

13TH
ANNUAL
REPORT

2006-07



**13th
Annual Report
2006 - 2007**

Hittco Tools Ltd.

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

FINANCIAL INSTITUTION : M/s. Karnataka State Industrial Investment & Development Corporation Limited, Bangalore

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.
Ph: 044-28460390

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

**REGISTERED &
CORPORATE OFFICE** : # 42, Nandidurga Road, Bangalore - 560 046.

NOTE : No gift will be given in the AGM

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NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of HITTCO TOOLS LIMITED will be held at 10.15 A.M. on Friday, the 28th September 2007 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 2007 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 Mr. K. Raghavendra Rao who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. Joseph Mathai who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

By Order of the Board

Place : Bangalore
Date : 30th June, 2007

SURENDRA BHANDARI
CHAIRMAN AND MANAGING DIRECTOR

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF 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 COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 25th September 2007 to 28th September 2007 (Both days inclusive).
3. 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.
4. Reappointment of Directors : At the ensuing Annual General Meeting, Mr. K. Raghavendra Rao and Mr. Joseph Mathai retire by rotation and being eligible offer themselves for reappointment. The information to be provided under the Corporate Governance code are as under:

(a). Mr. K. Raghavendra Rao, aged 52 years is B.Com and associated with the Company since 1985 and as Director of the Company since 2005. He has rich experience of more than 25 years in the Industry. He supervises and monitors Finance, Accounts and Administrative functions of the Company and actively contributes in the policy decisions. He is also a member of Remuneration Committee. He holds 1,000 Equity Shares of the Company.

(b). Mr. Joseph Mathai, aged 46 years is associated as Director of the Company since 2005. He has rich experience of more than 10 years in the Industry. He actively contributes in the policy decisions of the Company. He is also a member of Audit Committee. He holds 100 Equity Shares of the Company.

For HITTCO TOOLS LIMITED

Place : Bangalore
Date : 30th June, 2007

SURENDRA BHANDARI
CHAIRMAN AND MANAGING DIRECTOR

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Thirteenth Annual Report on the business and operations of the Company for the year ended 31st March, 2007.

FINANCIAL RESULTS

Particulars	2006-07	2005-06
	Rs. in Lakhs	
Sales	393.05	362.08
Other Income	27.97	7.56
Increase/Decrease in Stock	-22.93	14.90
Operational Expenses	382.64	346.34
Interest and Financial Charges	7.05	14.68
Profit before Depreciation and Tax	8.40	23.52
Depreciation	33.54	31.07
Loss after Depreciation and Tax	25.14	7.55

OPERATIONS AND BUSINESS PERFORMANCE

The Company has achieved a turnover of Rs.393.05 lakhs during the year 2006-07 as against Rs.362.08 lakhs during the previous year 2005-06. The Export Sales has come down to Rs.44.85 lakhs compared to Rs.81.84 lakhs during the previous year and contributed 11.41% of the total Sales. The Company's net loss for the year 2006-07 was Rs.25.14 lakhs as against Rs.7.55 lakhs in the previous year. The company is competent of achieving profitability soon.

DIVIDEND

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

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DIRECTORS

At the ensuing Annual General Meeting, Mr. K. Raghavendra Rao and Mr. Joseph Mathai, Directors will retire by rotation and being eligible offer themselves for reappointment. There was no change in the Board of Directors of the Company during the year under review.

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.

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. Sudhakar Hegde & Co., Chartered Accountants, retire and being eligible offer for reappointment as Statutory Auditors.

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 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 Governments, Financial Institutions, Banks, Investors, Dealers, Business Associates and Employees for their support during the year.

By Order of the Board
For HITTCO TOOLS LIMITED

SIDHARTH BHANDARI
DIRECTOR

SURENDRA BHANDARI
CHAIRMAN & MANAGING DIRECTOR

Place: Bangalore
Date : 30th June, 2007

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

	2006-07	2005-06
1. Electricity		
a) Purchased Units	3,45,070	3,23,936
b) Total Amount (Rs.)	16,73,788	18,52,914
c) Rate/Unit (Rs.)	4.85	5.72
a) Generated Units	2,67,600	60,522
b) Total Amount (Rs.)	12,56,947	9,05,968
c) Rate/Unit (Rs.)	4.70	14.96

FORM - B

a. 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.

C. Foreign Exchange Earnings and Outgo

The export sales during the year has contributed 23% of the total sales.

	2006-07	2005-06
Total Foreign Exchange		
- Used (Rs.)	71,65,358	66,68,667
- Earned (Rs.)	44,84,772	80,38,718

By Order of the Board
For HITTCO TOOLS LIMITED

SIDHARTH BHANDARI
DIRECTOR

SURENDRA BHANDARI
CHAIRMAN & MANAGING DIRECTOR

Place: Bangalore
Date : 30th June, 2007

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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 present strength of the Board of Directors is Seven (7). Out of Seven Directors, Four Directors (more than 50%) are Non-Executive Directors. Besides, Two 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 met Five times during the year 2006-07 and the maximum gap between any two meetings was not more than Four Months.

Quarter	Sl. No.	Dates
April - June	1	27th April 2006
	2	30th June 2006
July - September	3	31st July 2006
October - December	4	31st October 2006
January - March	5	31st January 2007

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, 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	Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended	Attended			
1. Surendra Bhandari	Chairman & Managing Director	5	5	No	5	1	2
2. Madhu Bhandari	Director	5	5	No	5	-	-
3. Sidharth Bhandari	Director	5	5	No	6	2	1
4. C. M. Datta	Executive Director	5	5	Yes	1	1	-
5. Sharad Bhandari	Director	5	5	Yes	1	1	-
6. K. Raghavendra Rao	Director	5	5	Yes	1	3	-
7. Joseph Mathai	Director	5	5	Yes	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 :

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

f) Remuneration paid to the Directors

During 2006-07, the Company did not advance any loan to any of its Directors. The remuneration paid to the Directors for the year 2006-07 is given below :

Name of the Director	Category	Salary	P.F.
1. Surendra Bhandari	Chairman & Managing Director	-	-
2. Sidharth Bhandari	Director	Rs.6,00,000/-	Rs.9,360/-
3. Madhu Bhandari	Director	-	-
4. C. M. Datta	Executive Director	Rs.3,69,000/-	Rs.9,360/-
5. Sharad Bhandari	Director	-	-
6. K. Raghavendra Rao	Director	Rs.2,77,500/-	Rs.9,360/-
7. Joseph Mathai	Director	-	-