in terms of purchasing power parity, the Indian economy ranks the 4<sup>th</sup> largest in the world. 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.

Indian economy has tremendous potential and even in past recession crisis it showed positive growth and become the second fastest growing economy in the world today after China, which is attracting global investors to invest in several segments of the economy. India is today rated as one of the most attractive investment destinations across the globe. The UNCTAD World Investment Report (WIR) 2010, in its analysis of the global trends and sustained growth of Foreign Direct Investment (FDI) inflows, has reported India to be the second most attractive location for FDI for 2010-2012. Due to world economy began to slow down from middle of 2007-08 its real economic growth witnessed a sharp fall, followed by lower exports, capital outflow and corporate restructuring. The global economy seems to be recovering after the recent financial crisis it gets its momentum of growth again and it posted growth rate of GDP in 2010-11 about 8.5 percent against 6.5 percent in 2009-10.

**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 2012", 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 10% CAGR during 2010-2013.

**Opportunities :** Steel industry has a major role to play in the economic growth of India. With new global acquisitions by Indian steel giants, setting up of new state-of-the-art steel mills, modernisation of existing plants, improving energy efficiency and backward integration into global raw material sources, India is now on the centre of the global steel map. Consumption of steel in the construction sector, industrial applications, and transport sector has been on the rise and special steel usage in engineering industries such as power generation, petrochemicals and fertiliser industry is also growing. India has retained its position as the 5<sup>th</sup> largest producer in 2010 and recorded a growth of 11.3 per cent.

India has emerged as the fifth largest producer of steel in the world producing about 67 MMT of steel a year and is likely to become the second largest producer of crude steel by 2015-16, on account of growing steel demand, rich resources base of iron ore, skilled manpower and vast experience of steel making and the huge capacity expansion planned and being executed in the steel sector. With the expanding consumer market, Indian steel industry is likely to receive huge domestic and foreign investments. Nearly 222 memorandums of understandings (MoUs) for planned capacity of around 276 MMT have been signed between the investors and various State Governments. The crude steel production is expected to be nearly 110 MMT by 2012-13.

Your company has 3 Nos. of 4 Hi-Cold Rolling Mills and 2 Nos. of 6 Hi-Cold Rolling Mills. Thus, your company has immense capability to keep pace with the growing requirement of the industry. Beside, we always look forward to cope with any technology advancement.

**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 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 and the concern of the government over rising steel prices are some major factor affecting 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.

**Outlook :** Indian steel industry plays a significant role in the country's economic growth. The major contribution directs the attention that steel is having a stronghold in the traditional sectors, such as infrastructure & constructions, automobile, transportation, industrial applications etc. Moreover, steel variant stainless steel is

finding innovative applications due to its corrosion resistive property. India is the fifth largest steel producer at the global front and striving to become the second largest producer in the coming years.

Domestic demand for steel is anticipated to grow by around 12% in the next two years on the back of forecast of strong GDP growth, with long steel in greater demand than flat steel, although both are set to increase. The short-term demand forecast for both long and flat steel suggests growth of about 10-12% and 9-10%, respectively, over the next two years. Given its direct correlation to GDP growth, we expect the Indian steel industry to experience robust growth in the future. We believe the sector's long-term positive indicators will exceed its challenges.

Ministry of Steel in association with United Nations Development Programme (UNDP) is carrying out a project on 'Removal of Barriers to Energy Efficiency Improvement in Steel Re-rolling Mill Sector in India' at an estimated cost of US\$ 14.03 million. The project seeks to reduce greenhouse gas emissions by providing technical assistance to small and medium sized steel re-rolling mills in the country to enable them to adopt more energy efficient and environmentally friendly technologies.

**Risk and Concerns :** Steelmakers have had a challenging couple of years in the wake of the global financial crisis. In 2010, recovery in steel demand was far from consistent and steelmakers had to work hard at managing every aspect of their business in the face of fluctuating demand. This is compounded by increasing raw material costs. The fluctuations in demand, as well as raw material price volatility are the two biggest challenges faced by steelmakers.

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.

The Indian steel industry has been on a high-growth trajectory led by buoyancy in sectors such as infrastructure and construction, oil and gas and automobiles. The demand for steel is expected to further increase with major international automobile manufacturers setting manufacturing facilities in India. The consumption of steel in the country has shown an increase of 10.3 per cent during April 2010 to January 2011 as compared to the same period of previous year. 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 182 kg across the world.

**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 12470 M.T. of prime CRSS Strips as compared to 13351 M.T in the previous financial year while the Company has sold 12489 M.T. of prime CRSS Strips as compared to 13328 M.T. in the previous financial year. The turnover in terms of value is down by 1% to Rs.15926 Lac. The Profit before tax has decreased to Rs.79 Lac and Profit after tax has decreased to Rs.53 Lac, down by 78% and 77% respectively. Capital Expenditure during the year stood to Rs.258 Lac. The Reserve and Surplus stood to Rs.848.84 Lac. The Earning per share is Rs.1.48 and the Book value per share is Rs.33.58. The Board of Directors have recommended a dividend of 10% for the financial year 2010-11.

**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 utilisation 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**

Place : Hisar  
Dated : 20th August, 2011

**(M. P. JINDAL)**  
**CHAIRMAN**

**HISAR METAL INDUSTRIES LIMITED**  
**AUDITORS' REPORT**

17

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, 2011 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 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 31<sup>st</sup> March, 2011,
    - (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 : 20th August, 2011

**For Ram Sanjay & Co.**  
**Chartered Accountants**

**Ram Babu Aggarwal**  
**Partner**  
**Membership No. 82093**

Referred to in paragraph 3 of our report of even date on the accounts for the year ended on March 31, 2011 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. The Company has neither granted nor taken any loans, secured or unsecured to/from Companies, Firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence, Clause (iii) [a] to [g] of paragraph 4 of the Companies (Auditor's Report) Order 2003 is not applicable to the Company for the current year.
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, no transaction (excluding loans/ deposits reported under paragraph 3 above) is in excess of Rs. Five lacs 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, 2011 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.

**For Ram Sanjay & Co.  
Chartered Accountants**

**Place : Hisar  
Dated : 20th August, 2011**

**Ram Babu Aggarwal  
Partner  
Membership No. 82093**

## BALANCE SHEET AS AT 31.03.2011

DESCRIPTION	SCHEDULE	AS AT 31ST March, 2011	AS AT 31ST March, 2010
<b>SOURCE OF FUNDS</b>			
1. SHARE HOLDER'S FUND :			
a) Share Capital	A	36,000,000	36,000,000
b) Reserve & Surplus	B	84,883,561	83,738,333
2. LOAN FUNDS :			
a) Secured Loan	C	369,890,819	315,035,605
b) Unsecured Loan	D	97,419,113	113,392,520
3. DEFERRED TAX LIABILITY		20,049,482	21,137,175
4. DEALER SECURITY		26,000,000	26,000,000
	TOTAL	<u>634,242,975</u>	<u>595,303,633</u>
<b>APPLICATION OF FUNDS</b>			
1. FIXED ASSETS	E		
a) Gross Block		373,264,447	348,859,649
b) Less Depreciation		148,679,650	125,750,301
c) Net Block		224,584,797	223,109,348
d) Capital Work in Progress		—	—
		<u>224,584,797</u>	<u>223,109,348</u>
2. INVESTMENTS	F	84,000	84,000
		<u>84,000</u>	<u>84,000</u>
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	G	83,094,811	282,350,434
b) Sundry Debtors	H	290,001,390	331,845,824
c) Cash & Bank Balances	I	34,697,595	4,880,767
d) Loans & Advances	J	80,604,869	43,537,184
		<u>488,398,665</u>	<u>662,614,209</u>
Less : CURRENT LIABILITIES AND PROVISIONS			
a) Liabilities	K	73,927,039	285,558,563
b) Provisions	L	4,897,448	4,945,361
		<u>78,824,487</u>	<u>290,503,924</u>
NET CURRENT ASSETS		<u>409,574,178</u>	<u>372,110,285</u>
	TOTAL	<u>634,242,975</u>	<u>595,303,633</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

(M. P. JINDAL)  
CHAIRMAN

(RAM BABU AGGARWAL)  
PARTNER

(PARDEEP NANDAL)  
COMPANY SECRETARY

(ABHIRAM TAYAL)  
MANAGING DIRECTOR

Place : HISAR  
Dated : 20th August, 2011

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

(KARAN DEV TAYAL)  
DIRECTOR

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

DESCRIPTION	SCHEDULE	For The Year Ended 31st March, 2011	For The Year Ended 31st March, 2010
<b>INCOME</b>			
Sales & Other Income	M	1,598,811,382	1,609,984,784
Increase/Decrease in Closing Stock	N	(7,147,007)	11,144,202
		<u>1,591,664,375</u>	<u>1,621,128,986</u>
<b>EXPENDITURE</b>			
Raw Material Consumed	O	1,181,865,266	1,197,088,634
Excise Duty		143,582,850	122,126,486
Manufacturing Expenses	P	144,526,009	162,745,789
Personnel Expenses	Q	21,869,600	21,375,854
Administrative Selling & Other Expenses	R	10,388,458	10,031,607
Financial Expenses	S	57,671,128	52,043,999
Depreciation		23,858,278	19,861,985
		<u>1,583,761,589</u>	<u>1,585,274,354</u>
<b>PROFIT</b>			
Profit before Taxation		7,902,786	35,854,632
Less : Provision for Income Tax	: Current	3,031,739	6,120,452
	: Mat Credit Entitlement	—	(823,518)
	: Deferred	(1087693)	6,945,783
	: Wealth	713,438	360,352
		<u>5,245,302</u>	<u>23,251,563</u>
Add : Previous year Tax		83,936	—
		<u>5,329,238</u>	<u>23,251,563</u>
Balance brought forward from earlier years		34,991,633	15,937,985
Profit available for appropriation		<u>40,320,871</u>	<u>39,189,548</u>
<b>APPROPRIATIONS</b>			
Proposed Dividend (Including tax on dividend)		4,184,010	4,197,915
Balance carried over to Balance Sheet		36,136,861	34,991,633
		<u>40,320,871</u>	<u>39,189,548</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

(M. P. JINDAL)  
CHAIRMAN

(RAM BABU AGGARWAL)  
PARTNER

(PARDEEP NANDAL)  
COMPANY SECRETARY

(ABHIRAM TAYAL)  
MANAGING DIRECTOR

Place : HISAR  
Dated : 20th August, 2011

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

(KARAN DEV TAYAL)  
DIRECTOR

DESCRIPTION	AS AT 31ST March, 2011	AS AT 31ST March, 2010
<b>SCHEDULE "A"</b>		
<b>SHARE CAPITAL</b>		
AUTHORISED :		
5000000 Equity Shares of Rs.10/- each	50,000,000	50,000,000
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	36,000,000	36,000,000
	36,000,000	36,000,000
<b>SCHEDULE "B"</b>		
RESERVE & SURPLUS		
Share Premium	11,546,700	11,546,700
General Reserve	37,200,000	37,200,000
Profit & Loss Account	36,136,861	34,991,633
	84,883,561	83,738,333
<b>SCHEDULE "C"</b>		
<b>SECURED LOANS</b>		
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.	110,628,355	30,663,889
B) FROM PUNJAB NATIONAL BANK Working Capital Demand Loan secured against hypothecation of stock of Finished Goods Raw Materials, Work-in-progress Book Debts, Stores and Spares and guaranteed by the Directors.	201,868,493	201,699,050
C) FROM PUNJAB NATIONAL BANK Term Loan secured against first charge on leasehold rights of land, Building and block assets of the Company.	2,020,070	10,092,289
D) FROM PUNJAB NATIONAL BANK Term Loan II secured against first charge on leasehold rights of land, Building and block assets of the Company.	25,781,548	34,837,062
E) FROM PUNJAB NATIONAL BANK Corporate Loan secured against first charge leasehold rights of land, Building and block assets of the Company.	24,264,986	32,312,638
F) FROM KOTAK MAHINDRA PRIME LTD. Term Loan Secured against hypothecation of Car	3,408,244	5,430,677
G) FROM ICICI BANK LTD. Term Loan Secured against hypothecation of Car	1,919,123	—
	369,890,819	315,035,605
<b>SCHEDULE "D"</b>		
UNSECURED LOANS		
Fixed Deposits	16,095,000	16,095,000
Corporate Loan	70,874,113	90,022,520
<b>Loan From Directors</b>		
Fixed Deposits	10,450,000	6,450,000
Interest Free Loan	—	825,000
	97,419,113	113,392,520



**SCHEDULE "E"**  
**FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.04.2010	Addition	Sales/ Transfer	TOTAL	Uoto Last Year	For the Year	Written Off/Adj.	TOTAL	AS ON 31.03.2011	AS ON 31.03.2010
Land	9567240	239600	0	9806840	0	0	0	0	9806840	9567240
Industrial Plot	11234647	0	0	11234647	0	0	0	0	11234647	11234647
Shed & Building	21995366	449280	0	22444646	4728993	735920	0	5464913	16979733	17266373
Delhi Office	3710000	0	0	3710000	45831	123914	0	169745	3540255	3664169
Plant & Machinery	276505694	19991462	0	296497156	109188315	20637437	0	129825752	166671404	167317379
Generator	11412867	0	0	11412867	7818636	846835	0	8665471	2747396	3594231
Vehicles	11635897	4073482	1635204	14074175	2054924	1298152	928929	2424147	11650028	9580973
Furniture & Fixture	423504	551975	0	975479	277788	33172	0	310960	664519	145716
Office Equipments	986402	639061	0	1625463	360514	59780	0	420294	1205169	625888
Computer	1388032	95142	0	1483174	1275300	123068	0	1398368	84806	112732
	348859649	26040002	1635204	373264447	125750301	23858278	928929	148679650	224584797	223109348
Capital Work-in-Progress	0	20440742	20440742	0	0	0	0	0	0	0
	<b>348859649</b>	<b>46480744</b>	<b>22075946</b>	<b>373264447</b>	<b>125750301</b>	<b>23858278</b>	<b>928929</b>	<b>148679650</b>	<b>224584797</b>	<b>223109348</b>
PREVIOUS YEAR	310993396	132847486	94981233	348859649	105888315	19861986	0	125750301	223109348	205105081

**DESCRIPTION**
**AS AT 31ST  
March, 2011**
**AS AT 31ST  
March, 2010**
**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

**40,958,098**
**237,596,551**
**10,736,424**
**17,883,431**
**31,400,289**
**26,870,452**
**83,094,811**
**282,350,434**
**SCHEDULE "H"**
**SUNDRY DEBTORS**

(Unsecured Considered Good)

a) Outstanding for over six months  
b) Others

**23,874,627**
**10,359,048**
**266,126,763**
**321,486,776**
**290,001,390**
**331,845,824**
**SCHEDULE "I"**
**CASH AND BANK BALANCES**

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

**269,916**
**166,895**
**20,641**
**22,246**
**29,731,734**
**2,168,591**
**4,675,304**
**2,523,035**
**34,697,595**
**4,880,767**

DESCRIPTION	AS AT 31ST March, 2011	AS AT 31ST March, 2010
<b>SCHEDULE "J"</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured Considered Good)		
Advance recoverable in cash or in kind or for value to be received	74,915,012	36,632,844
Advance Against Machinery	268,960	1,968,431
Security Deposits	3,698,520	3,715,520
Prepaid Expenses	1,722,377	1,220,389
	<u>80,604,869</u>	<u>43,537,184</u>
<b>SCHEDULE "K"</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
For Purchase	From S.S.I.*	
	From Others	
	48,656,782	258,564,091
For Capital Goods	From S.S.I.*	
	From Others	
	—	1,764,186
(*Refer Clause No. 6 of Schedule 'T' Notes on Accounts)		
Advance from Customers	6,374,728	3,653,261
Other Liabilities	18,441,627	21,171,528
Unclaimed Dividend	453,902	405,497
	<u>73,927,039</u>	<u>285,558,563</u>
<b>SCHEDULE "L"</b>		
<b>PROVISIONS</b>		
Proposed Dividend (Including Tax)	4,184,010	4,197,915
Income Tax	—	387,094
Wealth Tax	713,438	360,352
	<u>4,897,448</u>	<u>4,945,361</u>
<b>SCHEDULE "M"</b>		
<b>SALES &amp; OTHER INCOME</b>		
Sale	1,592,582,281	1,605,842,775
Export Sale Income	766,174	434,571
Job Charges	2,036,853	730,995
Misc. Income	3,401,486	2,976,443
Profit on sale of Fixed Assets	24,588	—
	<u>1,598,811,382</u>	<u>1,609,984,784</u>
<b>SCHEDULE "N"</b>		
<b>INCREASE (DECREASE) IN STOCK</b>		
Stock at close	10,736,424	17,883,431
Less : Stock at Commencement	17,883,431	6,739,229
	<u>(7,147,007)</u>	<u>11,144,202</u>
<b>SCHEDULE "O"</b>		
<b>RAW MATERIAL CONSUMED</b>		
Opening Stock	237,596,551	12,444,595
Add : Purchases (Net of discount)	985,226,813	1,422,240,590
	<u>1,222,823,364</u>	<u>1,434,685,185</u>
Less : Closing Stock	40,958,098	237,596,551
	<u>1,181,865,266</u>	<u>1,197,088,634</u>

**HISAR METAL INDUSTRIES LIMITED****25****DESCRIPTION****AS AT 31ST  
March, 2011****AS AT 31ST  
March, 2010****SCHEDULE "P"****MANUFACTURING EXPENSES**

Stores & Spares	33,508,263	46,120,827
Power & Fuel	88,306,378	93,032,521
Chemical	18,914,691	20,469,311
Repair & Maintenance (Plant & Machinery)	3,043,105	2,387,611
Other Manufacturing Expenses	753,572	593,746
Building Repairing Expenses	—	141,773
	<u>144,526,009</u>	<u>162,745,789</u>

**SCHEDULE "Q"****PERSONNEL EXPENSES**

Salaries, Wages & Bonus	16,954,282	16,372,832
Contribution to Provident & Other Funds	2,281,337	2,256,099
Staff & Labour Welfare	1,223,325	967,616
Gratuity	1,219,018	1,454,871
Leave Encashment	191,638	324,436
	<u>21,869,600</u>	<u>21,375,854</u>

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

Rent	314,000	294,000
Filing Fees	3,000	9,800
Legal & Professional	350,168	306,773
Vehicle Upkeep & Maintenance	823,543	671,794
Insurance	1,798,423	1,620,221
Postage, Telegram & Telephone	724,741	765,068
Travelling & Conveyance	856,452	1,223,496
Printing & Stationery	478,534	535,718
Auditor's Remuneration as :		
Statutory Audit Fees	60,000	60,000
Tax Audit Fees	20,000	20,000
Tax Consultancy	22,000	22,000
Advertisement	489,142	254,926
Fees & Subscription	259,148	415,231
Commission & Discount	1,016,790	1,221,645
Donation	55,251	33,002
Freight & Octroi	746,012	916,056
Misc. Expenses	468,260	391,075
Export Sale Exp.	1,042,057	591,282
Sale Promotion Expenses	598,948	80,877
Loss on sale of fixed assets	261,989	—
Sinking Fund	—	89,800
Software Development Charges	—	74,880
Bad Debts	—	433,963
	<u>10,388,458</u>	<u>10,031,607</u>

**SCHEDULE "S"****FINANCIAL EXPENSES**

Interest on Term Loans	7,570,931	9,840,882
Interest on Cash Credits	23,471,830	22,312,429
Interest on Fixed & Term Deposits	11,507,042	13,174,011
Interest on Others	14,250,333	5,769,609
Bank Charges	870,992	947,068
	<u>57,671,128</u>	<u>52,043,999</u>

**SCHEDULE "T"****Significant Accounting Policies and Notes on Accounts for the year ended 31<sup>st</sup> March, 2011****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**

The carrying values of assets are reviewed at each reporting date to determine if there is indication of impairment. If any indication exists, the assets' recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognized wherever the carrying amount of an assets or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the Profit and Loss Account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

**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 Encashment	
	31.3.11	31.3.10	31.3.11	31.3.10
i) Discounting Rate	8.00	7.50	8.00	7.50
ii) Future Salary Increase	5.50	5.00	5.50	5.00
iii) Expected Rate of return on plan assets	0.00	0.00	0.00	0.00

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

Particulars	Gratuity		Leave Encashment	
	31.3.11	31.3.10	31.3.11	31.3.10
a) Present Value of obligation as at end of the period	6845327	6062167	1721385	1535482
b) Fair Value of plan assets as at the end of the period	—	—	—	—
c) Funded status/difference	(6845327)	(6062167)	(1721385)	(1535482)
d) Excess of actual over estimated	—	—	—	—
e) Unrecognized actuarial (gains)/losses	—	—	—	—
f) Net asset/(liability) recognized in balance sheet	(6845327)	(6062167)	(1721385)	(1535482)

## iii) Expense recognized in the statement of Profit and Loss

Particulars	Gratuity		Leave Encashment	
	31.3.11	31.3.10	31.3.11	31.3.10
a) Current service cost	595439	563762	141223	129562
b) Past service cost	—	—	—	—
c) Interest cost	484973	370556	122839	94041
d) Expected return on plan assets	—	—	—	—
e) Curtailment cost/(Credit)	—	—	—	—
f) Settlement cost/(Credit)	—	—	—	—
g) Net actuarial (gain)/ loss recognized in the period	138606	520553	(72424)	100833
h) Expense recognized in the statement of profit & losses	1219018	1454871	191638	324436

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

Particulars	Gratuity		Leave Encashment	
	31.3.11	31.3.10	31.3.11	31.3.10
a) Present value of obligation as at the end of period	6845327	6062167	1721385	1535482
b) Present value of obligation as at the beginning of the period	6062167	4940752	1535482	1253880
c) Benefits paid	435858	333456	5735	42834
d) Actual return on plan assets	—	—	—	—
e) Expenses recognized in the statement of profit & losses	1219018	1454871	191638	324436

## v) Movement in the liability recognized in the balance sheet

Particulars	Gratuity		Leave Encashment	
	31.3.11	31.3.10	31.3.11	31.3.10
a) Opening net liability	6062167	4940752	1535482	1253880
b) Expenses as above	1219018	1454871	191638	324436
c) Benefits paid	(435858)	(333456)	(5735)	(42834)
d) Closing net Liability	6845327	6062167	1721385	1535482



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**

	<b>Current Year (MT)</b>	<b>Previous Year (MT)</b>
i) Licenced & installed capacity		
Goods manufactured	<b>C.R. Strips</b>	<b>C.R. Strips</b>
Licenced Capacity	<b>Not Applicable</b>	<b>Not Applicable</b>
Installed Capacity	<b>14400</b>	<b>14400</b>
ii) ACTUAL PRODUCTION		
OWN PRODUCTION		
Cold Rolled Strips (S.S.)	<b>12470</b>	<b>13351</b>
Scrap	<b>1046</b>	<b>976</b>
FOR OTHERS – ON JOB		
Cold Rolled Strips (S.S.)	<b>190</b>	<b>68</b>

**B) DETAILS OF OPENING STOCK, TURNOVER AND CLOSING STOCK**

		<b>Current Year</b>		<b>Previous Year</b>	
		<b>Qty. (MT)</b>	<b>Amount (Rs.)</b>	<b>Qty. (MT)</b>	<b>Amount (Rs.)</b>
i) OPENING STOCK					
C.R. STRIPS	(S.S.)	<b>68</b>	<b>11727734</b>	45	5104164
SCRAP	(S.S.)	<b>64</b>	<b>6155697</b>	34	1635065
			<u><b>17883431</b></u>		<u><b>6739229</b></u>
ii) TURNOVER					
C.R. STRIPS	(S.S.)	<b>12489</b>	<b>1510895422</b>	13328	1544517682
SCRAP	(S.S.)	<b>1044</b>	<b>81686858</b>	946	61325093
			<u><b>1592582280</b></u>		<u><b>1605842775</b></u>
iii) CLOSING STOCK					
C.R. STRIPS	(S.S.)	<b>49</b>	<b>5861981</b>	68	11727734
SCRAP	(S.S.)	<b>66</b>	<b>4874443</b>	64	6155697
			<u><b>10736424</b></u>		<u><b>17883431</b></u>
C) RAW MATERIAL CONSUMED					
H.R. STRIPS	(S.S.)	<b>13919</b>	<b>1181865266</b>	14759	1197088634
			<u><b>1181865266</b></u>		<u><b>1197088634</b></u>

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

		<b>%AGE AMOUNT (Rs.)</b>		<b>%AGE AMOUNT (Rs.)</b>	
		<b>%AGE</b>	<b>AMOUNT (Rs.)</b>	<b>%AGE</b>	<b>AMOUNT (Rs.)</b>
i) RAW MATERIAL :					
	Indigenous	<b>97.05</b>	<b>1146972883</b>	99.80	1194486151
	Imported	<b>02.95</b>	<b>34892383</b>	00.20	2602483
		<u><b>100.00</b></u>	<u><b>1181865266</b></u>	<u><b>100.00</b></u>	<u><b>1197088634</b></u>
ii) STORES AND SPARES :					
	Indigenous	<b>99</b>	<b>33180272</b>	86	39497206
	Imported	<b>01</b>	<b>327991</b>	14	6623621
		<u><b>100</b></u>	<u><b>33508263</b></u>	<u><b>100</b></u>	<u><b>46120827</b></u>
D) C.I.F. Value of imports	(Capital Goods)		—		—
	(Store and Spares)		<b>255955</b>		5410055
E) Expenditure in Foreign Currency (Others)			<b>28920541</b>		7591921
F) Earning in Foreign Exchange			<b>24737999</b>		13726548



**8. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS ON 31<sup>ST</sup> MARCH 2011  
(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	:	31.03.2011
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	:	634243
Total Assets	:	634243
<b>SOURCE OF FUNDS</b>		
Paid up Capital	:	36000
Reserve & Surplus	:	84884
Secured Loans	:	369891
Unsecured Loans	:	97419
Deferred Tax Liability	:	20049
Dealer Security	:	26000
<b>APPLICATION OF FUNDS</b>		
Net Fixed Assets	:	224585
Investments	:	84
Net Current Assets	:	409574
Misc. Expenditure	:	NIL
Accumulated Losses	:	NIL
d) Performance of Company (Amount in Rs. Thousands)		
Turnover/Other Income	:	1598811
Total Expenditure	:	1590908
Profit/Loss before tax	:	7903
Profit/Loss after tax	:	5329
Earning per share	:	1.48
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

(PARDEEP NANDAL)  
COMPANY SECRETARY

(ABHIRAM TAYAL)  
MANAGING DIRECTOR

Place: HISAR  
Dated: 20th August, 2011

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

(KARAN DEV TAYAL)  
DIRECTOR

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

(Rs.In thousands)

	FOR THE YEAR ENDED		FOR THE YEAR ENDED	
	MARCH 31, 2011		MARCH 31, 2010	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax & Extraordinary items		7903		35855
Adjustments for : Depreciation	23858		19862	
Profit on sale of fixed assets	(24)		—	
Loss on sale of Fixed Assets	262		—	
Amortised expenditure	—		—	
Interest paid	57671	81767	52044	71906
Operating profit before working Capital Changes		89670		107761
Adjustments for : Trade & other Receivables	4777		(130174)	
Inventories	199255		(240589)	
Trade Payables & Other Liabilities	(211679)	(7647)	238735	(132028)
Cash Generated from Operations		82023		(24267)
Interest Paid	(57671)		(52044)	
Direct Taxes Paid	(3661)	(61332)	(5657)	(57701)
Cash flow before Extraordinary items		20691		(81968)
Adjustments for: Extraordinary items	—		—	
Net Cash from Operating Activities		20691		(81968)
B) CASH FLOW FROM INVESTING ACTIVITIES				
Fixed Assets	(25571)		(37866)	
Sale of Fixed Assets			—	
Sale of Shares	—		—	
Investment in Mutual Fund	—		—	
Net cash used in Investing Activities	—	(25571)	—	(37866)
C) CASH FLOW FROM FINANCING ACITIVITIES				
Proceeds from Issue of Share Capital	—		—	
Proceeds from Issue of Share Premium	—		—	
Proceeds from long term borrowings	(15973)		14166	
Proceeds from short term borrowings	80134		69170	
Proceeds / (Repayment) of term loans	(25280)		(9144)	
Proposed Dividend	(4184)		(4198)	
Net Cash flow from Financing Activities		34697		69994
Net increase/ (decrease) in cash & cash equivalents		29817		(49840)
Cash & cash equivalents (Opening balance)		4880		54720
Cash & cash equivalents (Closing balance)		34697		4880

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

For and on behalf of the Board

Place: Hisar  
Dated: 20th August, 2011(ABHIRAM TAYAL)  
MANAGING DIRECTOR

## AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow statement of HISAR METAL INDUSTRIES LIMITED for the year ended 31<sup>st</sup> March 2011. 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 20th August, 2011 to the members of the Company.

For Ram Sanjay & Co.  
Chartered AccountantsPlace: Hisar  
Dated: 20th August, 2011(RAM BABU AGGARWAL)  
PARTNER