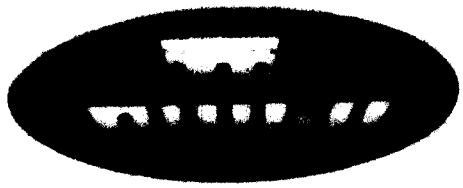
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BOARD OF DIRECTORS	:	Mr. Surendra Bhandari - Chairman & Managing Director Mr. Sidharth Bhandari Mrs. Madhu Bhandari Mr. C.M. Datta Mr. Sharad Bhandari Mr. K. Raghavendra Rao Mr. Joseph Mathai
COMPANY SECRETARY	:	Mr. P. Periaswamy
FINANCIAL INSTITUTIONS	:	M/s. Karnataka State Industrial Investment & Development Corporation Limited
BANKERS	:	State Bank of Mysore
AUDITORS	:	M/s. Sudhakar Hegde & Co. Chartered Accountants, Bangalore
Registrars & Share Transfer Agents	:	M/s. Cameo Corporate Services Ltd., Subramaniam Building, # 1, 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.
NOTE	:	No gift will be given in the AGM

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NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the Members of HITTCO TOOLS LIMITED will be held on Friday the 30th September 2005 at 9.30 A.M. at 'Conference Hall', Manipal County, # 65, Singasandra. Hosur Road, Bangalore – 560 068 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2005 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 who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Sidharth Bhandari who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"**RESOLVED THAT** Mr. Joseph Mathai who was appointed as an additional Director of the Company by the Board on 30th July 2005 under Section 260 of the Companies Act, 1956 and who holds office up to the date of the forthcoming Annual General Meeting and being eligible and offering himself for the appointment and in respect of whom notice has been received from a member proposing his candidature pursuant to Section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company whose period of office is subject to retirement by rotation."

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

"RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 1956 and amendments or modifications thereof and / or such other approvals as may be necessary, consent be and is hereby accorded to the appointment of Shri K. Raghavendra Rao, as Whole-time Director of the Company, liable to retire by rotation, for a period of five years from 1st August 2005, on the terms and conditions including remuneration as are set out in the Explanatory Statement annexed to the Notice convening this meeting, with discretion to the Board of Directors to alter and vary the terms and conditions from time to time in such manner as it may deem fit in the best interest of the Company within the limits specified under Schedule XIII to the Companies Act, 1956, including any statutory modifications thereto, for the time being in force or amendments and/or modifications that may hereafter be made by the Government.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

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

"**RESOLVED THAT** in accordance with the applicable provisions of the Companies Act, 1956 and amendments or modifications thereof and / or such other approvals as may be necessary, consent be and is hereby accorded to the reappointment of Shri C. M. Datta, as Whole-time Director of the Company, liable to retire by rotation, for a period of five years from 1st August 2005, on the terms and conditions including remuneration as are set out in the Explanatory Statement annexed to the Notice convening this meeting, with discretion to the Board of Directors to alter and vary the terms and conditions from time to time in such manner as it may deem fit in the best interest of the Company within the limits specified under Schedule XIII to the Companies Act, 1956, including any statutory modifications thereto, for the time being in force or amendments and / or modifications that may hereafter be made by the Government.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

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

"**RESOLVED THAT** in accordance with the applicable provisions of the Companies Act, 1956 and amendments or modifications thereof and / or such other approvals as may be necessary, consent be and is hereby accorded to the remuneration of Shri Sidharth Bhandari as are set out in the Explanatory Statement annexed to the Notice convening this meeting, with discretion to the Board of Directors to alter and vary the remuneration and other terms and conditions from time to time in such manner as it may deem fit in the best interest of the Company within the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modifications thereto, for the time being in force or amendments and / or modifications that may hereafter be made by the Government.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

For **HITTCO TOOLS LIMITED**

Place : Bangalore
Date : 30th July, 2005

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 27th September 2005 to 30th September 2005 (Both days inclusive).
3. Members who are holding shares in Demat 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 and those who are holding in physical form are requested to notify to Registrar & Share Transfer Agent - M/s Cameo Corporate Services Limited, Subramanian Building, # 1, Club House Road, Chennai – 600 002.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 :

ITEM No. 5

The Board had appointed Mr. Joseph Mathai, at its meeting held on 30th July 2005, as an Additional Director, liable to retire by rotation. Under Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company, Mr. Joseph Mathai holds office only till the date of the forthcoming Annual General Meeting.

Notice has been received from a member as required under Section 257 of the Companies Act, 1956 proposing Mr. Joseph Mathai as candidate for the office of Directors.

Mr. Joseph Mathai may be deemed to be concerned or interested in the resolution concerning his appointment. None of the other Directors are in any way concerned or interested in the Resolution.

The Board recommends the resolution for the approval of the members.

ITEM No. 6

The Board at its meeting held on 30th July 2005, on the recommendation of the Remuneration Committee, appointed, subject to the approval of the Members and other approvals, if any, Mr. K. Raghavendra Rao, as an Additional Director, liable to retire by rotation. Under Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company, Mr. K. Raghavendra Rao, holds office only till the date of the forthcoming Annual General Meeting. He will work under the supervision and control of the Chairman and Managing Director

Notice has been received from a member as required under Section 257 of the Companies Act, 1956 proposing Mr. K. Raghavendra Rao as candidate for the office of Directors.

The salient terms of appointment are as follows :

1. Period of Appointment : 5 (Five) years with effect from 1st August 2005.
2. Remuneration :

   Rs.22,500/- 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. K. Raghavendra Rao may be deemed to be concerned or interested in the resolution concerning his appointment. None of the other Directors are in any way concerned or interested in the Resolution.

The Board recommends the resolution for the approval of the members.

ITEM No. 7

The Board at its meeting held on 30th July 2005, on the recommendation of the Remuneration Committee, has re-appointed, subject to the approval of the Members and other approvals, if any, Mr. C. M. Datta, as an Executive Director, liable to retire by rotation. Under Section 260 of the Companies Act, 1956 read with the Articles of Association of the Company, Mr. C. M. Datta, holds office only till the date of the forthcoming Annual General Meeting. He will work under the supervision and control of the Chairman and Managing Director.

Notice has been received from a member as required under Section 257 of the Companies Act, 1956 proposing Mr. C. M. Datta as candidate for the office of Directors.

The salient terms of re-appointment are as follows :

1. Period of Appointment : 5 (Five) years with effect from 1st August 2005.
2. Remuneration :

   Rs.30,000/- 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. C. M. Datta may be deemed to be concerned or interested in the resolution concerning his appointment. None of the other Directors are in any way concerned or interested in the Resolution.

The Board recommends the resolution for the approval of the members.

ITEM No. 8

The Board at its meeting held on 30th July 2005, on the recommendation of the Remuneration Committee, approved, subject to the approval of the Members, modification with effect from 1st August, 2005, in the terms of remuneration paid or payable to Mr. Sidharth Bhandari, Whole-Time Director, in the manner following :

1. Remuneration :
   Rs.50,000/- per month including all other allowances.
2. 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. Surendra Bhandari, Mrs. Madhu Bhandari and Sidharth Bhandari may be deemed to be concerned or interested in this resolution.

The Board recommends the resolution for the approval of the members.

For **HITTCO TOOLS LIMITED**

Place : Bangalore
Date : 30th July, 2005

P. PERIASWAMY
COMPANY SECRETARY

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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eleventh Annual Report on the business and operations of the Company for the year ended 31st March 2005.

FINANCIAL RESULTS

Particulars	2004-05	2003-04
	Rs. in Lakhs	
Sales	**340.54**	275.08
Other Income	**7.06**	9.96
Increase/Decrease in Stock	**-7.87**	22.55
Operational Expenses	**310.43**	284.19
Interest and Financial Charges	**70.87**	70.55
Loss before Depreciation and Tax	**41.57**	47.15
Depreciation	**30.52**	30.23
Loss after Depreciation and Tax	**72.09**	77.38

OPERATIONS AND BUSINESS PERFORMANCE

The Company has achieved a turnover of Rs. 340.54 lakhs during the year 2004-05 as against Rs. 275.08 lakhs during the previous year 2003-04. The increase in turnover is 24%. The Export Sales also has increased to Rs. 83.31 lakhs from Rs. 78.12 lakhs and contributed 24% of the total Sales. The Company's net loss for the year 2004-05 was Rs.72.09 lakhs 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.

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, Mrs. Madhu Bhandari and Sidharth Bhandari, Directors will retire by rotation and being eligible offer themselves for reappointment. During the year under review, Mrs. Manesha Bhandari, has resigned and Mr. K. Raghavendra Rao and Mr. Joseph Mathai joined the Board.

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.

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 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 in the Stock Exchanges of Bangalore, Mumbai and Chennai. The addresses of the said Stock Exchanges are stated in the Corporate Governance 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 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, your Directors wish to place on record their sincere appreciation for their unstinting efforts in ensuring excellent performance despite an otherwise difficult economic environment.

By Order of the Board
For HITTCO TOOLS LIMITED

Place: Bangalore
Date : 30th June, 2005

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 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)	2,75,040	2,84,476
b) Total Amount (Lac Rs.)	15,30,128	13,79,356
c) Rate/Unit (Rs.)	5.56	4.85
a) Generated units (Lac Units)	63,108	43,080
b) Total Amount (Lac Rs.)	7,11,313	4,51,555
c) Rate/Unit (Rs.)	11.27	10.48

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 to save the power. Continuous efforts are made towards technology innovation.

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C. Foreign Exchange Earnings and Outgo

The export sales during the year contributed to 24% of the total Sales.

	2004 - 05	2003-04
Total Foreign Exchange		
- Used (Lac Rs.)	50.97	51.19
- Earned (Lac Rs.)	83.31	78.12

By Order of the Board
For HITTCO TOOLS LIMITED

Place: Bangalore
Date : 30th June, 2005

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 requirement gives an insight into the process of functioning of the Company.

1. BOARD OF DIRECTORS

a) Composition

The Board consists of 7 (Seven) Directors and is in conformity with the requirement of Clause 49 of the Listing Agreement.

b) Board Meetings

The Board of Directors met Eight times during the year 2004–05 and the maximum gap between any two meetings was not more than Four Months.

Quarter	Sl. No.	Dates
April - June	1	06th May 2004
	2	30th June 2004
July – September	3	09th July 2004
	4	15th July 2004
	5	31st July 2004
October – December	6	01st October 2004
	7	30th October 2004
January – March	8	31st January 2005

c) Directors' Other Directorships

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, Directors do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries.

d) Details about Company's Board of Directors and Attendance Record

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	8	8	No	5	1	2
2. Sidharth Bhandari	Director	8	8	Yes	6	1	2
3. Madhu Bhandari	Director	8	8	No	5	-	-
4. C. M. Datta	Executive Director	8	8	Yes	1	2	-
5. Sharad Bhandari	Director	8	8	Yes	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) Loans and Remuneration to the Directors

During 2004-05 the Company did not advance any loan to any of its Directors.

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