



AN ISO 9001-2008 COMPANY

Hittco Tools Ltd.

**20th
Annual Report
2013-2014**

**20th
Annual Report
2013-2014**

Hittco Tools Ltd.

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	:	No gift will be given in the AGM				

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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. Nuggehalli 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 "HITCO 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 HITCO 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) = (A) - (B)	62.05	61.95
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. Nuggehalli 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

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 :	2013-14	2012-13
Electricity		
a) Purchased units	324471	547594
b) Total Amount	2280629	3504601
c) Rate/Unit (Rs.)	6.99	6.40
a) Generator units	79366	50739
b) Total Amount	1880974	1198455
c) Rate/Unit (Rs.)	23.70	23.62

B. Technology Absorption

Measures are taken by the Company for development of own technology through process & product development, Waste utilization, Energy

conservation, Power Consumption etc. Continuous efforts are made towards technology innovation. The Company has installed two machines in the factory for Effluent Treatment Plant purposes and constructed separate room for keeping the used cotton waste which is disposed from the factory.

C. Foreign Exchange Earnings and Outgoing

The Export Sales during the year has contributed 4.21 % of the total Sales.

	2013-14	2012-13
Total Foreign Exchange –Used (Rs.) :	44,78,675	13,120,156.00
– Earned (Rs.):	32,60,218	6,460,458.00

For and on behalf of the Board of Directors

SURENDRA BHANDARI
CHAIRMAN

SIDHARTH BHANDARI
MANAGING DIRECTOR

Place: Bangalore

Date: 3rd September, 2014

Annexure - B

MANGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENTS

In the financial year 2013-2014 the consumption of HSS Drills & Taps in Indian Market is about Rs.2000Cr. Production in India by Different manufacturer is Rs.1800 Cr. Import from other Countries like China, Taiwan & other European Countries is Rs.200 Crores. The HSS Drills & taps market is growing annually by 7%.

The consistent demand of HSS Drills & Taps has prompted manufactures to increase the production capacity.

OPPRTUNITIES AND THREATS

With the vast experience of cutting tool manufacturing experience Company has started production of Carbide Tools which is having a market of Rs. 1650Cr. The major boost in Automobile market has increased the sale of Carbide tools in India. The Carbide Tool market is growing annually by 20%, which is much faster than the growth of HSS Tools. The threat perception in the country includes competition of Multi National Company's setting up plant in India & cheap priced tools from Taiwan & China.

SEGMENT-WISE PERFORMANCE

Your Company made after tax loss Rs. 4.89 lakhs on a turnover of Rs. 774.89 lakhs and other income of Rs. 18.18 lakhs.

	Drill Bits & Taps (in Lakhs)
Net Sales & Operating Revenue	Rs. 774.89
PBIT	24.18
Capital Employed	1032.86
ROCE (%)	2.34%
PBIT Margins (%)	3.12%

OUTLOOK FOR THE INDUSTRY

The domestic Drill Bits and Taps supply is going increase in the coming years. Your Company has plans to increase production of Drill Bits and Taps as well as Carbide Tools. Additionally we are planning to expand our overseas marketing activities.

OUTLOOK FOR THE COMPANY

In your Company's future strategic growth plans, the core areas include further expansion of the capacities of machines. Its strategic plans are also directed towards meaningful utilization & redeployment of resources

depending on the situations and full capacity utilization of existing operations with proactive financial management and with qualitative focus on human resource development.

RISKS & CONCERNS

The rising price of fuel oil and other input materials are a cause of concern for the industry. International disturbances caused by terrorist strikes and sudden unhealthy trends in the international scenario arising out of political uncertainty in the global context are a risk factor.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has well established internal control systems commensurate with the size of the Company. Company has entrusted the jobs of internal audit to well experienced employees of the Company. The internal audit reports are discussed by an independent committee constituted by the Board. Action is being taken to further strengthen internal control procedures in respect of inventory and management.

DISCUSSION ON FINANCIAL PEFORMANCE WITH RESPECTS TO OPERATIONAL PERFORMANCE

Details on financial performance with respect to operational performance are given in the Directors' Report.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

Human Resources Development is the key for the success of any organization. Keeping this in mind and the targets set, functional and development training needs are identified from multiple sources, primarily the competency related needs, secondly, needs arising from organizational requirements and finally departmental/sectional imperatives. So your Company has appointed in this year as many employees required for higher production.

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