



Hittco Tools Limited

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*10th
Annual Report
2003 - 2004*

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Hittco Tools Ltd.

BOARD OF DIRECTORS : Mr. Surendra Bhandari - Chairman & Managing Director
Mr. Sidharth Bhandari
Mrs. Madhu Bhandari
Mrs. Manesha Bhandari
Mr. C.M. Datta
Mr. Sharad Bhandari

COMPANY SECRETARY : Mr. P. Periaswamy

FINANCIAL INSTITUTIONS : M/s. Karnataka State Industrial & Investment
Development Corporation

BANKERS : M/s. State Bank of Mysore

AUDITORS : M/s. Sudhakar Hegde & Co.
Chartered Accountants
Bangalore

**Registrars &
Share Transfer Agents** : M/s. Cameo Corporate Services Ltd.
No. 1, Subramaniam Building,
Club House Road,
Chennai - 600 002.

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

REGISTERED OFFICE : # 19, Ali Asker Road
Bangalore - 560 052.

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NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the members of HITTCO TOOLS LIMITED will be held on Thursday, the 30th September, 2004 at 10.30 A.M. at Shantala Hall, Hotel Ashraya International, # 149, Infantry Road, Bangalore – 560 001 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. C.M. Datta who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Sharad Bhandari who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

By Order of the Board
For **HITTCO TOOLS LIMITED**

Place : Bangalore
Date : 30th June, 2004

P. PERIASWAMY
COMPANY SECRETARY

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE TIME SCHEDULED FOR THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 28th September, 2004 to 30th September, 2004 (Both days inclusive).
3. Members are requested to notify all changes with respect to their address, e-mail ID, ECS mandate, Bank Account Details, etc., to their respective Depository Participants - Share Transfer Agents.

By Order of the Board
For **HITTCO TOOLS LIMITED**

Place : Bangalore
Date : 30th June, 2004

P. PERIASWAMY
COMPANY SECRETARY

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Tenth Annual Report on the business and operations of the company for the year ended 31st March, 2004.

FINANCIAL RESULTS

| Particulars | 2003-04 | 2002-03 |
|--|--------------|---------|
| | Rs. in Lakhs | |
| Sales | 275.08 | 216.20 |
| Other Income | 9.96 | 10.44 |
| Increase/-Decrease in Stock | 22.55 | -1.58 |
| Operational Expenses | 284.19 | 196.80 |
| Interest and Financial Charges | 70.55 | 57.96 |
| Profit/-Loss before Depreciation and Tax | -47.15 | -29.70 |
| Depreciation | 30.23 | 30.07 |
| Profit/-Loss after Depreciation and Tax | -77.38 | -59.77 |

OPERATIONS AND BUSINESS PERFORMANCE

The Company has achieved a turnover of Rs. 275.08 Lakhs during the year 2003-04 as against Rs. 216.20 Lakhs during the previous year 2002-03. The increase in turnover accounts for 21%. The Export Sales also has increased to Rs. 77.57 Lakhs from Rs. 76.82 Lakhs and contributed to 28% of the total Sales. The Company's net loss for the year 2003-04 has increased to Rs. 77.38 Lakhs from Rs. 59.77 Lakhs in 2002-03, mainly due to mounting interest burden, increase in Raw-materials and other input costs. The company is trying to revive by closure of its high cost debts.

DIVIDEND

The Board is unable to recommend any Dividend for the year under review due to mounting losses.

AUDITORS

M/s Sudhakar Hegde & Co., Chartered Accountants, Statutory Auditors retire at the conclusion of the ensuing Annual General Meeting and being eligible offer for reappointment as Statutory Auditors.

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DIRECTORS RESPONSIBILITY STATEMENT

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

1. The Company had followed all the applicable Accounting Standards and there is no material departure from this in the preparation of the annual accounts;
2. 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 loss of the Company for that period ;
3. 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
4. The Company had prepared the annual accounts on a going concern basis.

DIRECTORS

At the ensuing Annual General Meeting, Mr C.M. Datta and Mr. Sharad Bhandari, Directors will retire by rotation and being eligible offer themselves for reappointment.

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.

SECURITIES

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

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.

ACKNOWLEDGEMENTS

Your Directors place on record their gratitude to the Central Government, State Governments, Financial Institutions and Banks for the assistance, co-operation and encouragement they extended to the Company. For the continuing support of Investors, Dealers, Business Associates and Employees at all levels for their unstinting efforts in ensuring an excellent performance despite an otherwise difficult economic environment, your Directors wish to place on record their sincere thanks and appreciation.

By Order of the Board
For HITCO TOOLS LIMITED

Place: Bangalore
Date : 30th June, 2004

SIDHARTH BHANDARI
DIRECTOR

SURENDRA BHANDARI
CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO THE DIRECTORS REPORT

Annexure-A

The information required in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are furnished below :

CONSERVATION OF ENERGY

In design and execution, energy conservation measures have been implemented. The efforts to conserve and optimize the use of energy through improvements in design and operational methods will continue.

FORM - A

A. Power and Fuel Consumption

| | 2003-04 | 2002-03 |
|----------------------------------|-----------|-----------|
| 1) Electricity | | |
| a) Purchased units (Lac Units) | 2,84,478 | 2,55,420 |
| b) Total Amount (Lac Rs.) | 13,79,356 | 10,62,782 |
| c) Rate/Unit (Rs.) | 4.85 | 4.16 |
| 2) Own Generation | | |
| a) Diesel Generation (Lac Units) | 43,080 | 2,45,127 |
| b) Total Amount (Lac Rs.) | 4,51,555 | 7,08,487 |
| c) Rate/Unit (Rs.) | 10.48 | 2.89 |

FORM - B

B. Technology Absorption

The Company has developed in-house refinery for recycling the machine oil by which substantial maintenance costs are cut down. Measures have been taken to curtail the power consumption by installing suitable transformers. Continuous efforts are made towards technology innovation.

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C. Foreign Exchange Earnings and Outgo

There has been a sharp increase in export sales during the year with Exports contributing to 21% of the total Sales.

| | 2003 - 04 | 2002-03 |
|------------------------|-----------|-----------|
| Total Foreign Exchange | | |
| - Used (Rs.) | 51,18,848 | 38,58,811 |
| - Earned (Rs.) | 77,57,040 | 76,81,825 |

By Order of the Board
For HITTCO TOOLS LIMITED

Place: Bangalore
Date : 30th June, 2004

SIDHARTH BHANDARI
DIRECTOR

SURENDRA BHANDARI
CHAIRMAN & MANAGING DIRECTOR

CORPORATE GOVERNANCE REPORT

This Report on Corporate Governance forms part of the Directors' Report. This section besides being in compliance of the mandatory listing agreement requirements gives an insight into the process of functioning of the Company.

1. BOARD OF DIRECTORS

a) Composition

The Board of the Company consists of persons with professional experience and expertise in the field in which the Company operates and in related industries. As on 31st March, 2004, the Board consists of 6 (Six) Directors and is in conformity with the requirement, of Clause 49 of the Listing Agreement.

b) Board Meetings

The Board of Directors met Seven times during the year 2003 – 04 and the maximum gap between any two meetings was not more than Four Months.

| Quarter | Sl. No. | Dates |
|--------------------|---------|--------------------------------|
| April - June | 1 | 26 th May, 2003 |
| | 2 | 20 th June, 2003 |
| | 3 | 27 th June, 2003 |
| July – September | 4 | 28 th July, 2003 |
| October – December | 5 | 29 th October, 2003 |
| January – March | 6 | 30 th January, 2004 |
| | 7 | 08 th March, 2004 |

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. Apart from receiving Directors' remuneration, independent Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters or its management.

d) Details about Company's Board of Directors

| Name of the Director | Category | Attendance Particulars | | | No. of other Directorships | | |
|----------------------|------------------------------|------------------------|----------|----------|----------------------------|-----------------------|-------------------------|
| | | No. of Board Meetings | | Last AGM | Director ships | Committee Memberships | Committee Chairmanships |
| | | Held | Attended | Attended | | | |
| 1. Surendra Bhandari | Chairman & Managing Director | 7 | 7 | No | 4 | 2 | 1 |
| 2. Sidharth Bhandari | Director | 7 | 7 | No | 6 | 2 | 1 |
| 3. Madhu Bhandari | Director | 7 | 7 | No | 6 | - | - |
| 4. Manesha Bhandari | Director | 7 | 7 | No | 3 | 1 | - |
| 5. C.M. Datta | Executive Director | 7 | 7 | Yes | 1 | 3 | 1 |
| 6. Sharad Bhandari | Director | 7 | 7 | No | 2 | - | 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 2003-04, the Company did not advance any loan to any of its Directors