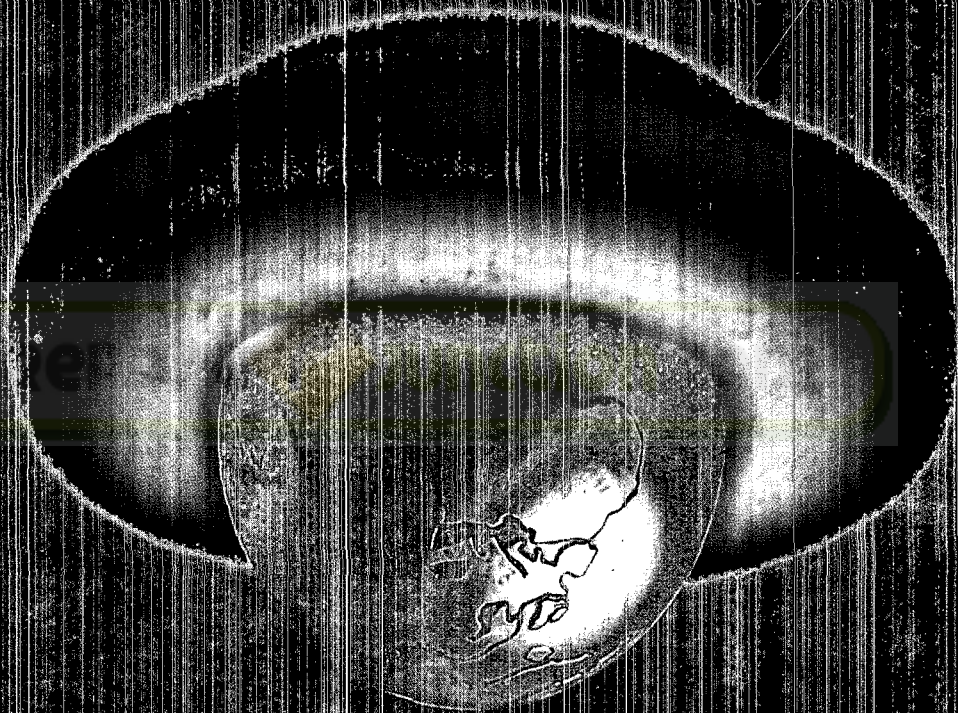


FORGINGS AS YOU LIKE...



METAL FORGING LTD.

HILTON

HF HILTON

METAL FORGING LTD

Quality Approvals

ISO 9001-2000 Approval

API 6A Monogram Approval

"PED" Approval

AD 2000- Markblett WO

Approved as 'Preferred Vendor' with
Defense Ministry, Govt. of India for
supply of forgings items



FORGING AS YOU LIKE...

HILTON METAL FORGING LIMITED

BOARD OF DIRECTORS:

Shri Yuvraj Malhotra	CMD
Shri Navraj Malhotra	Whole time Director
Shri Joseph Mc Kay	Director
Shri Harmohindar Singh Dhingra	Director
Shri Manoj Kumar More	Director
Shri Sanjay Jain	Director
Shri Navin Chokshi	Director

COMPANY SECRETARY:

Vimal Prakash Dubey

REGISTERED OFFICE:

701, Palmspring, Palmcourt Complex,
 Link Road, Malad(W),
 Mumbai-400064.

BANKERS:

State Bank of Hyderabad
 Saraswat Co-op. Bank Ltd
 State Bank of Indore
 Axis Bank Ltd.

AUDITOR:

M/s R.K. Chaudhary & Associates,
 Chartered Accountants,
 3rd Floor, Kamanwala Chambers,
 Sir P.M. Road, Fort,
 Mumbai-400001.

REGISTRAR & SHARE TRANSFER AGENTS:

Sharex Dynamic (India) Pvt. Ltd.,
 Unit No.1, Luthra Industrial Premises,
 Andheri Kurla Road, Safed Pool,
 Andheri (E), Mumbai-400072

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NOTICE

Notice is hereby given that the Third Annual General Meeting of the Members of Hilton Metal Forging Limited will be held on Tuesday, the 5th August, 2008 at 1st Floor, East Banquet Hall, , Goregaon Sports Club, Link Road, Malad (W), Mumbai-400064 at 3.00 p.m. to transact the following business :

AS ORDINARY BUSINESS:

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008 and the profit & loss account for the year ended on that date along with the schedules thereon and the Reports of the Directors and Auditors thereon.
- 2) To appoint a director in place of Mr Sanjay Jain who retires by rotation and being eligible offers himself for re-appointment
- 3) To appoint a director in place of Mr. Manoj Kumar More who retires by rotation and being eligible offers himself for re-appointment
- 4) To Declare dividend.
- 5) To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS:

- 6) **To consider, and if thought fit to pass with or without modification following resolution as an Ordinary Resolution**

"**RESOLVED THAT** in furtherance to the approval of the Board of Directors of the Company pursuant to Section 198, Section 269, Section 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, (Act) (including any statutory modification or re-enactment thereof for the time being in force) at its meeting held on 28th July, 2007 with respect to the appointment of Mr. R.P. Ghosh, as the Whole-time Director of the Company, and pursuant to the recommendation of the Remuneration Committee of the Company in terms of Schedule XIII and other applicable provisions of the Act, the terms and conditions of the appointment of and the remuneration to Mr. R.P. Ghosh, as Whole-time Director of the Company, as stated in the Explanatory Statement annexed to this notice, be and are hereby approved, ratified and confirmed."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to raise, amend, alter or otherwise vary the remuneration to him and/or the terms and conditions of his appointment from time to time as they deem fit in accordance with the provisions of the Act."

For and on behalf of the Board of Directors

Vimal Prakash Dubey
Company Secretary

Registered Office:

701, PALMSRING,
Palmcourt Complex, Link Road,
Malad (W), Mumbai – 400 064

Date : 4th July, 2008

Place : Mumbai

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 NEED NOT BE A MEMBER.
2. PROXY FORM AND ATTENDANCE SLIP ARE ENCLOSED. PROXIES, DULY STAMPED AND EXECUTED, MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.
3. Explanatory Statement under Section 173(2) of the Companies Act, 1956 is annexed to the Notice and forms part of the Notice.
4. Dividend when declared will be paid to all the Shareholders who are entitled to receive payment and whose names appear in the Register of Members as on the 5th of August, 2008.
5. All documents referred in the Notice and Explanatory Statement are available for inspection for eligible members on all working days except on Saturdays, and holidays between 11.00 a.m. to 01.00 p.m. upto the date of the General Meeting.



6. Members holding shares in Dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Annual General Meeting.
7. Members/ Proxies should bring their copy of Annual Report and also the attendance slip duly filled in for attending the meeting.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 10th July, 2008 to 5th August, 2008-both days inclusive.

ANNEXURE TO THE NOTICE:

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.6

Pursuant to the recommendation of the Remuneration Committee and subject to the approval of the members under the provisions of section 198, 269, 309, Schedule XIII and any other provisions of the Companies Act, 1956 and other approval, if any, the Board of Directors, in its meeting held on 28th July, 2007, appointed Mr.R.P.Ghosh as a Whole time Director of the Company for a period of five years w.e.f. 1st August, 2007 on the following terms, conditions and remuneration

1. Remuneration:

- (a) Salary: Rs. 40,000/- per month in the scale of 40,000 to Rs 5,00,000/-
- (b) Bonus: Bonus upto maximum of 20% of salary payable quarterly or at other intervals as may be decided by the Board

2. Perquisites

- a) Medical: Reimbursement of actual expenses for self and family
- b) Leave travel: For self and family once in a year as decided by the Board from time to time

3. Other Benefits:

- a) Earned/Privilege Leave as per rules of the Company
- b) Company's contribution to provident fund and super-annuation fund as per the rules of the Company

The aggregate remuneration inclusive of salary, bonus, commission, incentives, allowances, perquisites and other benefits payable to Mr.R.P.Ghosh shall always be subject to the overall ceilings laid down in section 198 and 309 and Part II of Section I of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956

4. Minimum remuneration

Where in any financial year during the tenure of Mr.R.P.Ghosh the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr.R.P.Ghosh the above remuneration by way of salary and other allowances as a minimum remuneration subject to the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

None of the Directors is deemed to be concerned and interested in the resolution

Directors recommend passing of the resolution.

For and on behalf of the Board of Directors

Vimal Prakash Dubey
Company Secretary

Registered Office:

701, PALMSRING,
Palmcourt Complex, Link Road,
Malad (W), Mumbai – 400 064

Date : 4th July, 2008

Place : Mumbai

Annual Report 2007-2008

DIRECTORS' REPORT

To
The Members
Hilton Metal Forging Limited

1. Your Directors present the Third Annual Report and the Audited Statement of accounts of the Company for the year ended March 31st, 2008.

Financial Results

Particulars	(Rs in Lacs)	
	Year Ended March 2008	Year Ended March 2007
Sales	7716.74	5611.16
Other Income	782.19	340.92
Profit before Interest, Depreciation, exceptional Items, Waivers and Tax	903.23	840.31
Less : Finance Charges	245.65	150.87
Profit before Depreciation, exceptional Items, Waivers and Tax	657.58	689.44
Less: Depreciation	57.08	43.33
Profit before exceptional Items, Waivers and Tax	600.50	646.11
Less: Exceptional Items	47.84	0
Profit Before Tax	552.66	646.11
Less: Current Tax /Deferred Tax	189.72	217.48
Profit after Tax	362.94	428.63
Balance Brought forward from previous year	530.35	261.56
Balance Available for Appropriation	893.29	690.19
Appropriation		
Proposed Dividend for the Financial year at the rate of Rs.1.00 per share	124.43	69.93
Corporate Dividend Tax	17.62	9.91
Transferred to General Reserves	150.00	80.00
Retained Profit carried forward to Balance Sheet	601.26	530.35

2. Operations & Future Outlook

The Company achieved net sales and other income of Rs 8498.93 lacs for the year ended on 31st March, 2008 as against net sales and other income of Rs 5952.09 lacs achieved in the previous year, recording a growth of 42.78%. with close monitor of costs and expenses, this year ended with a gross profit of Rs. 903.23 lacs (previous year Rs 840.31 Lacs) and pre tax profit of Rs 600.50 Lacs (Previous year Rs 646.11 Lacs). The Company continues its relentless efforts in developing new high value products, reducing costs, improving productivity and yield, conserving energy, standardizing of production process and improving work practices, tighter current assets management and rationalizing man power. These efforts have and shall bear satisfactory returns in the coming years. However current year's net earning is some what reduced as compared to previous year. This is because the company had entered into option contract with structured frame work in Euro currency, which has resulted in loss of Rs 132.68 lacs during the year.

During the year, the initial Public Offer of your company was oversubscribed and allotment of shares, were completed successfully with BSE. The listing of your Company's shares, has taken place during the year under review. Various machinery as envisaged under the expansion program have been received and some of them are installed and put to operation/use. The construction of sheds are under progress and likely to be completed within six months time from now.

3. Dividend

Your Directors are pleased to recommend a dividend of 10% i.e Rupee 1.00 per Equity share of Rs 10 each for the year ended March 31st, 2008, resulting out flow will be Rs 142.05 lacs. Your Board further proposes to transfer to General Reserves an amount of Rs 150.00 lacs out of the profit.

4. Finance

The requirement of Working Capital finance has been sanctioned by the consortium of banks under leadership of State Bank of Hyderabad.

5. Deposits :

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

6. Directors' Responsibility Statement:

In view of the provisions of Section 217(2AA) of the Companies Act 1956, your Directors state that in preparation of the Financial Statements for the year ended 31st March, 2008:

- a) The applicable Accounting Standards have been followed by the Company, with necessary explanation for material departure, if any;
- b) The accounting policies adopted and applied consistently, in the opinion of the Directors are reasonable and prudent and gives true and fair view of the state of affairs of the Company at the end of the financial period and of the Profit of the Company for the year under review;
- c) The proper and sufficient care was taken for the maintenance of the adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) The accounts have been prepared on a going concern basis.

7. Committees:

In terms of the provisions of Companies Act, 1956, and considering the requirement under Clause 49 of the Listing Agreement of the Stock Exchanges, Audit Committee, Shareholders' Grievance Committee, Initial Public Offer Committee, Management Committee and Managerial Remuneration Committee have been formed with the required number of Independent Directors of the Company.

8. Directors:

Mr Sivcharan Gujral had resigned from the Board of Directors. The Board accepted his resignation with effect from 18th June 2007 and taken note of services rendered by him.

Mr Ram Prosad Ghosh, was appointed as Additional Director with effect from 1st August 2007 and holds the office up to the ensuing Annual general Meeting. He has expressed his intention of not seeking appointment at the ensuing Annual General Meeting.

Mr. Sanjay Jain and Mr. Manoj More, the Directors, are liable to retire at the ensuing Annual General Meeting and have given their consent to be re-appointed as the Directors. Your Directors recommend their appointment.

9. Auditors:

M/s. R K Chaudhary & Associates, Chartered Accountants, Mumbai, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The members are requested to appoint the auditors.

The company has received a confirmation from them to the effect that their appointment, if made, would be within the prescribed limits U/S 224 (1B) of the Companies Act, 1956.

10. Management Discussion and analysis**Business of the company and over view**

The Company Is Mainly Engaged In Manufacturing Of Stainless Steel Forging, Flanges And Allied Pipe Fitting Items. The Company Has Secured Tuv Cert/Rwtuv An Iso-9001-2000 Accreditation For Quality, Tuv Cert/Rwtuv For Ped, Tuv Cert/Rwtuv For Ad-2000-merkblatt Wo, Api Iso/Ts 29001 (American Petroleum Institute), And Approved Manufacturers By Sasol Technology.

The out look of your company continues to be bright. It is expected that growth in refinery, oil and gas industry, pharmaceuticals will continue to contribute towards growth of your company in terms of volume and profitability.

The global manufacturing shift to Asia (Mainly China and India) heralds new opportunity for your company. Your company having refurbished its manufacturing activity is in discussion with various global users and distributing companies to out source their manufacturing requirements to your company.

RISK MANAGEMENT

The company recognizes that this is inevitable and believes in having optimum, well-defined and integrated risk management strategy. It also believes that proper risk identification, evaluation and mitigation would help to achieve its target of sustainable profitability and growth.

The upward variation in raw material prices adversely effects profitability. Hence the company constantly monitors raw material price and revises the selling prices of its products.

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HUMAN RESOURCES

The company's HR policy and process are aligned to effectively drive its expanding business and forays in to emerging opportunity. This has been achieved by continuous investing in training and development programs, creating a compelling work environment, empowering employees at all levels and maintaining well structured and recognition mechanisms. The company helps employees build new skills and new competencies and promotes knowledge sharing and team building. The company's recruitment practice ensures that suitable candidates with merit are recruited and provided with right opportunity.

CAUTIONARY STATEMENT

Statements in the management discussion and analysis describing the company's objective, projections, estimates and expectations may constitute "FORWARD LOOKING STATEMENTS" within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent development, information or events.

11. **Disclosure of particulars with respect to conservation of energy, foreign exchange earning / outgo etc :**
Statement giving particulars relating to conservation of energy, technology absorption and foreign exchange earning and outgo as required under section 217(1)(e) of the Companies Act, 1956 is annexed.
12. **Particulars of Employees**
None of the employees was in receipt of remuneration as contemplated in Section 217(2A) of the Companies Act, 1956.
During the period under review, relation with the workmen continued to remain cordial. The Company has and possesses good faith and trust of the workers and continues having best industrial relation with its workmen force.
13. **Acknowledgements:**
Your Directors take this opportunity to thank the Company's Bankers, foreign buyers for their continued co-operation and patronage. The Board of Directors also Thank all the employees for their contribution, dedication, commitment and hard work and continued co-operation throughout the year.

For and on behalf of the Board of Directors

Mumbai

Yuvraj Malhotra

Dated : 14th June, 2008

Chairman and Managing Director

Annexure to Directors' Report**A. Conservation of Energy****Form A**

(See Rule2)

Power and Fuel Consumption	Current year ended 31st march 2008	Period ended 31st March 2007
1. Electricity		
Purchased Units (KWH)	2232152	2358220
Total Amount (in Rupees)	14428284	12634760
Rate/unit (Rs.)	6.46	5.36
2. Furnace Oil		
Quantity (KLS)	763	810
Total Amount (Rupees)	18862053	14632582
Average Rate Per KLS	24720.90	18064.92

B. Consumption per unit of production

The company produces wide range of forgings, flanges and other allied products. It is not practicable to establish product wise energy consumption.

FORM - B**(DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESERCH AND DEVELOPMENT (R & D))**

- Specific area in which R & D carried out by the company
The company is in continuous process of improving quality standards and developing new items for uses by different types of industries.
- Benefit derived as a result of the above R & D
The direct result with the use of the above is the company's products are well established in export market and percentage of rejection is very negligible.
- Future plan and Action
With expansion program, the company is willing to add more testing and laboratory equipment for total controlled analysis of different steel category.
- Expenditure on R & D
The products of the company are mainly forging and flanges which does not require much of R & D since those are an established standard products like API/ASTM.

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION:

The Company has installed one unit and planning to install two more units of Heat treatment plant to meet the quality of the product and also installed Vertical Machining Centre (VMC) for making dies strictly as per the customer's drawings. Heat Treatment Plant along with sophisticated die shop has been absorbed successfully in the plant.

EXPORT INITIATIVES:

The Company has exported to USA, United Kingdom and Germany. The Company has taken all around efforts and initiatives viz. participation in international fairs, and other marketing efforts. The Company will expand its clients base to other countries and will strive for quality, efficient and international standards.

FOREIGN EXCHANGE EARNING AND OUTGO:

Our Foreign Exchange earning through exports was to the tune of Rs 5641.94 Lacs. The Company's outgo of foreign exchange activities amounted to Rs 156.17 Lacs particulars of Foreign Exchange earning and the utilization during the period appears in Schedule XVI to the accounts.

For and on behalf of the Board of Directors

Yuvraj Malhotra
Chairman and Managing Director

Mumbai
Dated : 14th June, 2008

Annual Report 2007-2008

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**THE INDIAN FORGING INDUSTRY- AN OVERVIEW**

The Indian Forging industry has now emerged as a major contributor to the manufacturing sector of the Indian economy.

Forging industry is a basic industry and such industries tend to grow in a country in relation to the rate of growth of its GDP. As far as India is concerned, we expect our GDP to continue to grow and therefore, the basic industries will also grow and so will the industry. Thanks to outsourcing, opportunities for exports are huge. An increasing number of companies from all over the world are coming to India to procure components and products. Many companies are working hard to capitalise on this. Hence, the optimism is that the forging industry will continue to grow and do well in the immediate future.

The industry was previously more labour intensive. It is closely estimated that the industry provides employment (direct and indirect) to about 200,000 people. More than around 65% of the companies in the forging sector/ Industry employ less than 200 people. Now with increasing globalization, the industry is becoming more capital intensive. However, the high cost of capital (technology) still remains a major constraint facing the forging industry (especially the SMEs). The total investment in the large and medium sectors is estimated to be around US \$ 700 million. The small scale units too are increasing their capital investment to keep pace with increasing demand in the global markets as also to broaden the areas of demand for forgings.

PERFORMANCE OF THE INDIAN FORGING INDUSTRY

The Indian Forging industry has been growing at a CAGR of 29% from 2003 onwards, and on an average exports contribute around 10-15% of the industry's production. The capacity of the industry is estimated to be around 1.5 million tonnes and the industry currently operates around 70% capacity utilization producing around 1.0 -1.2 million tonnes of forgings.

Although the overall production of forgings increased to about 1.2 million tonnes mark during the year, the capacity utilization did not improve as much as in the previous year. In the previous year the industry could utilize about 65 per cent of the additional capacity created. In the year 2007-08, the average capacity utilization in the industry stood at about 70%. (growth of only 5% as against 10-15% in the previous year). Again, in the last quarter of the year 2007-08, the capacity utilization declined up to 50% of its capacity or even less due to the very high raw material costs as well as higher costs on other fronts like fuel and energy, finance, labour etc. The impact of spiraling steel prices on the Indian manufacturing industry and the forging industry in particular, is looming large.

Worldwide, while the automotive industry is the main customer for forgings, the industry's continuous efforts in upgrading technologies and diversifying product range have enabled it to expand its base of customers. The Indian forging industry is increasingly addressing opportunities arising out of the growing trend among global automotive OEMs to outsource components from manufacturers in low-cost countries. As a result, Indian forging industry has been making significant contributions to country's growing exports.

India exported forgings whose value is estimated at around US\$ 472 million in 2007-08. Technological developments have also contributed to export growth. The industry's major markets are USA, Europe and China. However, only about 30-35 manufacturing units are currently contributing to exports directly.

Despite the slowdown in production in the last quarter, the industry expects to post good results in the coming year due to the initiatives taken by all quarters including the Govt. to rationalize rate of inflation in the country. In view of this, many large and medium forging companies have taken important initiatives to improve capacity utilization / modernization by diversifying into non-auto alternatives also and further reduce cost etc.

There are now clear-cut indications that India is beginning to get noticed and recognized as a global strategic necessity. This is evident in the Auto world and there is a distinct shift now to focus towards India. The global OEMs and Tier I companies are increasingly appreciating the advantages of India's open market economy, transparent and liberal policies, its engineering and manufacturing skills as well as its ability to handle global business.

BUSINESS OVERVIEW:

The company is mainly engaged in manufacturing of stainless steel forging, flanges, allied pipe fitting items and Valve Body, bonnet for Oil and Gas Sector. The company is not catering to automobile sector of the forging industry and therefore the highs and lows of industry at large not affecting the growth path of the company. The company has secured various certification of quality assurance from worldwide renowned certifiers. Recently the company has got the accreditations of API ISO/TS 29001 (American Petroleum Institute), and PDO OMAN, APPROVED MANUFACTURERS BY SASOL TECHNOLOGY.