



AN ISO 9001-2008 COMPANY

Hittco Tools Ltd.

**20th
Annual Report
2013-2014**

BOARD OF DIRECTORS	:	Mr. Surendra Bhandari-Chairman Mrs. Madhu Bhandari Mr. Sidharth Bhandari-Managing Director Mr. K. Raghavendra Rao Mr. Rajib Ghosh Roy Mr. Joseph Mathai Mr. Rajeev G. Hassanand Mr. S.R. Satish Mr. N.K. Raghunath Mr. Vikram S Gupta				
COMPANY SECRETARY	:	Mr. Chittaranjan Jena				
STATUTORY AUDITORS	:	M/s. S. Janardhan & Associates				
SECRETARIAL AUDITORS	:	M/s Swamy & Associates, Practising Company Secretaries, Bangalore				
REGISTRAR & TRANSFER AGENTS	:	M/s Cameo Corporate Services Ltd. Subramaniam Building, #1, Club House Road, Chennai-600 002. Ph: 044-28460390				
PLANT	:	<table><tr><td>Unit-I</td><td>Unit-II</td></tr><tr><td>#78, III Phase, Peenya Industrial Area, Bangalore-560 058.</td><td>: #SB-162, 3rd Cross Peenya Industrial Area, Bangalore-560 058.</td></tr></table>	Unit-I	Unit-II	#78, III Phase, Peenya Industrial Area, Bangalore-560 058.	: #SB-162, 3 rd Cross Peenya Industrial Area, Bangalore-560 058.
Unit-I	Unit-II					
#78, III Phase, Peenya Industrial Area, Bangalore-560 058.	: #SB-162, 3 rd Cross Peenya Industrial Area, Bangalore-560 058.					
REGISTERED & CORPORATE OFFICE:		#19, Aliasker Road, Bangalore - 560 052.				
BANKERS	:	HDFC Bank Ltd. IndusInd Bank Ltd. Canara Bank & Kotak Mahindra Bank Ltd.				
NOTE	:	<i>No gift will be given in the AGM</i>				

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NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of HITTCO TOOLS LIMITED will be held at 11.00 A.M on Tuesday, the 30th September 2014 at "SHANTALA" Conference Hall, Ashraya International Hotel, # 149, Infantry Road, Bangalore – 560 001, to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2014 and Profit and Loss Account for the year ended on that date along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Madhu Bhandari(DIN: 00353298) who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Rajib Ghosh Roy(DIN: 03050182) who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, Messrs Nagesh & Associates, Chartered Accountants, Firm Registration No. 006477S, be and are hereby appointed Statutory Auditors of the Company in place of the retiring Auditors, Messrs S. Janardhan & Associates, Chartered Accountants, Bangalore, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the twentyfifth AGM of the Company to be held in the year 2019 (subject to ratification of their appointment at every AGM), on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.”

SPECIAL BUSINESS:

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

RESOLVED THAT, pursuant to provisions of section 149 and other applicable provisions of the Companies act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Satish Ramarao Shimoga (holding DIN 01536009), be and is hereby appointed as Independent Director of the Company for a period of five years from the date of this Annual General Meeting, not liable to retire by rotation.

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

RESOLVED THAT, pursuant to provisions of section 149 and other applicable provisions of the Companies act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Vikram Shyam Gupta (holding DIN 01064379), be and is hereby appointed as Independent Director of the Company for a period of five years from the date of this Annual General Meeting, not liable to retire by rotation.

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

RESOLVED THAT, pursuant to provisions of section 149 and other applicable provisions of the Companies act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Nugehalli Krishnaswamy Raghunatha (holding DIN 01504141), be and is hereby appointed as Independent Director of the Company for a period of five years from the date of this Annual General Meeting, not liable to retire by rotation.

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

RESOLVED THAT, pursuant to provisions of section 149 and other applicable provisions of the Companies act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Joseph Kavalam Mathai(holding DIN 01911321), be and is hereby appointed as Independent Director of the Company for a period of five years from the date of this Annual General Meeting, not liable to retire by rotation.

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

RESOLVED THAT, pursuant to provisions of section 149 and other applicable provisions of the Companies act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Rajeev Gobindram Hassanand (holding DIN 02192261), be and is hereby appointed as Independent Director of the Company for a period of five years from the date of this Annual General Meeting, not liable to retire by rotation.

10. To consider and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to Sections 196, 197 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, the Company hereby approves the appointment and terms of remuneration of Mr. Surendra Bhandari(DIN: 00727912), Managing Director of the Company for the period of 5 years with effect from 3rd September, 2014, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner so as to not exceed the limits specified in Schedule V to the Act, as may be agreed to between the Directors and Mr. Surendra Bhandari.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

Place: Bangalore
Date: 3rd September, 2014

By Order of the Board
CHITTARANJAN JENA
COMPANY SECRETARY

IMPORTANT NOTES:

1. A member entitled to attend, vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf, and a proxy need not be a member of this company. Proxies in order to be effective must be received at the registered office of the company not later than 48 hours before the commencement of the meeting. A blank proxy form is enclosed.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 26th September 2014 to 30th September 2014 (Both days inclusive).
3. As required by the Listing Agreement, details of the Directors retiring by rotation and eligible for re-appointment are annexed hereto.
4. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts is annexed herewith.
5. Members who are holding shares in Demat are requested to notify changes, if any, to their respective Depository Participants and those holding in physical form are requested to notify to M/s Cameo Corporate Services Limited, Subramanian Building, # 1, Club House Road, Chennai – 600 002.
6. **VOTING THROUGH ELECTRONIC MEANS:**

Pursuant to the provisions of section 108 of the Companies Act, 2013, Rule 20 of Companies (Management and Administration) Rules, 2014, and clause 35B of the listing Agreement, the Company is pleased to provide members facility to exercise their right to vote in respect of resolutions which are being considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). Mr. Dasari Venkateswarlu, Practicing Company Secretary (C P No- 7773) has been appointed as scrutinizer in this regard.

Procedure / Instructions for e-voting are as under :

- (i) The voting period will begin on 22/09/2014 (from 9.00 A.M) and will end on 24/09/2014 (up to 6.00 P.M). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 27/08/2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "HITTCO TOOLS LIMITED" from the drop down menu and click on "SUBMIT"
- (v) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below.

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of your name followed by last 8 digits of Folio No in the PAN Field. In case the Folio No is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramesh Kumar with Folio number 1 then enter RA00000001 in the PAN field.	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

Please enter any one of the details in order to login. In case either of the details are not recorded with the depository or Company please enter the folio number in the Dividend Bank details field.

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on EVSN of HITTCO TOOLS LIMITED on which you choose to vote.
- (xiii) On the voting page, you will see RESOLUTION DESCRIPTION and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolutions.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

(xix) Note for Institutional Shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

7. The results of the e-voting along with the scrutinizer’s report shall be placed in the Company’s website www.hittco.com and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.
8. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote (if cast at the AGM) on their behalf at the meeting.
9. In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote (if cast at the AGM).

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

Item: 5

In the opinion of the Board, Mr. Satish Ramarao Shimoga(holding DIN 01536009), fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Satish Ramarao Shimoga(holding DIN 01536009), as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Satish Ramarao Shimoga(holding DIN 01536009), as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Satish Ramarao Shimoga(holding DIN 01536009), as an Independent Director, for the approval by the shareholders of the Company.

Except Mr Satish Ramarao Shimoga(holding DIN 01536009), being

an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item: 6

In the opinion of the Board, Mr. Vikram Shyam Gupta(holding DIN 01064379), fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Vikram Shyam Gupta(holding DIN 01064379), as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Vikram Shyam Gupta(holding DIN 01064379), as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Vikram Shyam Gupta(holding DIN 01064379), as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Vikram Shyam Gupta(holding DIN 01064379), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item: 7

In the opinion of the Board, Mr. Nuggehalli Krishnaswamy Raghunatha(holding DIN 01504141), fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Nuggehalli Krishnaswamy Raghunatha(holding DIN 01504141), as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Nuggehalli Krishnaswamy Raghunatha(holding DIN 01504141), as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Nuggehalli Krishnaswamy Raghunatha(holding DIN 01504141), as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Nuggehalli Krishnaswamy Raghunatha(holding DIN 01504141), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item: 8

In the opinion of the Board, Mr. Joseph Kavalam Mathai (holding DIN 01911321) fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Joseph Kavalam Mathai (holding DIN 01911321) as an Independent Director setting out the terms and conditions would be available for

inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Joseph Kavalam Mathai (holding DIN 01911321) as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Joseph Kavalam Mathai (holding DIN 01911321) as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Joseph Kavalam Mathai (holding DIN 01911321), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 8. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item: 9

In the opinion of the Board, Mr. Rajeev Gobindram Hassanand (holding DIN 02192261) fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Rajeev Gobindram Hassanand (holding DIN 02192261) as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Rajeev Gobindram Hassanand (holding DIN 02192261) as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Rajeev Gobindram Hassanand (holding DIN 02192261) as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Rajeev Gobindram Hassanand (holding DIN 02192261), being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 9. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

Item: 10

Consequent to resignation of Mr. Sidharth Bhandari as Managing Director of the Company, it has been proposed that Mr. Surendra Bhandari be appointed for the post of Managing Director. The Board at its meeting held on 3rd September, 2014, on the recommendation of the Remuneration Committee, subject to the approval of the Members and other approvals, if any, have appointed Mr. Surendra Bhandari as Managing Director.

The salient terms of appointment are as follows:

1. Period of Appointment: 5 (Five) years with effect from 3rd September, 2014.
2. Remuneration: Rs.50,000/- per month including all other allowances.
3. Perquisites:

Perquisites will be in addition to the remuneration and will be subject to the conditions that the monetary value shall be restricted to an amount equal to the annual remuneration and will be in accordance with the rules of the Company. Perquisites shall be evaluated as per Income Tax Rules wherever applicable and in the absence of any such Rules, shall be evaluated at actual cost.

Mr. Sidharth Bhandari and Mrs. Madhu Bhandari of the other Directors are deemed to be concerned or interested in the Resolution.

The Board recommends the resolution for the approval of the

members.

ANNEXURE TO THE NOTICE

Information required to be furnished as per the Listing agreement:

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/ re-appointed are given below:

Name of Director	Mrs. Madhu Bhandari
DIN	00353298
Date of Birth	11.04.1947
Date of Appointment	27.02.2013
Qualification	B.A(Hons.)
Expertise in specific functional areas	She has come from business family and has possess good business sense and administrative capabilities.
List of other Companies in which Directorship held (excluding in Foreign companies)	1. IEM International Private Limited 2. Hitecc Prints (India) Private Limited 3. BI Holdings (Bangalore) Private Limited 4. HTC Properties Private Limited 5. B.I. Realtors Private Limited 6. Hittco Properties Private Limited 7. Sanctum Decor Private Limited 8. Iemintertech Services Private Limited
Chairman/Member of Committees the Board of Directors of the Company.	NIL
Details of shareholding (both own or held by/ for other persons on a beneficial basis), if any, in the Company.	70,077 Equity Shares.

Name of Director	Mr. Rajib Ghosh Roy
DIN	03050182
Date of Birth	01.08.1970
Date of Appointment	01.07.2010
Qualification	B. Sc. Graduate
Expertise in specific functional areas	He has possess good business sense and administrative capabilities.
List of other Companies in which Directorship held (excluding in Foreign companies)	NIL
Chairman/Member of Committees the Board of Directors of the Company.	NIL
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company.	NIL

Place: Bangalore
Date: 3rd September, 2014

By Order of the Board
CHITTARANJAN JENA
COMPANY SECRETARY

DIRECTORS' REPORT

The Members,

Your Directors take pleasure in presenting the 20th Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS:

(Rs. In Lakhs)

Particulars	2013-14	2012-13
INCOME:		
Sales	774.89	836.82
Other Income	18.18	15.04
Total (A)	793.07	851.86
EXPENSES:		
Cost of Material Consumed	166.48	247.49
Purchase of Stock-in-trade	1.93	5.22
Changes in inventories of finished goods, work in progress and stock-in-trade	18.25	(74.37)
Employee benefit expenses	226.43	224.16
Other expenses	275.68	325.92
Interest and Financial Charges	42.25	24.69
Exceptional items	0	36.80
Total (B)	731.02	789.91
Profit before Depreciation and Tax (C)	62.05	61.95
= (A) - (B)		
Depreciation and amortisation expenses	63.71	58.08
Tax	3.24	68.95
Profit / (Loss) after Depreciation and Tax	(4.89)	(65.09)
Earnings Per Share(Basic)	(0.09)	(1.25)
Earnings Per Share(Diluted)	(0.08)	(1.12)

OPERATIONS AND BUSINESS PERFORMANCE:

The Company has almost maintained a turnover of Rs.774.89 lakhs during the year 2013-14 as against Rs.836.81 lakhs during the previous year 2012-13. The Export Sales for the year 2013-14 was Rs. 32.60 lakhs compared to Rs. 64.60 lakhs during the previous year and contributed 4.21 % of the total sales. The Company's net loss after tax for the year 2013-14 was Rs.4.89 lakhs as against loss of Rs.65.09 lakhs in the previous year which is due to provision for deferred tax, provision for gratuity and lesser turnover. The company is competent of achieving profitability.

DIVIDEND:

The Board is unable to recommend any Dividend for the year under review due to loss of the company.

DIRECTORS:

Consequent to resignation of Mr. Sidharth Bhandari as Managing Director of the Company, it has been proposed that Mr. Surendra Bhandari be appointed for the post of Managing Director At the ensuing Annual General Meeting, Mrs. Madhu Bhandari and Mr. Rajib Ghosh Roy, Directors will retire by rotation and being eligible offer themselves for reappointment. Mr. Satish Ramarao Shimoga, Mr. Vikram Shyam Gupta, Mr. Nugehalli Krishnaswamy Raghunatha, Mr. Joseph Kavalam Mathai and Mr. Rajeev Gobindram Hassanand be and are hereby appointed as Independent Director of the Company for a period of five years from the date of this Annual General Meeting, not liable to retire by rotation.

DIRECTORS RESPONSIBILITY STATEMENT:

As per the provisions of Section 217(2AA) of the Companies Act 1956, the Directors hereby submit that -

- The Company had followed all the applicable Accounting Standards and there is no material departure from this in the preparation of the annual accounts ;
- The Company had selected the normal 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 ;

- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- The Company had prepared the annual accounts on a going concern basis.

DEPOSITS:

The Company has not accepted/renewed any deposit from the public during the year under review.

PERSONNEL:

No employee of the Company had drawn salary in excess of the limits specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS:

M/s. S. Janardhan & Associates, Chartered Accountants, Statutory Auditors, retire at the conclusion of the ensuing Annual General Meeting and a notice from a shareholder received to appoint statutory auditor other than the retiring auditor.

M/s. Nagesh & Associates, Chartered Accountants, will be appointed as Statutory Auditor of the company subject to approval of the members in Annual General Meeting and to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the twentyfifth AGM of the Company to be held in the year 2019 (subject to ratification of their appointment at every AGM), on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors."

M/s Swamy & Associates, Company Secretaries, have been appointed as Secretarial Auditors of the Company for the year 2014-15.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information as required under Section 217(1) (e) of the Companies Act, 1956 is enclosed as Annexure-A to this report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

Management Discussion & analysis report is enclosed at Annexure-B to this report.

CORPORATE GOVERNANCE:

A report on Corporate Governance is placed at Annexure-C to this report. Your Company has voluntarily got the Secretarial Audit done for the year 2013-14 as a part of good corporate governance practice and the report of M/s Swamy & Associates, Company Secretaries is placed at Annexure-D to this report.

SECURITIES:

The Company's shares are listed in the Stock Exchanges of Mumbai, Bangalore and Chennai. The addresses of the said Stock Exchanges are stated elsewhere in this Annual Report.

ACKNOWLEDGEMENTS:

Your Directors place on record their gratitude to the Governments, Financial Institutions and Banks for the assistance, co-operation and encouragement received during the year. For the continuing support of Investors, Dealers, Business Associates and Employees at all levels. Your Directors wish to place on record their sincere appreciation for their unstinting efforts in ensuring excellent performance.

Your Directors also wish to express their appreciation of dedicated efforts in pursuits of excellence put in by the employees at all levels.

For and on behalf of the Board of Directors

SURENDRA BHANDARI
CHAIRMAN

SIDHARTH BHANDARI
MANAGING DIRECTOR

Place: Bangalore

Date: 3rd September, 2014

CORPORATE GOVERNANCE REPORT

PHILOSOPHY

Our Company believes in practicing good Corporate Governance, attaining maximum level of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders viz. shareholders, employees, customers, Government, bankers, society at large etc.

BOARD OF DIRECTORS

a) Composition

The present strength of the Board of Directors is Ten (10). Out of Ten Directors, Seven Directors (more than 50%) are Non-Executive Directors. Besides, Five Directors (50%) are independent Directors. The composition of the Board is in conformity with the requirement of Clause 49 of the Listing Agreement.

b) Meetings of the Board of Directors

The Board of Directors meets regularly and is responsible for the proper direction and management of the Company. During the financial year 2013-14 Seven Board Meetings were held on 25.05.2013, 25.06.2013, 02.08.2013, 11.11.2013, 17.12.2013, 31.12.2013, 11.02.2014 and the maximum gap between any two meetings was not more than Four

d) Details about Company's Board of Directors :

Name of the Director	Share Holding	Category	Attendance Particulars			Director ships in other Companies	Committee Memberships	
			No of Board Meetings		Last AGM		Memberships	Chairmanships
			Held	Attended	Attended			
1. Surendra Bhandari	7,00,684	Chairman	7	2	Yes	9	-	2
2. Madhu Bhandari	70,077	Director	7	0	No	6	-	-
3. Sidharth Bhandari	92,699	Managing Director	7	1	No	10	2	-
4. Rajib Ghosh Roy	0	Wholetime Director	7	7	Yes	-	-	-
5. K. Raghavendra Rao	1,000	Wholetime Director	7	5	Yes	5	3	5
6. Joseph Mathai	100	Independent Director	7	7	Yes	-	2	-
7. Rajeev G. Hassanand	0	Independent Director	7	7	No	2	-	-
8. S.R. Satish	0	Independent Director	7	7	Yes	-	-	-
9. N.K. Raghunath	1,000	Independent Director	7	7	No	-	1	-
10. Vikram S Gupta	1,000	Independent Director	7	7	No	1	-	-

e) Information supplied to the Board

The Board has complete access to all information with the Company, inter-alia, the following information is regularly provided to the Board:

- Annual operating Plans, Capital Budgets, Revenue Budgets and updates ;
- Quarterly results of the Company ; and
- Other relevant factors which the Board may require.

f) Remuneration paid to Directors

During 2013-14, the Company did not advance any loan to any of its Directors.

The remuneration paid to the Directors for the year 2013-14 is given below :

Name of the Director	Category	Salary	P.F.
1. Surendra Bhandari	Chairman	-	-
2. Sidharth Bhandari	Managing Director	Rs 15,00,000/-	Rs.9,360/-
3. Madhu Bhandari	Director	-	-
4. K. Raghavendra Rao	Wholetime Director	Rs.2,55,200/-	Rs.3,120/-
5. Rajib Ghosh Roy	Wholetime Director	Rs.7,34,600/-	Rs.9,360/-
6. Joseph Mathai	Independent Director	-	-
7. Rajeev G. Hassanand	Independent Director	-	-
8. S.R. Satish	Independent Director	-	-
9. N.K. Raghunath	Independent Director	-	-
10. Vikram S Gupta	Independent Director	-	-

Months.

Quarter		Dates
April - June	1	25th May, 2013
	2	25th June, 2013
July – September	3	2nd August, 2013
October – December	4	11th November, 2013
	5	17th December, 2013
	6	31st December, 2013
January – March	7	11th February, 2014

c) Directors' Attendance Record and Directorship held

As mandated by Clause 49 of the Listing Agreement, none of the Directors are members of more than Ten Committees of Boards nor are they Chairman of more than Five Committees in which they are Members. The Independent Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries.

g) Green Initiative on Corporate Governance.

The Ministry of Corporate Affairs(MCA) has vide its circular no. 17/2011 dated 21/04/2011 and circular no. 18/2011 dated 29/04/2011 announced the "Green Initiative in the Corporate Governance" by allowing Companies to send the notices/documents in electronic mode to its shareholders. The Board had sent the intimations to all the shareholders to get their email ids. The Annual report of the company will be sent to shareholders through email who have registered their email ids with the Company/DP and through physical mode who have not registered their email ids with the Company/DP.

BOARD COMMITTEES

The Company has four Board level Committees – Audit Committee, Remuneration Committee, Share Transfer Committee and Shareholders / Investors' Grievances Redressal Committee. All decisions pertaining to the constitution of Committees, appointment of Committee Members and fixing of their terms of service are taken by the Board of Directors.

a) Audit Committee

The composition of Audit Committee as on 31.03.2014 is as follows:

1. Mr. Joseph Mathai - Chairman
2. Mr. K. Raghavendra Rao - Member
3. Mr. Vikram S Gupts - Member

The Company Secretary is the Secretary of the Committee. The Audit Committee held four meetings during 2013-14 on 24th May, 2013, 1st

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Hittco Tools Ltd.

August, 2013, 8th November, 2013 and 10th February, 2014.

The heads of finance function, internal audit and the representative of the statutory auditors are permanent invitees to the Audit Committee meetings.

b) Remuneration Committee

The Remuneration Committee comprises of three Directors, viz. Mr. S R Satish, Mr. Joseph Mathai and Mr. N K Raghunatha. Mr. S R Satish is the Chairman of the Remuneration Committee. The Company Secretary is the Secretary of the Committee. The Remuneration Committee held four meetings during 2013-14 on 10th April, 2013, 12th July, 2013, 13th November, 2013 and 15th January, 2014.

c) Share Transfer Committee

The Share Transfer Committee comprises of three Directors, viz. Mr. Surendra Bhandari, Mr. Sidharth Bhandari and Mr. K. Raghavendra Rao. Mr. Surendra Bhandari is the Chairman of the Share Transfer Committee. The Company Secretary is the Secretary of the Committee. The Share Transfer Committee held three Meetings during 2013-14 on 27.05.2013, 21.10.2013 and 16.12.2013.

d) Shareholders / Investors' Grievances Redressal Committee

The Shareholders / Investors' Grievances Redressal Committee comprises of three Directors, viz. Mr. Surendra Bhandari, Mr. Sidharth Bhandari and Mr. K. Raghavendra Rao. Mr. Surendra Bhandari is the Chairman of the Shareholders / Investors' Grievance Committee. The Company Secretary is the Secretary of the Committee. The Shareholders / Investors' Grievance Committee held four meetings during 2013-14 on 22nd April, 2013, 26th July, 2013, 18th December, 2013 and 3rd February, 2014.

GENERAL BODY MEETINGS

Particulars of the General Meetings of the Company held during the last 3 Years:

Annual General Meeting			
Year	Date	Time	Location
2010-2011	26.09.2011	11.00 A.M.	"SHANTALA" Conference Hall, Ashraya International Hotel, # 149, Infantry Road, Bangalore-560 001.
2011-2012	28.09.2012	11.00 A.M.	"SHANTALA" Conference Hall, Ashraya International Hotel, # 149, Infantry Road, Bangalore-560 001.
Extraordinary General Meeting			
2012-13	05-11-2012	11.00 A.M.	Registered Office
Annual General Meeting			
2012-13	30-09-2013	11.00 A.M.	"SHANTALA" Conference Hall, Ashraya International Hotel, # 149, Infantry Road, Bangalore-560 001.

No special resolution was passed through postal ballot at the Annual General Meeting held during the year under report.

DISCLOSURES:

(i) Related Party Transactions

There were no material significant transactions with the Directors or the management or relatives that have any potential conflict with interest of the Company at large.

(ii) Compliances by the Company

There was no case of non-compliance by the Company, nor any case of penalties or strictures, imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authorities on any matter related to capital markets during the last three years.

(iii) CEO/CFO Certification

The CEO and the CFO of the Company have certified to the Board with regard to the compliance made by them in terms of Clause 49(V) of the Listing Agreement.

(iv) Non-Mandatory Requirements

The Company has not adopted the non-mandatory requirements as specified in Annexure 1D of clause 49 of the Listing Agreement.

(v) Accounting Treatment

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable mandatory Accounting Standards and relevant presentational requirements of the Companies Act, 1956.

MEANS OF COMMUNICATION

The Company has always promptly reported all material information including quarterly financial results, press releases issued by the Company, etc. to all Stock Exchanges where the securities of the Company are listed. The quarterly results and other information were communicated to the shareholders by way of advertisement in a national and in vernacular language daily newspapers.

GENERAL SHAREHOLDERS' INFORMATION

The Annual general Meeting of the Company is scheduled to be held on Tuesday, the 30th September, 2014 at 11.00 A.M at "SHANTALA" Conference Hall, Ashraya International Hotel, # 149, Infantry Road, Bangalore – 560 001.

Financial Calendar (tentative and subject to change):

Events	Tentative Date
Annual General Meeting for the year ending March 31, 2014	By 30th September, 2014
Unaudited Financial results for the first quarter ending 30th June, 2014	By 15th August, 2014
Unaudited Financial results for the second quarter ending 30th September, 2014	By 15th November, 2014
Unaudited Financial results for the third quarter ending 31st December, 2014	By 15th February, 2015
Audited Financial results for the year ending 31st March, 2015	By 31st May, 2015

Book Closure Dates

Friday, the 26th September, 2014 to Tuesday, the 30th September, 2014 (both days inclusive) for requirements of Clause 16 of the Listing Agreement for the financial year 2013-14.

Dividend

Due to loss, the Board is unable to recommend any Dividend for the year under review.

Listing on Stock Exchanges

The Company's shares are listed in Bombay Stock Exchange Limited (BSE) P. J. Towers, Dalal Street, Mumbai – 1, The Bangalore Stock Exchange, # 51, 1st Cross, J. C. Road, Bangalore – 560 027 and The Madras Stock Exchange Limited, # 30, Second Line Beach, Chennai – 600 001.

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Stock Code

Stock Exchange	Code
Bombay Stock Exchange Limited	531661

Market Price Data

Monthly Share Price movement during 2013-14 on Bombay Stock Exchange:

No	Date	Highest (Rs.)	Lowest (Rs.)
1.	April,2013	6.30	3.77
2.	May, 2013	7.25	6.60
3.	June, 2013	8.30	7.60
4.	July, 2013	8.70	7.86
5.	Aug, 2013	7.47	6.28
6.	Sep, 2013	7.40	5.65
7.	Oct, 2013	8.21	6.13
8.	Nov, 2013	8.10	7.37
9.	Dec, 2013	8.92	8.48
10	Jan, 2014	9.72	7.94
11.	Feb, 2014	7.55	7.55
12.	Mar, 2014	7.20	6.52

Registrar and Transfer Agents:

All works related to share both for physical and electronic segments are maintained by our Registrar and Transfer Agents named M/s Cameo corporate Services Ltd., located at Subramanian Building, #1 Club House Road, Chennai-600 002.

Share Transfer System

All share transfers and other communications regarding share certificates, change of address, transmission, etc. should be addressed to Registrar and Transfer Agent. All share transfers now take place on fortnightly basis. All share transfers are completed within statutory time limit from the date of receipt, provided documents meet the stipulated requirement of statutory provisions in all respects.

Distribution of Shareholding

Given below Tables A & B lists the distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on 31st March 2014.

Table A: Shareholding Pattern by Size

No of Equity Shares held	Total No. of Shareholders	% to total Shareholders	Total No. of shares	% to total Shares
00001 – 05000	1096	70.80	208366	3.56
05001 – 10000	195	12.60	172654	2.95
10001 - 20000	74	4.78	121527	2.07
20001 - 30000	47	3.04	123733	2.11
30001 - 40000	32	2.07	116053	1.98
40001 - 50000	19	1.23	91050	1.55
50001– 100000	37	2.39	289325	4.94
100001 & above	48	3.10	4737139	80.84
Total	1548	100	5859847	100

Table B: Shareholding Pattern by Ownership

Particulars	No. of Share holders	% to total shareholders	No. of shares	% to total Shares
Directors, Promoters & their family members	9	0.58	2672568	45.61
Corporate Bodies	62	4.00	1045695	17.85
Individuals	1477	95.42	2141584	36.54
Total	1548	100.00	5859847	100.00

Dematerialization of Equity Shares

Trading in equity shares of the Company became mandatory in dematerialized form from 01.10.2000. To facilitate trading in demat form, there are two depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has entered into agreements with both these NSDL and CDSL. Shareholders can open their accounts with any of the Depository Participants to hold their shares in dematerialized form. About 74.61% of the Equity Shares of the Company are held in the dematerialized form.

Outstanding GDRs/ADRs/Warrants or any convertible Instruments, Conversion Date and likely impact on equity

The Company has not issued any GDR/ ADR as on date.

Plant Locations of the Company

Unit-I

#78, III Phase, Peenya Industrial Area, Bangalore - 560 058.

Unit-II

S.B-162, 3rd Cross, 1st Stage, Peenya Industrial Estate, Bangalore - 560 058.

Address for Correspondence

The Company's Registered Office is situated at:

#19, Aliasker Road, Bangalore - 560 052.

Tel: 080-41491251 (Extn. 131/138)

Fax: 080-41491250

E-mail ID: companysecretary@hittco.in.

Our Registrar and Transfers Agent's Address is:

M/s Cameo corporate Services Ltd.

Subramanian Building, #1 Club House Road, Chennai-600 002.

Tel : 044-28460390 Fax : 044-28460129

Shareholders holding shares in electronic form should address all their correspondence regarding change of address, bank particulars etc. to their respective Depository Participants (DPs) only. There is no need to inform these changes to the Company or its Registrar Transfer Agent.

For and on behalf of the Board of Directors

SURENDRA BHANDARI
CHAIRMAN

SIDHARTH BHANDARI
MANAGING DIRECTOR

Place: Bangalore

Date: 3rd September, 2014

SECRETARIAL AUDIT REPORT

To
The Members
Hittco Tools Limited
Bangalore.

We have examined all secretarial records and the compliance of provisions of the Companies Act, 1956, the regulations, guidelines and the instructions issued by the Securities and Exchange Board of India (SEBI) and the relevant clauses of the Listing Agreement with Stock Exchanges where the shares of Hittco Tools Ltd.(the company) are listed, the Depositories Act, 1996 and bye-laws framed there under from time to time, for the year ended 31st March, 2014 and we report that:

1. MAINTENANCE OF STATUTORY RECORDS:

The Company is maintaining all statutory records and registers as required to be maintained under various provisions of the Companies Act, 1956 and the rules made there under and all the records and entries in the registers are up to date.

2. FILLING OF STATUTORY RETURNS:

The Company has timely filed all statutory returns with the Registrar of Companies as well as with other Statutory Authorities and has furnished the required documents / intimations to the Stock Exchanges regularly and within the scheduled time frame as required under various clauses of the Listing Agreement.

3. COMPOSITION OF THE BOARD:

The Board of Directors of the Company comprised of 10 directors; consisting of the Chairman (Non-Executive Chairman), Managing Director (Executive), two executive directors, one non-executive director and five independent directors(Non-Executive) as on 31.03.2014. In terms of clause 49 of Listing Agreement, at least half of the Board should comprise of independent directors.

4. BOARD MEETINGS:

During the year, the Board of Directors of the Company met Seven times 25.05.2013, 25.06.2013, 02.08.2013, 11.11.2013, 17.12.2013, 31.12.2013 and 11.02.2014 in respect of which proper notices were given. The proceedings of the meetings including the resolution passed were properly recorded in the Minutes Book maintained by the Company and duly signed.

5. REGISTRAR & TRANSFER AGENT:

The Company has a Registrar & Transfer Agent named Cameo corporate Services Ltd., located at Subramaniam Building, #1 Club House Road, Chennai-600 002 and all the work related to share in terms of both physical and electronic segments are being handled there.

6. SHARE TRANSFER COMMITTEE:

To ensure speedy and timely transfer/transmission of shares in physical segment, the Share Transfer Committee constituted by the Board considered and approved all the share related issues besides taking note of beneficial owners position under demat mode. During the year ended 31st March, 2014, the Share Transfer Committee met 11 times.

7. REDRESSAL OF INVESTORS GRIEVANCES:

All the complaints/grievances relating to share transfers, transmission, demat / remat of shares, issue of duplicate share certificates etc. were promptly attended to by the Company and they were resolved within a week's time of their receipt.

8. INSIDER TRADING REGULATIONS:

The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the regulations.

9. NO LEGAL NOTICE:

The Company has not received any Show cause notice for any alleged offence/violation under the Companies Act, 1956 or under SEBI guidelines and no fine, penalty or other punishment has been imposed in the Company in this regard during the year under review.

10. PUBLIC DEPOSITS:

No public Deposits were accepted by the Company under Companies (Acceptance of Deposits) Rules, 1975 during the year. The Company has neither issued any GDR/ADR nor any convertible instrument during the year under report..

P. Periaswamy

(Practicing Company Secretaries)

Place: Bangalore

30th August, 2014

CP No. 7319

Independent Auditors' Report

To the members of M/s Hittco Tools Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Hittco Tools Limited ("the Company"), which comprises the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss of the Company for the year then ended, the Cash Flow Statement of the Company for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (ii) in the case of the Statement of Profit and Loss, of the loss 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purpose 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account; and
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
 - e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.Janardhan and Associates

Chartered Accountants
Firm Registration No. 005310S

B.Anand

Partner
Membership Number: 029146

Place: Bangalore
Date :28.05.2014

AUDITORS REPORT ON CORPORATE GOVERNANCE

To

The Members of Hittco Tools Limited

We have examined the compliance of condition of corporate governance by Hittco Tools Limited for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination is limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the condition of the corporate governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for the period exceeding one month against the Company as per the record maintained by shareholders/ investors grievance committee.

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 S.Janardhan and Associates

Chartered Accountants

Firm Registration No. 005310S

B.Anand

Partner

Membership Number: 029146

Place: Bangalore

Date :28.05.2014

Balance Sheet as at 31.03.2014

Particulars	Note No.	31.03.2014 Rs.	31.03.2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
(a) Share Capital	2.1	60,206,970	57,201,130
(b) Reserves and Surplus	2.2	2,112,881	2,602,408
(c) Share Warrants issued	2.3	3,000,000	6,005,840
Share application money pending allotment		-	-
Non-current liabilities			
(a) Long-term borrowings	2.4	24,607,605	37,931,054
(b) Deferred tax liabilities (Net)	2.5	7,219,000	6,895,000
(c) Other Long term liabilities	2.6	1,875,000	1,720,000
(d) Long-term provisions	2.7	4,264,871	3,800,228
Current liabilities			
(a) Short-term borrowings	2.8	16,709,007	11,082,196
(b) Trade payables	2.9	5,235,655	5,341,679
(c) Other current liabilities	2.10	14,495,971	9,241,397
(d) Short-term provisions	2.11	344,690	794,152
TOTAL		140,071,650	142,615,084
ASSETS			
Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	2.12	69,978,529	74,235,361
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		5,275,586	155,970
(b) Non-current Investments		-	-
(c) Deferred Tax asset		-	-
(d) Long-term loans and advances	2.13	6,432,835	12,770,712
(e) Other non-current assets	2.14	5,202,209	3,556,754
Current Assets			
(a) Current Investments		-	-
(b) Inventories	2.15	21,592,022	24,665,578
(c) Trade receivables	2.16	25,613,085	22,813,128
(d) Cash and bank balances	2.17	1,905,402	2,119,805
(e) Short-term loans and advances	2.18	4,049,284	2,067,699
(f) Other current assets	2.19	22,698	230,077
TOTAL		140,071,650	142,615,084

The accompanying notes are an integral part of the financial statements.

**For and on behalf of the Board of Directors of
HITCO TOOLS LTD**

**Sidharth Bhandari
Managing Director**

**Surendra Bhandari
Chairman**

**Chittaranjan Jena
Company Secretary**

**As per our report of even date
for S.Janardhan and Associates
Chartered Accountants
Firms' Registration No.005310S**

**B.Anand
Partner
Membership No.029146**

**Place: Bangalore
Date: 28.05.2014**

Statement of Profit and Loss for the year ended 31.03.2014

	Note No.	31.03.2014 Rs.	31.03.2013 Rs.
Revenue from operations(Gross)	2.21	86,440,513	93,010,497
Less: Excise Duty		8,951,330	9,328,965
		77,489,183	83,681,532
Other Income	2.22	1,818,213	1,503,996
Total Revenue		79,307,396	85,185,528
Expenses:			
Cost of materials consumed	2.23	16,648,203	24,749,040
Purchases of Stock in Trade		192,865	522,456
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	2.24	1,825,461	(7,436,747)
Employee benefits expense	2.25	22,643,315	22,415,596
Finance costs	2.26	4,224,970	2,468,634
Depreciation and amortisation expense	2.27	6,370,684	5,808,171
Other expenses	2.28	27,567,426	32,592,394
Total Expenses		79,472,924	81,119,544
Profit before exceptional and extraordinary items and tax		(165,528)	4,065,984
Exceptional items	2.29	-	3,680,023
Profit before extraordinary items and tax		(165,528)	385,961
Extraordinary Items		-	-
Profit before Tax		(165,528)	385,961
Tax expense:			
Current tax		-	-
Deferred tax		324,000	6,895,000
Profit after Tax		(489,528)	(6,509,039)
Earnings per share:			
(1) Basic		(0.09)	(1.25)
(2) Diluted		(0.08)	(1.12)

The accompanying notes are an integral part of the financial statements.

**For and on behalf of the Board of Directors of
HITTCO TOOLS LTD**

**Sidharth Bhandari
Managing Director**

**Surendra Bhandari
Chairman**

**Chittaranjan Jena
Company Secretary**

**As per our report of even date
for S.Janardhan and Associates
Chartered Accountants
Firms' Registration No.005310S**

**B.Anand
Partner
Membership No.029146**

**Place: Bangalore
Date: 28.05.2014**

2 NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2014

The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

2.1 SHARE CAPITAL		
Particulars	As at 31.03.2014	As at 31.03.2013
Authorised		
70,00,000 (60,00,000) Equity Shares of Rs.10/- each	70,000,000	60,000,000
Nil(50,000) Cumulative convertible preference shares of Rs. 100/- each	-	5,000,000
Issued		
6,429,147 (5,559,263) Equity Shares of Rs.10/- each	64,291,470	55,592,630
Subscribed and fully Paid up:		
56,12,247 (5,311,663) Equity Shares of Rs. 10/- fully paid up	56,122,470	53,116,630
Subscribed and partly Paid up:		
247,600 (247,600) Equity Shares of Rs.5/- Partly paid up	1,238,000	1,238,000
Forfeited Shares:		
569,300 (569,300) Equity Shares of Rs. 5/- not reissued	2,846,500	2,846,500
Total	60,206,970	57,201,130

The Company has only one class of shares, referred to as equity shares, having a par value of Rs.10/-. Each holder of equity shares is entitled to one vote per share held.

The Company declares and pays dividend in Indian rupees. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Dividend, if any, is payable to the shareholders in proportion to their shareholding.

The Company has not declared dividend during the year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

Reconciliation of number of Shares Equity Shares:	As at 31st March, 2014		As at 31st March, 2013	
	Number of Shares	Amount Rs.	Number of Shares	Amount Rs.
Balance as at the beginning of the previous year				
Fully paid up (Rs. 10/- each)	5,033,700	50,337,000	5,033,700	50,337,000
Partly paid up (Rs. 5/- each)	247,600	1,238,000	247,600	1,238,000
Fully paid up (Rs. 10/- each)	277,963	2,779,630	277,963	2,779,630
Add: Shares issued during the year in the ratio of 1:1 pursuant to Conversion of Share warrants into Equity Shares				
Fully paid up (Rs. 10/- each)	300,584	3,005,840	-	-
Balance as at the end of the year	5,859,847	57,360,470	5,559,263	54,354,630

Details of Shares held by shareholders, holding more than 5% of the aggregate shares in the Company.

	As at 31.03.2014		As at 31.03.2013	
	No. of shares	Percentage	No. of shares	Percentage
Fortune Loyal Hongong Ltd	600,000	10.24%	600,000	10.79%
Surendra Bhandari	700,684	11.96%	400,100	7.20%
Hitech Prints India Pvt Ltd	293,600	5.01%	293,600	5.28%
Hittco Properties Pvt Ltd	352,044	6.01%	352,044	6.33%
B I Holdings Bangalore Pvt Ltd	914,064	15.60%	914,064	16.44%

**During the year the company has converted Share Warrants of 3,00,584 into one equity share of the company of nominal value of Rs. 10/-, at a price of Rs. 10/- per share.

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2.2 RESERVES AND SURPLUS	As at 31.3.2014		As at 31.3.2013	
Particulars				
(a) Capital Reserve				
Opening balance	3,000,000		3,000,000	
Add: Addition during the year	-		-	
Balance as at the end of the year	3,000,000		3,000,000	
(b) Securities Premium account				
Opening balance	13,200,000		13,200,000	
Add: Receipt on issue of securities	-		-	
Balance as at the end of the year	13,200,000		13,200,000	
(d) Surplus in Statement of Profit and Loss				
Opening balance	(13,597,591)		(7,088,554)	
Add: Profit/(Loss) for the year	(489,528)		(6,509,038)	
Amount available for appropriation	(14,087,119)		(13,597,592)	
Transfer to General Reserve	-		-	
Balance as at the end of the year	(14,087,119)		(13,597,592)	
Total	2,112,881		2,602,408	

2.3 SHARE WARRANTS ISSUED	As at 31.3.2014		As at 31.3.2013	
Particulars				
3,00,000 (6,00,584) Share warrants at Rs.10/- per warrant	3,000,000		6,005,840	
Total	3,000,000		6,005,840	

2.4 LONG TERM BORROWINGS	As at 31.3.2014		As at 31.3.2013	
Particulars				

Secured:

Term Loan with Kotak Mahindra Bank Ltd	6,540,412		8,300,423	
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Nature of Security:

All the banking facilities sanctioned by the Bank are primarily secured by extension of charge over all existing and future current assets/ moveable fixed assets of the company

Banking facilities are further collaterally secured by:

1. Equitable (unregistered) MOE over commercial property located at owned by one of the group company
2. Registered MOE over residential properties located at HTC Thakural Apartment, Bangalore owned by one of the group company.
3. Lien marking of Fixed Deposit of Rs. 13.74 Lakhs
4. Registered MOE over two residential properties located at Bangalore owned by one of the group company and one of the year.

All the banking facilities are further personally guaranteed by two directors and by extension of corporate guarantee by a few group companies.

Term of Repayment:

Repayable in 60 Equated Monthly Instalments beginning from the month following the month of first disbursement of Term loan(February, 2013), at the Interest of 12.90% p.a

Vehicle Loan with Kotak Mahindra Bank Ltd	2,893,685		3,593,752	
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Nature of Security:

Secured by Hypothecation of the respective vehicle on which the loan is taken

Term of Repayment:

Repayable in Equated Monthly Instalments beginning from the month subsequent to taking the loan..

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Unsecured:

Loans from related parties:

-Directors	-	7,425,211
- Others	15,173,508	18,611,668
Total	24,607,605	37,931,054

2.5 DEFERRED TAXES

Particulars	As at 31.3.2014	As at 31.3.2013
Deferred Tax Liabilities		
Attributable to Depreciation	9,019,000	8,627,000
Deferred Tax assets		
Attributable to:		
Expenses allowable for tax purposes when paid	1,800,000	1,732,000
Total	7,219,000	6,895,000

2.6 OTHER LONG TERM LIABILITIES

Particulars	As at 31.3.2014	As at 31.3.2013
Security Deposit from Customers	1,875,000	1,720,000
Total	1,875,000	1,720,000

2.7 LONG TERM PROVISIONS

Particulars	As at 31.03.2014	As at 31.03.2013
Provision for Gratuity	4,264,871	3,800,228
Total	4,264,871	3,800,228

2.8 SHORT TERM BORROWINGS

Particulars	As at 31.03.2014	As at 31.03.2013
Secured:		
Kotak Mahindra Bank Ltd - Cash Credit Account (For details of securities -refer Note No.2.4)	16,709,007	11,082,196
Total	16,709,007	11,082,196

2.9 TRADE PAYABLES

Particulars	As at 31.03.2014	As at 31.03.2013
Trades payables	5,235,655	5,341,679
Total	5,235,655	5,341,679

Refer Note: Refer to Note No. 2.40 regarding further disclosures relating to MSMED Act.

2.10 OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2014	As at 31.03.2013
Current maturities of long- term debt	3,057,881	2,616,996
Payable to employees	2,657,662	2,014,609
Statutory dues (Including Provident Fund, Withholding and other taxes payable)	2,453,572	2,618,303
Advance received from customers	1,180,905	776,394
Sundry Creditors for Capital Expenditure	4,552,699	25,000
Other payables	175,011	40,177
Current liability of Provision for Gratuity	418,241	1,106,832
Book overdraft	-	43,086
Total	14,495,971	9,241,397

2.11 SHORT TERM PROVISIONS

Particulars	As at 31.03.2014	As at 31.03.2013
Other Provisions	344,690	794,152
Total	344,690	794,152

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2.12 TANGIBLE ASSETS

Sl No	Description	Gross Block				Depreciation				Net Block	
		As on 01.04.2013	Addition	Deletion/ Adjustments	As on 31.03.2014	As on 01.04.2013	for the year	Deletion/ Adjustments	As on 31.03.2014	As on 31.03.2014	As on 31.03.2013
A	Own Assets:										
1	Factory Building	6,936,976	-	-	6,936,976	3,201,498	231,695	-	3,433,193	3,503,783	3,735,478
2	Lease Hold Improvements	528,661	-	-	528,661	139,311	8,617	-	147,928	380,733	389,350
3	Plant & Machinery	104,778,354	295,623	-	105,073,977	43,424,554	4,980,119	-	48,404,673	56,669,304	61,353,800
4	Office Equipments	2,055,124	128,906	-	2,184,030	846,997	101,580	-	948,577	1,235,454	1,208,127
5	Furniture & Fittings	1,474,085	155,969	-	1,630,054	424,932	103,182	-	528,114	1,101,940	1,049,153
6	Computers	2,336,961	316,073	-	2,653,034	1,651,014	246,744	-	1,897,758	755,276	685,947
7	Vehicles	6,947,109	791,430	294,402	7,444,137	1,133,603	698,747	720,253	1,112,097	6,332,039	5,813,506
	Total	125,057,270	1,688,001	294,402	126,450,869	50,821,909	6,370,684	720,253	56,472,340	69,978,529	74,235,361

2.13 LONG TERM LOANS AND ADVANCES

Particulars	As at 31.03.2014	As at 31.03.2013
(Unsecured, Considered good)		
Capital Advances	2,650,219	2,152,596
Security Deposits	3,782,616	10,618,116
Total	6,432,835	12,770,712

2.14 OTHER NON CURRENT ASSETS

Particulars	As at 31.03.2014	As at 31.03.2013
Long term deposits with banks with maturity period more than 12 months (out of the above, Rs. 13.74 Lakhs have been lien marked as the security towards the Term Loan availed from Kotak Mahindra Bank Ltd)	3,202,307.17	1,400,000
Other advances- Due from related party	1,999,901.89	2,156,754
Total	5,202,209.06	3,556,754

2.15 INVENTORIES

Particulars	As at 31.03.2014	As at 31.03.2013
(a) Raw materials	1,301,180	2,538,989.00
(b) Work-in-progress	3,815,390	2,785,531.00
(c) Finished goods	13,887,096	16,778,487.55
(d) Stock-in-trade	620,337	584,266.00
(e) Consumables Stores and Spares	1,960,498	1,842,954.00
(f) Packing materials	7,521	135,350.00
Total	21,592,022	24,665,577.55

2.16 TRADE RECEIVABLES

Particulars	As at 31.03.2014	As at 31.03.2013
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for payment	5,576,732	11,557,935
Others	20,036,353	11,255,193
Total	25,613,085	22,813,128

2.17 CASH AND BANK BALANCES

Particulars	As at 31.03.2014	As at 31.03.2013
Cash and Cash equivalents:		
Cash on hand	159,077	79,722
Bank balances:		
In current Account	1,746,325	1,614,762
Long term deposits with maturity more than 3 months but less than 12 months	-	425,321
Total	1,905,402	2,119,805

2.18 SHORT TERM LOANS AND ADVANCES

Particulars	As at 31.03.2014	As at 31.03.2013
(Unsecured, considered good)		
Balances with Customs, Central Excise, VAT etc.	600,958	1,216,462
Advances to Vendors	2,298,862	220,433
Prepaid expenses	176,109	181,368
Advance Income Tax	95,480	70,864
Advances to employees and others	877,875	378,572
Total	4,049,284	2,067,699

2.19 OTHER CURRENT ASSETS

Particulars	As at 31.03.2014	As at 31.03.2013
(Unsecured, considered good)		
Income accrued on deposits	22,698.50	230,077
Total	22,699	230,077

2.20 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31.03.2014	As at 31.03.2013
	Rs.	Rs.
(to the extent not provided for)		
Bank Guarantees extended by bankers	4,405,000	-
On account of capital contracts remaining to be executed	720,517	-
Income Tax	1,535,620	-

2.21 REVENUE FROM OPERATIONS

Particulars	Year ended 31st March 2014		Year ended 31st March 2013	
(a) Sale of Products				
Finished goods	86,361,894		92,678,474	
Less: Excise Duty	8,951,330	77,410,564	9,328,965	83,349,509
(b) Sale of Traded Goods		78,620		332,023
Total		77,489,184		83,681,532

2.22 OTHER INCOME

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
(a) Interest Income from Banks	291,073	466,734
(b) Liabilities written back to the extent no longer required	261,670	681,892
(c) Export Incentive	-	306,396
(d) Profit on sale of asset	425,851	-
(e) Exchange fluctuation gain (Net)	721,679	-
(f) Miscellaneous income	117,940	48,974
Total	1,818,213	1,503,996

2.23 COST OF MATERIAL CONSUMED

Particulars	Year ended 31st March 2013	Year ended 31st March 2012
<u>Raw Material Consumed:</u>		
Opening inventory	2,538,989	1,935,029
Add: Purchase	14,789,523	24,659,714
Less: Inventory at the end of the year	1,301,180	2,538,989
Cost of Raw Material consumed during the year	16,027,332	24,055,754
<u>Packing Material consumed:</u>		
Opening inventory	135,350	123,400
Add: Purchase	493,042	705,236
Less: Inventory at the end of the year	7,521	135,350
Cost of Packing Material consumed during the year	620,871	693,286
Total	16,648,203	24,749,040

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2.24 CHANGES IN INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS			
Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013
(Increase)/Decrease in Stocks			
Stock at the end of the year:			
Finished Goods	13,887,096		16,778,487
Work-in-Progress	3,815,390		2,785,531
Stock in Trade	620,337		584,266
	TOTAL A	18,322,823	20,148,284
Less: Stock at the beginning of the year			
Finished Goods	16,778,487		11,278,346
Work-in-Progress	2,785,531		1,363,846
Stock in Trade	584,266		69,345
	TOTAL B	20,148,284	12,711,537
Increase)/Decrease in Stocks (A-B)		1,825,461	(7,436,747)

2.25 EMPLOYEE BENEFIT EXPENSES			
Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013
Salaries, Wages and Bonus	19,394,387		18,710,432
Contribution to Provident and other funds	2,018,117		2,356,338
Staff welfare expenses	1,230,811		1,348,826
Total	22,643,315		22,415,596

(Refer Note: 2.36 on disclosure requirement as per Accounting Standard 15 on Employee benefits)

2.26 FINANCE COSTS			
Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013
Interest on Long term borrowings	1,173,952		389,617
Interest on Lease	466,999		161,091
Other borrowing cost	2,584,019		1,917,926
Total	4,224,970		2,468,634

2.27 DEPRECIATION AND AMORTISATION EXPENSES			
Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013
Depreciation on tangible assets	6,370,684		5,808,171
Total	6,370,684		5,808,171

2.28 OTHER EXPENSES			
Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013
Power and Fuel	2,541,474		2,728,870
Heat Treatment Charges	1,514,142		1,876,675
Stores and spares consumed	5,035,084		4,493,927
Increase/(decrease) of Excise duty on Finished goods	(425,984)		2,088,093
Foreign Exchange Loss (net)	-		363,689
Rent	1,380,383		1,353,250
Labour charges	100,129		101,417
Coating Charges	1,843,283		2,425,696
Repairs and Maintenance – Plant and Machinery	947,414		440,131
Repairs and Maintenance – Building	436,776		686,310
Repairs and Maintenance – Others	951,516		815,138
Insurance	387,277		376,159
Rates and Taxes	852,260		709,260

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Travelling Expenses		2,505,682		4,628,122
Conveyance		826,924		742,788
Statutory Auditors : Audit fees	115,000		115,000	
Service Tax	14,214	129,214	14,214	129,214
Professional fees		1,178,747		954,133
Advertisement and other selling expenses		61,500		181,728
Freight charges		798,504		705,868
Loss on Sale/discarding of assets		-		697,568
Sales Promotion expenses		2,482,712		1,354,940
Miscellaneous expenses		4,020,389		4,739,418
Total		27,567,426		32,592,394

2.29 EXCEPTIONAL ITEMS

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Prior Period Items	-	3,636,590
Income tax relating to earlier years	-	43,433
Total	-	3,680,023

2.30 CIF VALUE OF IMPORTS

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Raw materials	5,466,363	13,449,560
Trading items	192,865	413,833
Capital Goods	6,416,011	8,400,635
Total	12,075,239	22,264,028

2.31 EXPENDITURE INCURRED IN FOREIGN CURRENCY

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Travelling expenses	2,254,187	2,744,570
Exhibition Expenses	541,755	108,000

2.32 DETAILS OF CONSUMPTION AND PURCHASES

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
a) Details of Raw Materials Consumed		
H S S Steel	7,321,927	9,723,991
Carbide	8,705,405	14,331,763
Total	16,027,332	24,055,754

b) Details of value of imported and indigenous material consumed	Imported	Indigenous	Imported	Indigenous
Raw Materials and Stores and Spares	7,784,890	13,277,526	13,120,156	15,429,525
Percentage	36.96%	63.04%	46%	54.04%
Total	7,784,890	13,277,526	13,120,156	15,429,525

c) Purchase of Traded goods				
Traded goods	192,865	-	413,833	-
Total	192,865	-	413,833	-

2.33 DIVIDEND REMITTED IN FOREIGN EXCHANGE

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Dividend paid during the year	Nil	Nil
Number of Non Resident Shareholders	Nil	Nil
Number of equity shares held by such Non Resident	Nil	Nil
Year to which the Dividend relate to	Nil	Nil

2.34 EARNINGS IN FOREIGN CURRENCY

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Revenue from exports on FOB basis	3,260,218	6,460,459

2.35 EARNINGS PER SHARE

Particulars	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Basic extra-ordinary items	After extra-ordinary items	Basic extra-ordinary items	After extra-ordinary items
(a) Basic				
Profit after tax	(489,528)	(489,528)	(6,509,039)	(6,509,036)
Weighted average number of shares outstanding	5,521,109	5,521,109	5,194,816	5,194,816
Basic EPS	(0.09)	(0.09)	(1.25)	(1.25)
(b) Diluted				
Profit after tax	(489,528)	(489,528)	(6,509,039)	(6,509,036)
Weighted average number of shares outstanding	5,521,109	5,521,109	5,194,816	5,194,816
Add: Weighted average number of potential equity shares	300,000	300,000	600,584	600,584
Weighted average number of shares outstanding for diluted EPS	5,821,109	5,821,109	5,795,400	5,795,400
Diluted EPS	(0.08)	(0.08)	(1.12)	(1.12)
Face value per share	Rs. 10 per share		Rs. 10 per share	

2.36 EMPLOYEE BENEFITS

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
-------------	-----------------------------	-----------------------------

The details required under As 15-Employee Benefits are as follows

The Employees' Gratuity Fund Scheme managed by the Hittco Tools Employees Group Gratuity Fund Trust is a defined benefit plan. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation.

Particulars	31.03.2014 Rs.	31.03.2013 Rs.
Present value of Defined benefit obligation		
Obligations at Period beginning	4,907,060	4,560,233
Service cost	271,772	189,108
Interest cost	361,332	387,620
Actuarial (Gain) / Loss	(76,221)	316,714
Benefits paid	(780,831)	(546,615)
Obligations at Period at the end of the year	4,683,112	4,907,060

Defined benefit obligation liability, on account of gratuity, as at the Balance Sheet date has not been funded.

Fair value of plan assets

Plan assets at period beginning at fair value	-	-
Expected return on plan assets	-	-
Actuarial (Gain) / Loss	-	-
Contributions	-	-
Benefits paid	-	-
Plan assets at period end at fair value	-	-

Assets/liabilities recognised in the balance sheet

Fair value of plan assets at period end	-	-
Present value of the defined benefit obligations at the end of the period	4,683,112	4,907,060
Asset / (Liability) recognised in the balance sheet	(4,683,112)	(4,907,060)

Assumptions		
Discount rate	8.00%	8.00%
Estimated salary escalation rate	5.00%	5.00%

Expenses recognised in the Statement of Profit and Loss

Service cost	271,772	189,108
Interest cost	361,332	387,620
Expected return on plan assets		-
Actuarial (Gain) / Loss	(76,221)	316,714
Net cost	556,883	893,442

2.37 SEGMENT REPORTING

The Company is engaged primarily in one segment of manufacture of tools and hence the Segment reporting is not applicable.

2.38 MANGERIAL REMUNERATION

Name	Remuneration		Provident Fund	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Sidharth Bhandari - Managing Director	1,500,000	1,500,000	9,360	10,620
Rajib Gosh Roy - Executive director of Operation	764,600	651,900	9,360	10,620
K Raghavendra Rao - Executive director of Finance (upto-31/07/2013)	255,200	713,400	3,120	10,620
Total	2,519,800	2,865,300	21,840	31,860

As the future liability of Gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Directors is not ascertainable and therefore not included in above.

2.39 DEIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

Particulars of unhedged foreign currency exposures as at the reporting date

Particulars	As at 31.03.2014	As at 31.03.2013
Trade Payables (in Euro)	Euro 53,435; Rs. 44,12,475	Nil
Trade Receivable (in USD)	USD 54,547.56 Rs. 32,78,297	USD 18,117 Rs. 9,89,640

2.40 DUES TO MICRO AND SMALL ENTERPRISES

Particulars on small scale industries have been furnished to the extent such parties have been identified on the basis of information available with the

	31.03.2014	31.03.2013
1. Machine Elements		
2. U tech rubber products Pvt Ltd.		
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	126,033	70,635
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	Nil	Nil
Further interest remaining due and payable for earlier years.	Nil	Nil

2.41 In the Opinion of Board of Directors, Current Assets, Loans and Advances, have atleast the value as stated in the Balance Sheet, if realised in the ordinary course of the business.

2.42 Confirmation from debtors and creditors have not been received in a few cases

2.43 Pursuant to Accounting Standard (AS 28) - Impairment of assets, the Company assessed its fixed assets for impairment as at March 31,2014 and concluded that there has been no significant impaired fixed asset that needs to be recognised in the books of account.

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2.44 Loans and advances given to companies include the following dues from companies under the same management as defined u/s 370(1B) of the Companies Act, 1956.	31st March, 2014	31st March, 2013
B I Realtors (Maximum balance due during the year is Rs.3,92,878 (Previous Year Rs.276,209) Hittco Realtors Pvt Ltd(Sanctom Decor Pvt Ltd)	Nil	276,209
(Maximum balance due during the year is Rs. 2,48,780 (Previous Year Rs. 30,782) Specialised Micro Tools Private Limited	Nil	30,782
(Maximum balance due during the year is Rs.4,23,000 (Previous Year Rs.411,500) Indo European Machinery Company Private Ltd	Nil	411,500
(Maximum balance due during the year is Rs. 6,60,000 (Previous Year 10,000)	Nil	10,000

2.45 The Company is yet to appoint the Chief Financial officer in place of the one, who has resigned on 31st July 2013 and hence the financial statements have not been attested by a Chief Financial officer.

2.46 TRANSACTIONS WITH RELATED PARTIES (as identified by the Company)				
Description of the nature of transaction	Description of Relationship	Related Party	Year ended 31st March, 2014	Year ended 31st March, 2013
Sale of Goods	Associate Company	HTC Tools And Trading co. Ltd.,	103,265	-
Remuneration paid	Key Managerial Personnel	Sidharth Bhandari	1,509,360	1,510,620
	Personnel	Rajib Gosh Roy	773,960	662,520
	Key Managerial Personnel	K Raghavendra Rao	258,320	724,020
Reimbursement of expenses	Associate Company	HTC Precision Pvt. Ltd	101,474	-
Rent paid	Associate Company	Hitech Prints (I) Pvt Ltd	-	120,000
	Associate Company	Hittco Properties Pvt. Ltd	120,000	60,000
	Associate Company	HTC Precision Pvt. Ltd	337,080	112,360
	Associate concern	Hindustan Tools Corporation	-	12,000
	Key Managerial Personnel	Siddharth Bhandari	-	120,000
	Key Managerial Personnel	Madhu Bhandari	-	81,000
Interest paid	Associate Company	Indo European Machinery	-	73,213
Advances received	Associate Company	Hittco Properties Pvt Ltd	1,288,680	5,350,000
	Associate Company	Indo European Machinery	308,882	3,885,000
	Associate Company	Specialized Micro Tools Pvt. Ltd	-	800,000
	Associate Company	HTC Properties Pvt. Ltd.	1,150,842	500,000
	Associate Company	B I Holdings Bangalore Pvt. Ltd	1,603,335	2,750,000
	Associate Company	Hitech Prints (I) Pvt Ltd	19,528	-
	Associate Company	Specialized Micro Tools Pvt. Ltd	181,890	-
	Associate Company	Hittco Realtors Pvt Ltd	251,783	-
	Key Managerial Personnel	Surendra Bhandari	48,000	-
	Key Managerial Personnel	Siddharth Bhandari	-	450,000
Advances given	Associate Company	HTC Properties Pvt. Ltd.	-	133,400
	Associate Company	B I Holdings (Bangalore) Pvt Ltd	2,395	-
	Associate Company	Hittco Realtors Pvt Ltd	252,638	-
	Associate Company	BI Realtors Pvt ltd.	214,853	-
	Associate Company	Specialized Micro Tools Pvt. Ltd	11,500	-
	Associate Company	HTC Precision P Ltd	-	30,130

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2013-2014**

Hittco Tools Ltd.

Payable at year end	Associate Company	Fotoset Company Pvt Ltd	775,485	775,485
	Associate Company	Hitech Prints (I) Pvt Ltd	3,566,510	4,276,075
	Associate Company	Hittco Properties P Ltd	6,314,759	7,832,968
	Associate Company	HTC Precision P Ltd	-	57,569
	Associate concern	Hindustan Tools Corporation	-	48,000
	Associate Company	Specialized Micro Tools Private ltd	981,890	800,000
	Associate Company	B I Realtors Pvt ltd	300,000	300,000
	Associate Company	Indo European Machinery Company Pvt. Ltd	384,863	2,580,831
	Associate Company	B I Holdings (Bangalore) Pvt Ltd	2,850,000	1,850,000
	Associate Company	HTC Properties Pvt. Ltd.	-	397,730
	Key Managerial Personnel	Siddharth Bhandari	-	827,499
	Key Managerial Personnel	Madhu Bhandari	-	863,211
	Key Managerial Personnel	Surendra Bhandari	-	5,712,000
Receivable at year end	Associate Company	B I Realtors Pvt ltd	-	276,209
	Associate Company	Hittco Realtors Pvt Ltd	-	30,782
	Associate Company	Specialized Micro Tools private ltd	-	411,500

List of related parties:

Key Management Personnel

Sidharth Bhandari
Surendra Bhandari
Madhu Bhandari
K Raghavendra Rao
Rajib Gosh Roy

Other Associates/Other related party

HTC Properties Pvt. Ltd.
HTC Precision Pvt. Ltd
Indo European
Specialized Micro Tools pvt Ltd
B I Holdings Bangalore P Ltd

Hindustan Tools Corporation
Fotoset Company Pvt Ltd
Hitech Prints (I) Pvt Ltd
B I Realtors Pvt ltd

**For and on behalf of the Board of Directors of
HITCO TOOLS LTD**

**Sidharth Bhandari
Managing Director**

**Surendra Bhandari
Chairman**

**Chittaranjan Jena
Company Secretary**

**Place: Bangalore
Date: 28/05/2014**

**As per our report of even date
for S.Janardhan and Associates
Chartered Accountants
Firms' Registration No.005310S**

**B.Anand
Partner
Membership No.029146**

Cash Flow Statement for the year ended 31st March 2014

Particulars	Year ended	
	31.03.2014	31.03.2013
A. Cash Flow from Operating Activities		
Profit before Taxation and extraordinary items (before taxes)	(165,528)	4,065,984
Adjustments for Depreciation	6,370,684	6,276,001
(Profit)/Loss on sale of Tangible assets	(425,851)	232,869
Interest Expenditure	4,224,970	2,468,634
Interest Income	(291,073)	(466,734)
Other Non cash adjustments	6 98,161	(511,262)
Operating Profit before working capital changes	10,411,363	12,065,492
<u>Changes in Working Capital:</u>		
(Increase)/Decrease in Trade Receivables	(2,799,956)	(2,444,690)
(Increase)/Decrease in Inventories	3,073,555	(8,569,723)
(Increase)/Decrease in Loans and advances	4,331,676	2,166,252
(Increase)/Decrease in Other Current assets	(1,438,077)	(2,699,233)
(Increase)/Decrease in Other assets	425,321	4,744,849
(Increase)/Decrease in Trade Payables	(804,185)	(1,485,605)
Increase/(Decrease) in Current Liabilities	5,424,755	(8,159,478)
Cash generated from Operations	18,624,452	(4,382,136)
Taxes paid (Net of refunds)	(24,617)	70,866
Net cash generated from operations before extraordinary items	18,649,069	(4,311,270)
Net cash generated from operating activities	18,649,069	(4,311,270)
B. Cash Flow from Investing Activities		
Sale of Asset	-	872,580
Interest received	291,073	466,734
Purchase of Tangible/Intangible Assets	(6,807,618)	(19,715,303)
Net Cash from Investing Activities	(6,516,545)	(18,375,989)
C. Cash flow from Financing Activities		
Increase/(Repayment) of borrowings	(7,696,638)	17,201,570
Proceeds from share capital increase	3,005,840	2,779,630
Proceeds from issue of share warrants	(3,005,840)	6,005,840
Interest paid	(4,224,970)	(2,468,634)
Share application money pending allotment	-	(449,652)
Net cash raised in Financing activities	(11,921,608)	23,068,754
Net increase in cash and cash equivalents	210,916	381,494
Cash and Cash equivalents at the beginning of the year	1,694,484	1,312,990
Cash and Cash equivalents at the end of the year	1,905,401	1,694,484
Cash and Cash equivalents comprise of		
Cash on Hand	159,077	79,722
Balances with Banks	1,746,325	1,614,762

**For and on behalf of the Board of Directors of
HITTCO TOOLS LTD**

**Sidharth Bhandari
Managing Director**

**Surendra Bhandari
Chairman**

**Chittaranjan Jena
Company Secretary**

**As per our report of even date
for S.Janardhan and Associates
Chartered Accountants
Firms' Registration No.005310S**

**B.Anand
Partner
Membership No.029146**

**Place: Bangalore
Date: 28.05.2014**

PROXY FORM

Hittco Tools Limited

#19, Aliasker Road, Bangalore - 560 052.

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L28939KA1995PLC016888

Name of the company: HITTCO TOOLS LIMITED

Registered office: HTC Aspire, 19, Aliasker Road,
2nd Floor, Bangalore - 560052

E- mail : info@hittco.com

Website: www.hittco.com

Name of the member (s) :

Registered Address :

E-mail Id:

Folio No/ Client ID:

DP ID:

I/We, being the member (s) ofshares of the above named company, hereby appoint

(1) Name:
.....

Address:

E-mail id : Signature:..... or failing him;

(2) Name:

Address:

E-mail id : Signature:..... or failing him;

(3) Name:

Address:

E-mail id : Signature:..... or failing him;



**20th
Annual Report
2013-2014**

Hittco Tools Ltd.

as my proxy to attend and vote (on a poll) for me and on my behalf at the 20th Annual General Meeting of the company, to be held on the 30th September, 2014 at 11 A.M at "SHANTALA" Conference Hall, Ashraya International Hotel, # 149, Infantry Road, Bangalore – 560 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business:

Sl. No.	Resolution	Optional	
		For	Against
1.	Adoption of Financial Statement for the year ended on 31 st March, 2014		
2.	Re-appointment of Mrs. Madhu Bhandari as a Director who retires by rotation and eligible for re-appointment.		
3.	Re-appointment of Mr. Rajib Ghosh Roy as a Director who retires by rotation and eligible for re-appointment.		
4.	Appointment M/s. Nagesh & Associates, Chartered Accountants, Firm Registration No. 006477S, be and are hereby appointed Statutory Auditors of the Company in place of the retiring Auditors, M/s. S. Janardhan & Associates, Chartered Accountants and fix their remuneration.		

Special Business:

Sl. No.	Resolution	Optional	
		For	Against
5.	Appointment of Mr. Satish Ramarao Shimoga as an Independent Director.		
6.	Appointment of , Mr. Vikram Shyam Gupta as an Independent Director.		
7.	Appointment of Mr. Nuggehalli Krishnaswamy Raghunatha as an Independent Director.		
8.	Appointment of Mr. Joseph Kavalam Mathai as an Independent Director.		
9.	Appointment of Mr. Rajeev Gobindram Hassanand as an Independent Director.		
10.	Appointment of Mr.Surendra Bhandari as Managing Director.		

Please
Affix
Revenue
Stamp

Signed this..... day of..... 20....

Signature of shareholder _____

Signature of Proxy holder(s)_____

Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 20th Annual General Meeting.
3. Please complete all details including details of member(s) in above box before submission.
4. * It is optional to put a "X" in the appropriate column against the Resolutions indicated in the box. If you leave the "for" or "against" column blank against any or all Resolutions, your proxy will entitle to vote in the manner as he / she thinks appropriate.
5. A person can act as Proxy on behalf of fifty (50) members and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as Proxy and such person shall not act as Proxy for any other Member.

ATTENDANCE SLIP

Hittco Tools Limited

#19, Aliasker Road, Bangalore - 560 052.

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)
of the Companies (Management and Administration) Rules, 2014]

CIN: L28939KA1995PLC016888

Name of the company: HITTCO TOOLS LIMITED

Registered office: HTC Aspire, 19, Aliasker Road,
2nd Floor, Bangalore - 560052

E- mail : info@hittco.com

Website: www.hittco.com

20TH ANNUAL GENERAL MEETING

Date: 30th September, 2014; Time: 11 a.m

Place: "SHANTALA" Conference Hall, Ashraya International Hotel, # 149, Infantry Road, Bangalore – 560 001,

Member's Folio/DPID-Client ID No. _____

No. of Shares: _____

Member's/ Proxy's name (in Block Letters): _____

Member's/ Proxy's Signature: _____

Note:

1. Sign this attendance slip and hand it over at the attendance verification counter at the entrance of the meeting hall.
2. Bodies corporate, whether a Company or not, who are members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013. A copy of authorisation should be deposited with the Company.
3. In case of shares held in demat/electronic form, the signature of the Beneficial Owner is liable for verification with the record furnished to the Company by NSDL/CDSL.
4. Electronic copy of the 20th Annual Report and Notice of the Annual General Meeting (AGM) along with attendance slip and proxy form is being sent to all the members whose email address is registered with the Company/ Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
5. Physical copy of the 20th Annual Report and Notice of the AGM along with the attendance slip and proxy form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

E-voting facility is available during the following voting period

Commencement of e-voting Monday 22nd September, 2014(from 9.00 am)	End of E-voting Wednesday 24th September, 2014 (up to 6.00 PM)
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Please refer Notice for instructions on e-voting.






BOOK - POST

If undelivered please return to :

Hittco Tools Limited
#19, Aliasker Road,
Bangalore - 560 052.

FORM-A

(Pursuant to clause 31 (a) of the Listing Agreement)

1	Name of the Company	Hittco Tools Limited
2	Annual financial statements for the year ended	31 st March, 2014
3	Type of Audit Observation	Un-Qualified
4	Frequency of Observation	Not Applicable
5	Signed by-	<p> Sidharth Bhandari Managing Director</p> <p> Santhally Doddappa Gowda Nagesh Chief Financial Officer</p> <p> B. Anand Partner (Membership No.029146) S. Janardhan and Associates Statutory Auditors (ICAI Firm's Registration No. 005310S)</p> <p></p> <p> Joseph Kavalam Mathai Independent Director & Audit Committee Chairman</p>