

**HF HILTON**  
**METAL FORGING LTD.**

**FORGINGS AS YOU LIKE ...**



**Annual Report 2009 - 2010**

## HILTON METAL FORGING LIMITED

### BOARD OF DIRECTORS:

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

### COMPANY SECRETARY:

Shri Vimal Prakash Dubey

### AUDITOR:

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

### REGISTERED & CORPORATE OFFICE:

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

### BANKERS:

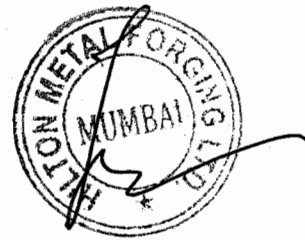
State Bank of Hyderabad  
The Saraswat Co-op. Bank Ltd  
State Bank of Indore  
Axis Bank Ltd.

### 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 Fifth Annual General Meeting of the Members of Hilton Metal Forging Limited will be held on Thursday, the 30<sup>th</sup> September, 2010 at 701 Palm Spring, Link Road, Malad (W), Mumbai-400064 at 3.30 p.m. to transact the following business :

**AS ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2010 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 Manoj Kumar More who retires by rotation and being eligible offers himself for re-appointment.
- 3) To appoint a director in place of Mr. Sanjay Jain 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.

**Special Business**

6. **To consider and, if thought fit, to pass with or without modifications, the following resolution as a Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 198,269,309,310 read with Schedule XIII and such other applicable provisions, if any of the Companies Act, 1956, including any statutory modification or any amendment or any substitution or re-enactment thereof for the time being in force, approval of the members of the Company be and is hereby accorded to the re-appointment and terms of remuneration of Shri Yuvraj Malhotra as Chairman and Managing Director, for a period of five years commencing from 20<sup>th</sup> July, 2010. upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors to alter and/or vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Shri Yuvraj Malhotra

7. **To consider and, if thought fit, to pass with or without modifications, the following resolution as a Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 198,269,309 ,310 read with Schedule XIII and such other applicable provisions, if any other of the Companies Act, 1956, including any statutory modification or any amendment or any substitution or re-enactment thereof for the time being in force, approval of the members of the Company be and is hereby accorded to the re-appointment and terms of remuneration of Shri Navraj Malhotra as Whole Time Director, for a period of five years commencing from 20<sup>th</sup> July, 2010. upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Board of Directors to alter and/or vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Shri Navraj Malhotra.

**For and On Behalf of the Board of Directors**

*Sd/-*

**Yuvraj Malhotra**

Chairman & Managing Director

**Registered office**

5,Whispering Palms Centre  
Akurli Road  
Kandivali (East) Mumbai – 400 101

Date : 30<sup>th</sup> July,2010  
Place : Mumbai

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For HILTON METAL FORGING LTD.

CHAIRMAN & MANAGING DIRECTOR

**NOTES:**

1. The Explanatory Statement pursuant to Section 173 (2) of The Companies Act 1956 in respect of Item Nos.6 & 7 set out in the notice is annexed hereto
2. 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.
3. 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.
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 30<sup>th</sup> September 2010
5. All documents referred in the Notice and Explanatory Statements 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. up to 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 24<sup>th</sup> September, 2010 to 30<sup>th</sup> September, 2010 - (both days inclusive).
9. As required under clause 49(IV) (G) of the Listing Agreement of the Stock Exchanges, the relevant details of persons seeking appointment/ re-appointment as Directors are furnished in the Corporate Governance Section of this Annual Report.

For and On Behalf of the Board of Directors

*Sd/-*  
**Yuvraj Malhotra**  
Chairman & Managing Director

**Registered office**

5, Whispering Palms Centre  
Akurli Road  
Kandivali (East) Mumbai – 400 101

Date : 30<sup>th</sup> July, 2010  
Place : Mumbai

**ANNEXURE TO NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NO.6**

The Board of Directors at its meeting held on 30<sup>th</sup> July 2010 and based on the recommendation by the Remuneration Committee and subject to the approval of the shareholders of the company, passed a Resolution for the re-appointment of Shri Yuvraj Malhotra as Chairman & Managing Director of the Company for a period of five years commencing from 20<sup>th</sup> July, 2010 upon the terms and conditions set out hereunder

1. **Remuneration:**
  - (a) Salary: Rs. 2,00,000/- per month in the scale of Rs. 2,00,000 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
  - (c) Commission: 1% of Net Profit After Tax payable yearly
2. **Perquisites**
  - a) **Housing:** Unfurnished residential accommodation or house rent allowance up to 10% of salary in lieu thereof. The expenditure incurred by the Company on Gas, electricity, water shall be valued as per Income Tax Rules, 1962.
  - b) **Medical:** Reimbursement of actual expenses for self and family
  - c) **Leave travel:** For self and family once in a year as decided by the Board from time to time
  - d) **Personal accident insurance:** As per the rules of the Company
3. **Other Benefits:**
  - a) Earned/Privilege Leave as per rules of the Company

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FOR HILTON METAL FORGING LTD.

CHAIRMAN & MANAGING DIRECTOR

## Annual Report 2009-2010

- b) Company's contribution to provident fund and super-annuation fund as per the rules of the Company
- c) Gratuity as per the rules of the Company
- d) Encashment of Leave as per rules of the Company
- e) Company Car and Telephone: Use of Company's car and telephone at residence for official purpose as per rules of the Company

The aggregate remuneration inclusive of salary, bonus, commission, incentives, allowances, perquisites and other benefits payable to Shri Yuvraj Malhotra 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. Yuvraj Malhotra the Company incurs a loss or its profits are inadequate, the Company shall pay to Shri Yuvraj Malhotra 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 except Shri Yuvraj Malhotra and Shri Navraj Malhotra being relative are deemed to be concerned or interested in the aforesaid Resolution

#### ITEM NO.7

The Board of Directors at its meeting held on 30<sup>th</sup> July, 2010 and based on the recommendation by the Remuneration Committee and subject to the approval of the share-holders of the company, passed a Resolution for the re-appointment of Shri Navraj Malhotra as Whole Time Director of the Company for a period of five years commencing from 20<sup>th</sup> July, 2010 upon the terms and conditions set out hereunder

##### 1. Remuneration:

- (a) Salary: Rs. 50,000/- per month in the scale of Rs. 50,000 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
- c) Personal accident Insurance: as per the rules of the Company

##### 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
- c) Gratuity as per the rules of the Company
- d) Encashment of Leave as per rules of the Company

The aggregate remuneration inclusive of salary, bonus, commission, incentives, allowances, perquisites and other benefits payable to Shri Navraj Malhotra 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 Shri Navraj Malhotra the Company incurs a loss or its profits are inadequate, the Company shall pay to Shri Navraj Malhotra 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 except Shri Navraj Malhotra and Shri Yuvraj Malhotra being relative are deemed to be concerned or interested in the aforesaid Resolution

For and On Behalf of the Board of Directors

*Sd/*

Yuvraj Malhotra

Chairman & Managing Director

#### Registered office

5,Whispering Palms Centre

Akurli Road

Kandivali (East) Mumbai – 400 101

Date : 30<sup>th</sup> July, 2010

Place : Mumbai

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FOR HILTON METAL FORGING LTD.

CHAIRMAN & MANAGING DIRECTOR

## DIRECTORS' REPORT

To

### The Members

### Hilton Metal Forging Limited

- Your Directors present the Fifth Annual Report and the Audited Statement of accounts of the Company for the year ended March 31<sup>st</sup>, 2010.

#### Financial Results

Particulars

	(Rs in Lacs)	
	Year Ended 31-03-10	Year Ended 31-03-09
Sales	4707.42	7307.85
Other Income	346.83	604.77
Profit before Interest, Depreciation, exceptional Items and Tax	753.08	1040.38
<b>Less : Finance Charges</b>	408.16	441.02
Profit before Depreciation, exceptional Items, Waivers and Tax	344.92	599.36
<b>Less: Depreciation</b>	185.05	125.78
Profit before exceptional Items and Tax	159.87	473.58
<b>Less: Exceptional Items</b>	47.84	47.84
Profit Before Tax	112.03	425.74
<b>Less: Current Tax /Deferred Tax /Fringe Benefit Tax</b>	130.91	150.14
Profit after Tax	(18.88)	275.60
Balance Brought forward from previous year	557.96	601.23
Prior Period Expenses	NIL	126.82
Dividend /Corp. Dividend Tax written back	105.64	0.00
Balance Available for Appropriation	644.72	750.01
Appropriation		
Proposed Dividend for the Financial year at the rate of Rs.0.25 per share	31.11	124.43
Corporate Dividend Tax	5.29	17.62
Transferred to General Reserves	35.00	50.00
Balance Carried forward	573.32	557.96

#### 2. Operations & Future Outlook

The Company achieved net sales and other income of Rs 5054.25 lacs for the year ended on 31<sup>st</sup> March, 2010 as against net sales and other income of Rs 7912.62 lacs achieved in the previous year. The year under review, ended with a pre-tax profit of Rs 112.03 Lacs (Previous year Rs 425.74 Lacs). The Company's relentless efforts in developing new high value products, reducing costs, improving productivity and yield, conserving energy, standardizing of production process and improving work practices, initiatives in technical up-gradation, procurement of raw material and combating the dollar movement on export realization, helped to retain margins in an increasing cost scenario. Your company was able to withstand the adverse circumstances prevailed because of world wide slow down in economy. Due to strict environment norms observed by some countries where your company is exporting its material has caused reduction in turnover as compared to last year.

#### 3. Dividend

Your Directors are pleased to recommend a dividend of 2.50% i.e Re 0.25 per Equity share of Rs 10 each for the year ended March 31<sup>st</sup>, 2010,

#### 4. Deposits :

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

#### 5. 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 31<sup>st</sup> March, 2010:

- The applicable Accounting Standards have been followed by the Company, with necessary explanation for material departure therefrom.

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CHAIRMAN & MANAGING DIRECTOR

## Annual Report 2009-2010

- 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 ended on that date;
- 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.

### 6. 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, Management Committee and Managerial Remuneration Committee have been formed with the required number of Independent Directors of the Company.

### 7. Directors:

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

### 8. 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.

### 9. Management Discussion and analysis

#### Business of the company and over view

Indian Exporters of Steel products faced the problem of radio contamination detection in the raw material used to produce the forgings, your company also has felt the dent of the same. Many consignments, which were shipped, through midway had to be called back for testing of radio contamination. Your Company not only has installed various instruments to check the contamination but also invited officials of Atomic Energy Regulatory Board to inspect the factory site thoroughly. Your company has obtained a certificate that no radiation level above the natural background radiation level was observed by them on day of their visit as well the company is suitably equipped with radiation monitoring instruments.

The company continues to enjoy 0.89 % anti Dumping Duty on its products exported to USA and this gives huge advantage to the company over its competitors.

All these augur well for the future of your company and we see significant growth in the years to come.

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

#### 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.

FOR HILTON METAL FORGING LTD.

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CHAIRMAN & MANAGING DIRECTOR

**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.

**10. 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.

**11. Particulars of Employees**

The statement under sub-section (2A) of section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended and forming part of this report is given in annexure. The annexure shall, however, be provided to the member on request to be made to the Company Secretary.

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.

**12. 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

Sd/-  
Yuvraj Malhotra  
Chairman and Managing Director

Place : Mumbai  
Date : 31<sup>st</sup> May, 2010.

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For HILTON METAL FORGING LTD.

CHAIRMAN & MANAGING DIRECTOR



**Annexure to Directors' Report**

**A. Conservation of Energy**

Energy conservation is priority area for the Company, Energy conservation measures taken during the year included:

1. Optimum utilization of maximum demand.
2. Replacement of all incandescent lamps with CFL
3. Control of Compressed air leakage
4. Awareness and training programs for employees

With proper planning and awareness, consumption of electricity and diesel was reduced compared to previous year. Proposed work area includes furnaces, water cooling plants, servo control voltage stabilizers for lighting, compressed air systems and selection of energy efficient plant and machinery. Due to new machines installation and new sheds made functional, consumption of energy is factually seen more as compared to last year.

**Form A  
(See Rule2)**

<b>Power and Fuel Consumption</b>	<b>Current year ended 31-03-10</b>	<b>Previous year ended 31-03-09</b>
1. Electricity		
Purchased Units (KWH)	2528268	2409947
Total Amount (in Rupees)	14445060	15140649
Rate/unit (Rs.)	5.71	6.28
2. Furnace Oil		
Quantity (KLS)	810	998
Total Amount (Rupees)	18951819	24363611
Average Rate Per KLS	23397.31	24412.44

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

1. 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.

2. 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.

3. 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.

4. Expenditure on R & D

The products of the company are mainly forgings and flanges which does not require much of R & D since those are an established standard products.

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**TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION:**

The Company has installed 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 US, European Countries and Middle East countries . The Company has taken all around efforts and initiatives viz. participation in international fairs, and other marketing efforts. The Company will expand its client 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 3222.58 Lacs. The Company's outgo of foreign exchange activities amounted to Rs 66.97 Lacs particulars of Foreign Exchange earning and the utilization during the year appears in Schedule XVI to the accounts.

Place : Mumbai  
Date : 31<sup>st</sup> May, 2010.

For and on behalf of the Board of Directors

*Sd/-*  
Yuvraj Malhotra  
Chairman and Managing Director

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For HILTON METAL FORGING LTD.

CHAIRMAN & MANAGING DIRECTOR