

HF **HILTON**
METAL FORGING LTD.



ANNUAL REPORT 2011 - 2012



FORGING AS YOU LIKE...

HILTON METAL FORGING LTD.

BOARD OF DIRECTORS:

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

AUDITORS :

M/s. R. K. Chaudhary & Associates
Chartered Accountants,
3rd floor, Kamanwala Chambers,
Sir P. M. Road, Fort,
Mumbai - 400 001.

REGISTERED & CORPORATE OFFICE :

701, Palm Spring, Palmcote Complex,
Link Road, Malad (West),
Mumbai - 400 064.

BANKERS :

State Bank of Hyderabad
State Bank of Indore

REGISTRAR & SHARE TRANSFER AGENTS:

Sharex Dynamic (India) Pvt. Ltd.
Unit No.1, Luthra Industrial Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai - 400 072.

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HILTON METAL FORGING LIMITED

Regd. Office: 701, Palm Spring, Link Road, Malad (West) Mumbai-400064

NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the Members of Hilton Metal Forging Limited will be held on Saturday, the 29th September, 2012 at 701 Palm Spring, Link Road, Malad (West), Mumbai-400064 at 11.30 a.m. to transact the following business:

AS ORDINARY BUSINESS:

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 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 Navin Choksi 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.

For and On Behalf of Board of Directors

CHAIRMAN

Registered office
701, Palm Spring
Link Road,
Malad (West) Mumbai – 400 064

Date: 18th May, 2012

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. 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 29th September,2012
4. 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. up to the date of the General Meeting.
5. 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.
6. Members/ Proxies should bring their copy of Annual Report and also the attendance slip duly filled in for attending the meeting.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2012 to 29th September, 2012 -both days inclusive.
8. 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.

Registered Office:

For and on behalf of the Board of Directors

701, Palm Spring
Link Road,
Malad (West) Mumbai – 400 064

CHAIRMAN

Date: 18th May, 2012

Place: Mumbai

DIRECTORS' REPORT

To
The Members
Hilton Metal Forging Limited

- Your Directors present the Seventh Annual Report and the Audited Statement of accounts of the Company for the year ended March 31st, 2012.

Financial Results

(Rs in Lacs)

Particulars	Year Ended March 2012	Year Ended March 2011
Sales	9319.46	6252.46
Other Income	248.70	257.23
Profit before Interest, Depreciation and Tax	849.85	664.80
Less : Finance Charges	365.24	337.31
Profit before Depreciation, exceptional Items, Waivers and Tax	484.61	327.49
Less: Depreciation	197.96	197.44
Profit before Tax	286.65	130.05
Less: Current Tax /Deferred Tax	122.65	113.83
Profit after Tax	164.00	16.22
Balance Brought forward from pre. year	518.12	573.32
Prior Period Expenses	0	
Excess provision written back / written off	0	-0.01
Balance Available for Appropriation	682.12	589.84
Appropriation		
Proposed Dividend for the Financial year at the rate of Rs.0.25 per share	31.12	31.12
Corporate Dividend Tax	5.29	5.29
Transferred to General Reserves	35.00	35.00
Balance Carried forward	610.71	518.12

2. Operations & Future Outlook

The Company achieved revenues of Rs 9568.16 lacs for the year ended on 31st March, 2012 as against net sales and other income of Rs 6509.69 lacs achieved in the previous year, recording an increase of 46.98 % in turnover. The year under review, ended with a gross profit of Rs. 849.85 lacs (previous year Rs 664.80 Lacs) and pre-tax profit of Rs 286.65 Lacs (Previous year Rs 130.05 Lacs).

3. Dividend

Your Directors are pleased to recommend a dividend of 2.50% i.e Rupee 0.25 per Equity share of Rs 10 each for the year ended March 31st, 2012, resulting out flow will be Rs 36.41 lacs. Your Directors further proposes to transfer to General Reserves an amount of Rs 35.00 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 there under.

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, 2012:

- 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 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.

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

8. Directors:

Mr. Navin Chokshi and Mr. Sanjay Jain the Directors, are liable to retire by rotation at the ensuing Annual General Meeting Being eligible and having given their consent to be re-appointed as the Directors, your Directors recommend their re-appointment.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with BSE & NSE, Management Discussion and Analysis, Corporate Governance Report, Auditors' Certificate regarding compliance of conditions of Corporate Governance and CEO Certificate on Code of Conduct is made as a part of the Annual Report.

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

Pursuant to Clause 49(IV) (B) & (F) of the Listing Agreement your directors wish to report as follows:

1. INDUSTRY STRUCTURE AND DEVELOPMENT:

The Indian forging industry is likely to witness a modest growth of 10-12 per cent during the current fiscal in-spite of rising interest rates and increase in input costs, according to a leading industry body, Association of Forging Industry. In the last fiscal, the forging industry had achieved a growth rate of over 27 per cent with a total production of 2.3 MT. The total production in 2009-10 was 1.8 MT. and expected to reach 4.00 Mt during by the year 2015.

Production of forgings for the non-automotive sector is on the rise leading to a more balanced customer portfolio. Identified drivers of growth in the non-auto sector are aerospace, energy, oil & gas and heavy engine parts.

India exported forgings worth about \$800 million in 2010-11. This was a result of several industry initiatives including capacity expansion, modernization, cost rationalization, coupled with a revival in demand from the automotive sector and particularly the passenger car segment

which recorded an excellent growth. The market potential continues to grow for the forging industry

2. FINANCIAL MANAGEMENT

The Company has a Financial Management Information System in place, which involves preparation of detailed Annual Business plan for the current year and a broad forecast of projection for successive years, which is reviewed every year. Capital expenditure commitments and borrowing plans are based on these forecasts.

The overall financial picture of 2011-2012 is satisfactory. With close monitoring of costs and expenses, this year ended with pre- tax profit of Rs 286.65 lacs (previous year Rs 130.05 lacs)

3. HUMAN RESOURCE MANAGEMENT

For this Financial Year, the Company continued its efforts in the Human Resources policies and processes to further its performance by way of appreciable changes. The Company had introduced and implemented the Performance-Linked Incentive Scheme which is paying rich dividends. The periodic review of HR policies commensurate with value-based human resource management tools have been introduced ensuring harmony, thereby optimizing human resource as a force multiplier. This has led to a positive and homogeneous work culture lending to greater productivity.

At Hilton, we believe training is mandatory at all levels of the Organisation. Be it fresh recruit or department head or manager or a Director; it is necessary and obligatory for everyone to train for good leadership, communication, decision making, creative thinking, setting goals and team work. Thus, the Company has undertaken training initiative for the Employees and Managerial Personnel to sharpen the raw pearls and hone their skills.

4. INTERNAL CONTROLS AND SYSTEM

Your Company has always believed in free flow of information in the organisation and has continued to keep focus on processes and controls. The company has in house qualified and experienced team. The company also has appointed Internal Auditors.

The Company has an appropriate internal control system for the business processes, with regard to the efficiency of operations, financial reporting, compliance with applicable laws and regulations.

Clearly defined roles and responsibilities for all the managerial persons have been established. The Company practices quality management system for design, planning and construction that complies with International quality standards. All operating parameters are periodically monitored and well controlled. Concurrent internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors reviews the effectiveness of internal controls and suggests improvements for strengthening it, whenever required.

5. RISKS AND CONCERNS

Your Company is continuously evolving and improving systems and measures to take care of all the risk exigencies involved in our business in addition to specific risk which are to do with the company's business model. These risks include:

- a) Market Risk
- b) Currency Risk
- c) Interest Rate Risk
- d) Insolvency Risk

6. CURRENT OUT LOOK

As the growth is visibly noticed and already having foot forward, Hilton Metal has decided to strengthen the following areas :

Focus for increase in productivity and technology up gradation and modernization of the units to comply with global quality standards.

Improve operational efficiencies.

Acquire latest technologies with added emphasis on IT, CAD/CAM, and other forms of computer-based technologies to produce quality forgings conforming to international standards with best yields.

In order to reduce consumption of costly oil and power, as also to make industry environment-friendly, the company has decided to opt for energy audit.

7. STATUTORY COMPLIANCE

The Company has complied with all the statutory requirements. A declaration regarding compliance of the provisions of the various statutes is also made by the Managing Director at each Board Meeting. The Company ensures compliance of the ROC, SEBI Regulations and provisions of the Listing Agreement.

8. CAUTIONARY STATEMENT

This management discussion and analysis contains forward looking statements that reflects our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in the forward looking statements as a result of many factors.

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 earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956 is annexed.

12. 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.

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
Dated : 18/05/2012**

**Yuvraj Malhotra
Chairman and Managing Director**