



AN ISO 9001-2008 COMPANY

# Hittco Tools Ltd.

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**23RD Annual  
Report 2016-  
2017**

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<b>BOARD OF DIRECTORS</b>	:	Mr. Surendra Bhandari-Chairman Cum Managing Director Mrs. Madhu Bhandari Mr. Sidharth Bhandari Mr. Rajib Ghosh Roy Mr. Rajeev G. Hassanand Mr. S.R. Satish Mr. N.K. Raghunath Mr. Vikram S Gupta Mr. B S Prakash
<b>COMPANY SECRETARY</b>	:	Mr. Krishna Jayakumar
<b>STATUTORY AUDITORS</b>	:	M/s. Mishra & Co.
<b>SECRETARIAL AUDITORS</b>	:	M/s Swamy & Associates, Company Secretaries, Bangalore
<b>REGISTRAR &amp; TRANSFER AGENTS</b>	:	M/s Cameo Corporate Services Ltd. Subramaniam Building, #1, Club House Road, Chennai-600 002. Ph: 044-28460390
<b>PLANT</b>	:	<b>HSS &amp; Carbide Unit</b> #78, III Phase, Peenya Industrial Area, Bangalore-560 058.
<b>REGISTERED &amp; CORPORATE OFFICE:</b>		HTC Aspire, #19, Ali Asker Road, Bangalore - 560 052.
<b>BANKERS</b>	:	Kotak Mahindra Bank Ltd., IndusInd Bank Ltd., State Bank of India & HDFC Bank Ltd.
<b>NOTE</b>	:	<b><i>No gift will be given in the AGM</i></b>

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**NOTICE**

**NOTICE** is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Members of **HITTCO TOOLS LIMITED** will be held at 11.00 A.M on Friday, the 29<sup>th</sup> September 2017 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 31<sup>st</sup> March 2017 and Profit and Loss Account for the year ended on that date along with the Reports of Directors and Auditors thereon.

2. To Regularize appointment of Additional Director, Mr. Biligere Shekar Prakash (DIN: 07507383)

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

**"RESOLVED THAT** pursuant to Sections 160 & 161 of the Companies act, 2013 and any other applicable provisions if any, Mr. Biligere Shekar Prakash (DIN: 07507383), who was appointed as an Additional Director on March 4<sup>th</sup> ,2017 be and is hereby appointed as a Director of the Company who is not liable to retire by rotation."

**"RESOLVED FURTHER THAT** Mr. Surendra Bhandari, Managing Director of the Company, be and is hereby severally authorized to file relevant forms with the Registrar of Companies, Karnataka, and to do such other acts, deeds and things as may be considered necessary in connection with the above appointment"

3. To appoint a Director in place of Mr. Satish Ramarao Shimoga (DIN: 01536009) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajeev G Hassanand (DIN: 02192261) who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought it, to pass with or without modification the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT**, pursuant to Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and the resolution passed by members at the AGM held on 30th September, 2015, the appointment of M/s Mishra & Co Chartered Accountants, (Firm registration no. 012355S), as Statutory Auditor of the Company to hold office from the conclusion of the 21st AGM of the Company till the conclusion of the 26th AGM be and is hereby ratified and the Board of Directors be and is hereby authorized to fix remuneration payable to him for the financial year ended 31st March, 2018."

**By order of the board**

**Sd/-**

**Krishna Jayakumar**

**Company Secretary & Compliance Officer**

**Place: Bangalore**

**Date: 1<sup>st</sup> September, 2017**

**IMPORTANT NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME FIXED FOR HOLDING THE MEETING.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent 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 a proxy for any other person or shareholder.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Explanatory statement pursuant to section 102 of the Companies Act, 2013, relating to the special business to be transacted at the Meeting is annexed hereto.
4. Brief resume of Directors including those proposed to be appointed/re-appointed, nature of their expertise in specific functional areas, name of companies which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationship between directors inter-se as stipulated under SEBI (Listing Obligation And Disclosure Requirement) Regulations, 2015 with the Stock Exchanges, are annexed hereto.
5. Members are requested to bring their attendance slip along with their copy of annual report to the Meeting.
6. Members/Proxies are requested to deposit the attendance slip duly filed in and signed for attending the Meeting. Members who hold shares in dematerialization form are requested to write their client ID and DP ID numbers for identification
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of Meeting.
9. The Register of Member of the Company will remain closed from 23rd September, 2017 to 29th September, 2017 (both days inclusive).
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit PAN to their Depository Participants with whom they are maintaining their demat account. Member holding shares in physical form can submit their PAN details to the Company at the Registered Office of the Company.

11. Members, who have not registered their e-mail address so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
12. Due to security reasons mobile phones, camera, bags and other accessories are not allowed to be carried inside the meeting premise.
13. Members intending to require information about accounts to be explained at the meeting are requested to write to the Company at least Seven days in advance of the Annual General Meeting.
14. Members holding physical shares in identical order of names in more than one folio are requested to send to the Company or Share Transfer Agent, the details of such folios together with the shares certificates for consolidating their holding in one folio. A consolidated share certificates will be returned to such members after making requisite changes thereon.
15. The Notice for the Annual General Meeting and the Annual Report will be available for inspection at the Registered Office of the Company on all working days in business hour up to the date of Annual General Meeting. The above said shall also be available on the Company's website at [www.hitcco.in](http://www.hitcco.in) and on the website of the CDSL: [www.cdslindia.com](http://www.cdslindia.com)
16. Business to be transacted at the meeting may be transacted through electronic voting
17. System and company is providing facility for voting by electronic means.
18. Mr. P Swamy, Company Secretary in practice has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
19. The Scrutinizer shall within a period of three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the company and make a scrutinizer report of the votes cast in favor or against, if any, forthwith to the whole Time Director and in his absence to the Company Secretary of the Company.
20. The result of voting shall be declared by the Chairman of the meeting on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.hitcco.com](http://www.hitcco.com) and on the website of the CDSL: [www.cdslindia.com](http://www.cdslindia.com) within two days of passing of the resolution at the 23rd Annual General Meeting of the Company
21. The results will also be communicated to stock exchange where the shares of the company are listed.

**VOTING THROUGH ELECTRONIC MEANS:**

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 25th September, 2017 at 9.00 A.M and ends on 27th September, at 5:00 P.M 2017. 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 23rd September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- (iv) Click on Shareholders/Members.
- (v) Now Enter your User ID
- a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. 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](http://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 and Physical Form
PAN	<p>Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach 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 the 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 Resolution details.
- (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 a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & entering the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://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](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details 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 linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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 favor of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xxi) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013.**

Item No. 2: Mr. Biligere Shekar Prakash (DIN: 07507383) as Director of the company.

The Board at its meeting held on March 4th 2017 appointed Mr. Biligere Shekar Prakash as Additional Director respectively with effect from such Board meeting dates pursuant to Section 161 of the Companies Act, 2013. Hence, they will hold office up to the date of the ensuing Annual General Meeting.

The Company has received consent in writing to act as directors in Form DIR 2 and intimation in Form DIR8 pursuant to Rule 8 of the Companies (Appointment and Qualifications of Directors) Rules, 2014, to the effect that they are not disqualified under sub-section (2) of section 164 of the Companies Act, 2013.

The Board considers that their association would be of immense benefit to the Company and it is desirable to avail their services as Director. Accordingly, the Board recommends the resolution No. 2, in relation to appointment of Mr. Biligere Shekar Prakash as Director, for the approval by the shareholders of the Company

None of the Directors are interested on the above Resolution.

**ANNEXURE TO THE NOTICE**

Information required to be furnished as per the Companies Act and SEBI (LODR) Regulation:

As required under Companies Act and SEBI (LODR) Regulation, 2015, the particulars of Directors who are proposed to be appointed/ re-appointed are given below:

Name of Director	<b>Mr. Satish Ramarao Shimoga</b>	<b>Mr. Rajeev G Hassanand</b>
DIN	01536009	02192261
Date of Birth	11.02.1965	30.05.1972
Date of Appointment	19.05.2008	19.05.2008
Qualification	Bachelor Degree in Commerce	Bachelor Degree in Mechanical Engineering
Expertise in specific functional areas	He possesses around 25 years' experience in Accounting & Administrative Capabilities.	He possesses around 21 years' experience in Various Business.
List of other Companies in which Directorship held (excluding in Foreign companies)	NIL	One
Chairman/Member of Committees the Board of Directors of the Company.	3	3
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company.	NIL	NIL

By order of the board

Place: Bangalore  
Date: 1<sup>st</sup> September, 2017

Sd/-  
Krishna Jayakumar  
Company Secretary & Compliance Officer



**DIRECTORS' REPORT**

To  
The Members,

Your Directors take pleasure in presenting the 23<sup>rd</sup> Annual Report of your Company together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2017.

**FINANCIAL RESULTS:**

(Rs. In Lakhs)

Particulars	2016-17	2015-16
<b>INCOME:</b>		
Sales	605.29	724.41
Other Income	19.17	17.56
<b>Total (A)</b>	<b>624.46</b>	<b>741.97</b>
<b>EXPENSES:</b>		
Cost of Material Consumed	239.18	251.81
Purchase of Stock-in-trade	-	-
Changes in inventories of finished goods, work in progress and stock-in-trade	21.72	44.24
Employee benefit expenses	141.16	209.85
Other expenses	142.11	185.01
Interest and Financial Charges	31.14	32.60
Exceptional items	-	-
<b>Total (B)</b>	<b>575.31</b>	<b>723.51</b>
<b>Profit before Depreciation and Tax (C) = (A) - (B)</b>	<b>49.15</b>	<b>18.46</b>
Depreciation and amortization expenses	104.00	140.51
Tax	(12.45)	(9.52)
<b>Profit / (Loss) after Depreciation and Tax</b>	<b>(42.40)</b>	<b>(112.53)</b>
Earnings Per Share(Basic)	(0.70)	(1.78)
Earnings Per Share(Diluted)	(0.70)	(1.78)

**OPERATIONS AND BUSINESS PERFORMANCE:**

The Company turnover reduced to Rs.605.29 lakhs during the year 2016-17 as against Rs.724.41 lakhs during the previous year 2015-16. The Export Sales for the year 2016-17 was Rs. 9.24 lakhs compared to Rs. 10.28 lakhs. The Company's net loss after tax for the year 2016-17 is reduced to Rs.42.40 lakhs as against loss of Rs. 112.53 lakhs in the previous year which is due to provision for Depreciation, 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.

**TRANSFER TO RESERVES**

Your company has not made any transfer to reserve during the financial year 2016-2017.

**DIRECTORS:**

Mr. Joseph Kavalam Mathai resigned on 12<sup>th</sup> August 2016 due to personal reasons.

Mr. Biligere Shekar Prakash (DIN: 07507383), was appointed as an Additional Director on March 4<sup>th</sup> 2017. Your Directors recommend his appointment as a Director.

At the ensuing Annual General Meeting, Mr. Satish Ramarao Shimoga and Mr. Rajeev G Hassanand, Directors will retire by rotation and being eligible offer themselves for reappointment.

**DIRECTORS RESPONSIBILITY STATEMENT:**

Your Directors state that:

- a) In the preparation of the annual account for the year ended March 31,2017, the applicable accounting standard read with the requirements set out under schedule III to the Act, have been followed and there are no material departures from the same.
- b) The Directors have selected such accounting policies and applied then consistently and made judgments and estimate that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31,2017 and the profit of the company for the year ended on that date.
- c) The Directors has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual account on a going concern basis.
- e) The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
- f) The Director have devised proper system to ensure compliance with the provision of all applicable laws and that such system is adequate and operating effectively.

**CHANGE IN THE NATURE OF BUSINESS**

There was no change in the nature of business of the company during the year. There was no significant and material order passed by regulator or court or tribunal impacting the going concern status and company operation in future. There was no material change and commitment affecting the financial position of the company occurring between 31 March, 2017 and the date of the report.

**DEPOSITS:**

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

**PROSPECTUS:**

Your company is expected to maintain a reasonable rate of growth and your director positively view the prospectus for the current year with confidence.

**SUBSIDIARY, JOINT VENTURES AND ASSOCIATE REPORT**

During the year under review, no company have become or ceased to be company's subsidiaries, joint ventures or associate companies. A report on the performance and financial position of each of the subsidiary, associated and joint venture companies as per the companies Act, 2013 is not applicable.

**PARTICULAR OF EMPLOYEES AND RELATED DISCLOSURE**

No employee of the Company had drawn salary in excess of the limits specified under Section 197(12) of the Companies Act, 2013 and the rule 5 of the company (Appointment and Remuneration of managerial personnel) rules 2014 and read with the Companies (Particulars of Employees) Rules, 1975.

**AUDITORS AND AUDITORS REPORT:**

### **Statutory Auditors**

At the Annual General Meeting held on 30<sup>th</sup> September, 2015, M/s Mishra & Co., Chartered Accountants, were appointed as Statutory Auditor of the Company to hold office for the terms of 5 years subject to ratification by the members in Annual General Meeting. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditor shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s Mishra & Co., Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

### **Auditor's Report**

The note on accounts referred to in the auditor's report are self-explanatory and there are adverse remarks or qualification in the report.

#### **Director View on Auditor Adverse remark:**

- The company has maintained proper book of account including stock register inventory same has been provide to statutory auditor during the audit. Hence the view of audit qualification is unnecessary.

### **Secretarial Auditor**

M/s Swamy & Associates, Company Secretaries, have been appointed as Secretarial Auditors of the Company for the year 2016-17. The Secretarial Audit report for the financial year ended March 31, 2017 is annexed to this report. The Secretarial Audit report does not contain any qualification, reservation or adverse remark.

### **CONTRACTS AND ARRANGEMENT WITH RELATED PARTIES:**

All related party transaction that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the company with the Promoter, Director, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the company at large. All related party transaction is placed before the audit committee and give in the notes annexed to and forming part of this financial statement.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The company is not cover under section 135 of the companies Act, 2013. So, the company has not required constituting a committee and the contribution in the corporate social responsibility.

### **OBLIGATION OF THE COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSED) ACT 2013**

The sexual harassment of women at workplace (prevention, prohibition and redressed) act 2013 is not applicable on the company

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

The particular relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclose under the act are provide in Annexure-(A).

**MANAGEMENT DISCUSSION & ANALISYS REPORT:**

Management Discussion & Analysis Report for the year under review, as stipulated under SEBI (LORD) Regulation, 2015 with the stock exchange in India, is presented in a separate section forming part of the Annual Report.

**CORPORATE GOVERNANCE:**

The company is committed to maintain the highest standard of corporate governance and adhere to the corporate governance requirement set out SEBI. The report on corporate Governance as stipulated under SEBI (LORD) Regulation, 2015 form part of the Annual report. The requisites certificate from the auditor of the company confirming the compliance with the condition of corporate governance as stipulated under the aforesaid SEBI (LORD) Regulation, 2015 is attached to this report.

**RISK MANAGEMENT**

During the year, your director have constituted a Risk Management Committee which has been entrusted with the responsibility to assist the board in (a) Overseeing and approving the company enterprise wide risk management framework; and (b) Overseeing that all the risk that the organization faces such as strategic, financial, credit, market, liquidity, security, property, property, legal, regulatory, reputation and other risk have been identified and assessed and there is adequate risk management infrastructure in place capable of addressing those risks. A group Risk Management Policy was reviewed and approved by the committee.

**INTERNAL FINANCIAL CONTROLS**

The company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

In accordance with the provision of the act and the article of association of the company, Mr. Satish Ramarao Shimoga and Mr. Rajeev G Hassanand, Director of the company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

During the year, Mr. Manjeet Kumar (Company Secretary) has given his resignation and Mr. Krishna Jayakumar was appointed as the new Company Secretary.

The following policies of the company are attached herewith marked as Annexure –(C).

- a) Policy for selection of the Director and determining Directors Independence: and
- b) Remuneration Policy for Directors, Key managerial person and other employees.

**INDEPENDENT DIRECTORS DECLARATION**

The company has received declaration from the entire independent director of the company confirming that they meet the criteria of the independence as prescribed both under the Act and SEBI (LORD) Regulations, 2015 with the stock exchanges.

**MEETING OF THE BOARD**

Seven meeting of the board of directors were held during the year. For further details, please refer on corporate governance of the annual report.

#### **BOARD EVALUATION**

Pursuant to the provision of the companies Act, 2013 and clause of the listing agreement, the board is carried out an annual performance Evaluation of its performance, the director individually as well as the evaluation of its Audit, Nomination and Remuneration and Other committee. The manner in which the evaluation has been carried out has been explained in the corporate governance report. The independent directors are regularly updated on the industry and market trends, plants and process and operation performance of the company through presentations in this regard and periodic plant visit. They are also periodically kept aware of the latest development in the corporate governance, their duties as a director and relevant laws.

#### **VIGIL MECHANISM POLICY**

The company has a vigil mechanism policy to deal with the instance of fraud and mismanagement, if any. The detail of the vigil mechanism policy is explained in the corporate governance report.

#### **PARTICULAR OF LOAN GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED**

Detail of loans, Guarantee and investment covered under section 186 of the companies Act, 2013 are given in the notes to the financial statements.

#### **SECURITIES:**

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

#### **EXTRACT OF ANNUAL RETURN:**

Extract of Annual return of the company is annexed herewith as Annexure (E) 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 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**

**Sd/-**  
**SURENDRA BHANDARI**  
**CHAIRMAN CUM MANAGING DIRECTOR**

**Sd/-**  
**SIDHARTH BHANDARI**  
**DIRECTOR**

Place: Bangalore  
Date: 1st September, 2017

**Annexure - A**

**ANNEXURE TO THE DIRECTORS REPORT**

Particular of Energy Consumption, Technology absorption and Foreign Exchange Earnings and outgo required under the companies (Accounts) Rules, 2014.

**A.** The detail of conservation of energy, technology absorption, foreign earning and outgo are as follows:

**a) Energy conservation measures taken: -**

- i. Optimum usage of all electrical appliances.
- ii. Controlling the maximum demand of electricity to reduce the electricity bill and usage of natural light.
- iii. Idle running of Machines avoided.
- iv. Running induction furnace on Sunday to reduce maximum demand and consumption of diesel.
- v. Create awareness of the importance of energy conservation and practice among all.
- vi. Proposed use of solar energy wherever possible.

**b) Impact on cost of production of goods: -**

The above-mentioned measures have resulted in reduced consumption of electrical energy at various load centers and helped curtailing.

**B. Technology Absorption**

- i. **The efforts made towards technology absorption: -**
  - Technical guest lecturers in various subjects and speculations and skill building exercise.
  - In depth IPR analysis and review.
  - Theoretical simulation.
- ii. **The benefit derived like product improvement, cost reduction, product development or import substitution:**
  - New model machine with innovative feature, improvement in performance of machines and enhancement of the knowledge base.
- iii. **Details of the imported Technology: -**

During the last three-year company is not purchased any imported machine.

**C. Foreign Exchange Earnings and Outgoing**

The Export Sales during the year has contributed 2 % of the total Sales.

	<u>2016-17</u>	<u>2015-16</u>
Total Foreign Exchange – Used (Rs.):	13,06,153	21,61,488
Earned (Rs.):	9,24,175	10,28,740

**For and on behalf of the Board of Directors**

**Sd/-**  
**SURENDRA BHANDARI**  
**CHAIRMAN AND MANAGING DIRECTOR**

**Sd/-**  
**SIDHARTH BHANDARI**  
**DIRECTOR**

Place: Bangalore  
Date: 1<sup>st</sup> September, 2017

**Annexure - B**

**MANGEMENT DISCUSSION & ANALYSIS REPORT**

**A. INDUSTRY STRUCTURE & DEVELOPMENTS**

The Indian machine tools industry consists of about 750 manufacturing units out of which approximately 400 units are under the organized category. Further, ten major Indian companies constitute almost 70 per cent of the total production. While the large organized player caters to India heavy and medium industries, the small scales sector meets the demand of ancillary and other unites. The machine tools industry can be broadly classified into metal-cutting and metal cutting –forming tools, based on the type of operation. Metal cutting accounts 81 per cent of the total output of machine tools in India. Key metal cutting tools include turning centers, machining centers and grinding centers which account for nearly two –thirds of the total metal cutting production.

There has been a growing need to adopt CNC- based machine tools in the end user segments to achieve precision and accuracy in the production process. Moreover, non- CNC machine machines consume more time and energy and are prone to considerable wear and tear in a short period. This demand for CNC- based machine is expected to aid the growth of the machine tools market in India over the next four years.

Metal forming is dominated by presses, which account for 55 percent share. Based on technology, Machine tools can be classified into CNC (Computerized Numerically Controlled) and conventional tools. CNC machine tools, which are highly productive and cost effective comprising nearly 73 percent of machine tools. Of these, CNC turning centers, machining centers and grinding centers are the biggest segments, accounting for nearly 92 percent of the total CNC machine tools production in India. The increasing domestic demand which is not currently met by domestic production indicates the vast business potential available within the country for machine tools. Further Technavio market research analyst forecasts the production of machine tools in India to grow at a CAGR of 13% during the forecast period.

**B. OPPORTUNITIES:**

- Expansions in strategic sectors, will fuel the demand for machine tools.
- Global hub for manufacturing components.
- Impetus being given by Government for growth in manufacturing sector.
- Growth in power, nuclear power, aerospace to fuel demand for machine tools.
- Tie –up with major player in the field and diversification to medical equipment manufacturing.

**C. THREATS:**

- Increasing interest rates
- Lowering of import duty.
- Influx of second hand/reconditioned imported machines.
- Surplus manpower & employee cost and shortage of skilled manpower in critical areas.

**D. STRENGTH**

- Qualified & experienced engineers and technicians.
- Focus group for strategic segments
- Good infrastructure for manufacturing machine tools.
- Strong brand image.
- Country wide sales and service network.
- Wide variety – Conventional, CNC, Special purpose & metal forming machine.
- Adaptability to change.

**E. SEGMENT-WISE PERFORMANCE**

Your Company made after tax loss Rs. 42.40 lakhs on a turnover of Rs. 605.29 lakhs and other income of Rs. 19.10 lakhs.

	<b>Drill Bits &amp; Taps (in Lakhs)</b>
--	-----------------------------------------

23RD  
ANNUAL REPORT  
2016-2017

HITCO TOOLS LIMITED

Net Sales & Operating Revenue	<b>Rs. 624.40</b>
PBIT	<b>Rs. 49.15</b>
Capital Employed	<b>Rs. 349.42</b>

**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 ADEQUECY**

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**

**Sd/-  
SURENDRA BHANDARI  
CHAIRMAN CUM MANAGING DIRECTOR**

**Sd/-  
SIDHARTH BHANDARI  
DIRECTOR**

Place: Bangalore  
Date: 1<sup>st</sup> September, 2017



**Annexure -C**

**Policy for selection of Directors and determining Directors' Independence**

**1. Introduction**

Hittco Tools Limited believe that an enlightened Board consciously create a culture of Leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, Hittco Tools limited ensure constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibility and duties effectively.

Hittco Tools Limited recognize the importance of Independent Directors in achieving the effectiveness of the Board. Hittco Tools Limited aims to have an optimum combination of the Executive, Non-Executive and Independent Directors.

**2. Scope and exclusion:**

This policy sets out the guiding principles for the Human Resource, Nomination and Remuneration Committee for identifying person who are qualified to become Director and to determine the independence of Directors, in case of their appointment as Independent Director of the Company.

**3. Terms and References:**

In this policy, the following terms shall have the following meanings:

“**Director**” means a director appointed to the board of a company.

“**Human Resources Nomination and Remuneration Committee**” mean the Committee constituted by Hittco Tools Limited Board in accordance with provision Of section 178 of the companies Act,2013 and the Clause 49(II)(B)of the Equity Listing Agreement.

“**Independent Director**” mean a director referred to in sub section (6) of section 149 of the companies Act,2013 and Clause 49(II)(B) of the Equity Listing Agreement.

**4 Policy**

**Qualification and Criteria**

The Human Resources, Nomination and Remuneration (HRNR) committee, and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the board, as whole and individual members. The objective is to have a board with diverse background and experience that are relevant for the company's global operations.

In evaluating the suitability of individual board members, the HRNR committee may take into account factors, such as:

- General understanding of the company's business dynamics, global business and social perspective;
- Education and professional background
- Willing to devote sufficient time and energy in carrying out their duties and responsibilities effectively.
- Standing in the profession.
- Personal and professional ethics, integrity and values.

The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the companies Act,2013;
- Shall give his written consent to act a director;

- Shall Endeavour to attend all Board Meeting and wherever is he is appointed as a committee member, the committee meetings;
- Shall abide by the code of conduct establish by the company for directors, and senior Management personnel;
- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association including his shareholding at the first meeting of the board in every financial year and thereafter whenever there is a change in the disclosure already made;
- Such other requirement as may be prescribed, from time to time, under the companies Act, 2013, equity listing agreement and other relevant law.

The HRNR committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

### Criteria of independence

The HRNR committee shall assess the independence of Director at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determination of independence when any new interest or relationship is disclosed by a director.

The criteria of independence, as laid down in companies Act, 2013 and clause 49 of the equity listing Agreement, is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director-

- Who, in the opinion of the board, is a person of integrity and possesses relevant expertise and experience;
  - 1. Who is or was not a promoter of the company or its holding, subsidiary or associated company;  
2 who is not related to promoter or director in the company, its holding, subsidiary or associated company;
  - Who has or had no pecuniary relationship with the company, its holding, subsidiary or associated company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
  - None of whose relative has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associated company, or their promoter or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever preceding financial years or during the current financial year;
  - Who, neither himself nor any of his relatives-
    - i. Holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associated company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
    - ii. Is or has been an employee or proprietor or a partner, in any of the three-financial year immediately preceding the financial year in which he is proposed to be appointed, of-
      - a. A firm of auditors or company secretary in practice or cost auditor of the company or its holding, subsidiary or associated company; or
      - b. Any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associated company amounting to ten presents or more of the gross turnover of such firm;
- III. Holds together with his relative two percent or more of the total voting power of the Company; or
- VI. Is a chief executive or director, by whatever name called, of any non-profit Organization that receive twenty-five percent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associated Company or that holds two percent or more of the total voting power of the company;

V. Is a material supplier, service provider or customer or a lessor or lessee of the company

- Shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the company's business.
- Shall possess such other qualifications as may be prescribed, from time to time, under the companies Act,2013.
- Who is not less than 21 years of age.

The independent Directors shall abide by the "code for independent Director" as specified in Schedule IV to the companies Act,2013.

#### **Other Directorship/Committee Memberships**

- The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, member should voluntarily limit their Directorships in other listed public company in such a way that it does not interfere with their role as directors of the company. The HRNR committee shall take into account the nature of, and the time involved in a director's service on other Boards, in evaluating the suitability of individual Director and making its recommendation to the board.
- A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be public limited companies.
- A Director shall not serve as an Independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a Whole –time Director in any Listed company.
- A Director shall not be a member in more 10 committees or act as Chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committees, Audit committee and stakeholders' relationship committee of all public limited company, whether listed or not, shall be include and all other companies including private limited companies, foreign companies and companies under section 8 of the companies Act,2013 shall be excluded.

#### **Remuneration Policy for Directors, Key Managerial Personnel and other Employees**

##### **1. Introduction**

- Hittco Tools Limited recognizes the importance of aligning the business the business objective with specified and measurable individual objective and targets. The company has therefore formulated the remuneration policy for its Directors, key managerial personnel and other employees keeping in view the following objective:
  - I. Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully
  - II. Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
  - III. Ensuring that remuneration involve a balance between fixed and incentive pay reflecting short and long-term performance objective appropriate to the working of company and its goals.

##### **2. Scope and Exclusion:**

This policy sets out the guiding principal for the Human recourse, Nomination and Remuneration committee for recommending to the board the remuneration of the directors, Key managerial personnel and other employees of the company.

### 3. Policy:

#### 3.1 Remuneration to Executive Directors and Key Managerial Personnel

- The Board, on the recommendation of Human Resources, Nomination and Remuneration (HRNR) committee shall review and approve the remuneration payable to Executive Director of the company within the overall limit.
- The Board, on the recommendation of the HRNR committee, shall also review and approve the remuneration payable to the key managerial Personnel of the company.
- The remuneration structure to the executive Director and Key Managerial Personnel shall include the following components:
  - i. Basic pay
  - ii. Perquisites and Allowances
  - iii. Stock options
  - iv. Commission (Applicable in case of Executive Directors)
  - v. Retrial benefits
  - vi. Annual Performance Bonus

4. The Annual Plan and objective for Executive Director and Senior Executive (Executive committee) shall be reviewed by the HRNR Committee and Annual Performance Bonus will be approved by the committee based on the achievement against the annual plan and objective.

#### 5. Remuneration to Non-Executive Directors

1. The Board, on the recommendation of the HRNR committee, shall review and approve the remuneration payable to the Non-Executive Director of the company within the overall limits approved by the shareholders.
2. Non-Executive Directors shall be entitled to sitting fees for attending the meeting of the board and committee thereof. The Non- Executive director shall be entitled to profit related commission in addition to the sitting fees.

#### 6. Remuneration to other Employees

Employees shall be assigned grades according to their qualification and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

**For and on behalf of the Board of Directors**

**Sd/-**  
**SURENDRA BHANDARI**  
**CHAIRMAN CUM MANAGING DIRECTOR**

**Sd/-**  
**SIDHARTH BHANDARI**  
**DIRECTOR**

Place: Bangalore  
Date: 1<sup>st</sup> September, 2017

**Annexure – D**

**CORPORATE GOVERNANCE REPORT**

In accordance with SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 with Bombay Stock Exchange Limited (BSE), the report containing details of corporate governance systems and processes at Hittco Tools Limited is as under:

**Company's Philosophy on Code of Governance**

Your Company's Philosophy of Corporate Governance has evolved from its continued faith in fundamental of fairness, accountability, disclosures and transparency. The Company believes that Corporate Governance is a pre-requisite for attaining sustainable growth in this competitive corporate world.

Your Company believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance shareholders value. In this pursuit, your company's philosophy on Corporate Governance is led by a strong emphasis on transparency, accountability, integrity, and follows the principles of Law-abiding enterprise. The company will continue to focus its resources, strengths and strategies for creation and safeguarding of shareholders' wealth and at the same time protect the interests of all its stakeholders. All employees are bound by a Code of Conduct that sets forth Company's policies on important issues, including our relationship with consumers, shareholders and Government.

**BOARD OF DIRECTORS**

**a) Composition**

The present strength of the Board of Directors is Nine (9). Out of Nine Directors, Six Directors (more than 50%) are Non-Executive Directors. Besides, Five Directors (more than 50%) are Independent Directors. The composition of the Board is in conformity with the requirement of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**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 2016–17. Seven Board Meetings were held as follows and the maximum gap between any two meetings was not more than Four Months.

Quarter		Dates
April – June	1	30 <sup>th</sup> May, 2016
July – September	2	12 <sup>th</sup> August, 2016
	3	3 <sup>rd</sup> Sepetember,2016
October – December	4	13 <sup>th</sup> November, 2016
January – March	5	21 <sup>st</sup> January 2017
	6	4 <sup>th</sup> February 2017
	7	4 <sup>th</sup> March 2017

**c) Directors' Attendance Record and Directorship held**

As mandated by SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, 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.

**d) About Details 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	Chairman ships
			Held	Attended	Attended			
1. Surendra Bhandari	10,00,684	Chairman Cum Managing Director	7	7	Yes	8	2	-
2. Madhu Bhandari	70,077	Director	7	7	No	6	1	-
3. Sidharth Bhandari	92,699	Director	7	4	No	9	-	-
4. Rajib Ghosh Roy	0	Whole time Director	7	7	Yes	-	-	-
5. Joseph Mathai – Resigned on 12 <sup>th</sup> Aug 2016	100	Independent Director	7	1	Yes	-	-	-
6. Rajeev G. Hassanand	0	Independent Director	7	5	No	1	3	-
7. S.R. Satish	0	Independent Director	7	7	Yes	-	3	3
8. N.K. Raghunath	1,000	Independent Director	7	4	No	-	-	-
9. Vikram S Gupta	1,000	Independent Director	7	5	No	1	-	-
10. B S Prakash – Appointed w.e.f 4 <sup>th</sup> March 2017	0	Independent Director	7	1	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 2016-17, the Company did not advance any loan to any of its Directors.

The remuneration paid to the Directors for the year 2016-17 is given below:

Name of the Director	Category	Salary	P.F.
1. Surendra Bhandari	Chairman Cum Managing Director	-	-

2. Sidharth Bhandari	Director	-	-
3. Madhu Bhandari	Director	-	-
4. Rajib Ghosh Roy	Whole time Director	Rs.9,03,600	Rs. 21,600
5. Joseph Mathai	Independent Director	-	-
6. Rajeev G. Hassanand	Independent Director	-	-
7. S.R. Satish	Independent Director	-	-
8. N.K. Raghunatha	Independent Director	-	-
9. Vikram S Gupta	Independent Director	-	-
10. B S Prakash	Independent Director	-	-

**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 only to those who make a request for sending it through Physical Mode.

**BOARD COMMITTEES**

The Company has Three Board Level Committees – Audit Committee, Nomination and Remuneration Committee and Stakeholders’ Relationship 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 31.03.2017 is as follows:

Mr. S R Satish	- Chairman
Mr. Surendra Bhandari	- Member
Mr. Rajeev G Hassanand	- Member

Mr. Krishna Jayakumar is Secretary to the Audit Committee.

Mr. Joseph Mathai resigned as the Chairman of the Audit committee and accordingly Mr. S R Satish was appointed as the New Audit Committee Chairman w.e.f 12<sup>th</sup> August 2016. The Audit Committee Chairman and was present in the last Annual General Meeting. The Constitution of the Audit Committee complies with the requirements of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and also complies with the Act.

At the invitation of the Company, representatives from various divisions of the Company, internal auditors, statutory auditors and head of finance & accounts & Secretary, who is acting as Secretary to the Audit Committee, also attended the Audit Committee meetings to respond to queries raised at the Committee meetings.

**Terms of Reference**

The Audit Committee while exercising its functions has powers including but not limited to following:

1. To investigate any activity brought to the notice of the Committee.
2. To seek information from the employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it is considered necessary.

The broad terms of reference of the Committee are to review and recommend the financial statements and to review the adequacy of internal control systems and internal audit function.

The role and terms of reference of the Audit Committee cover the matters specified under SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 with the stock exchanges, other terms as may be referred by the Board of Directors and inter-alia includes the following:

- Review of the Company's financial reporting process and its financial statements is correct, sufficient and credible.
- Review of internal control system.
- Compliance with listing and other legal requirements relating to financial statement
- Recommend to the Board, the appointment, reappointment and if required the replacement or removal of the statutory auditor and the fixation of the audit fees.

The Audit Committee held four meetings during 2016-17 on 30<sup>th</sup> May, 2016, 12<sup>th</sup> August, 2016, 13<sup>th</sup> November, 2016 and 4<sup>th</sup> February, 2017.

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

#### **B) Nomination and Remuneration Committee**

The Remuneration Committee comprises of three Directors, viz. Mr. S R Satish, Mrs. Madhu Bhandari and Mr. Rajeev G Hassanand. 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 2016-17 on 30<sup>th</sup> May, 2016, 12<sup>th</sup> August, 2016, 13<sup>th</sup> November, 2016 and 4<sup>th</sup> February, 2017

#### **Terms of Reference**

The broad terms of reference of the Nomination and Remuneration Committee are as follows:

- 1) To decide on the remuneration policy of the company on specific remuneration packages for executive directors including pension rights and any compensation payment.
- 2) To approve the remuneration package to the managerial personnel within the limits prescribed under the Act, based on their performance and defined assessment criteria.
- 3) To avoid conflicts of interest
- 4) Such other powers/functions as may be delegated by the Board from time to time Remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in accordance with the existing industry practice.

#### **C) Stakeholder's Relationship Committee**

The Stakeholders Relationship Committee comprises of three Directors, viz. Mr. S R Satish, Mr. Surendra Bhandari and Mr. Rajeev G Hassanand. Mr. S R Satish is the Chairman of the Stakeholders Relationship Committee. The Company Secretary is the Secretary of the Committee.

During the year under review, the status of request letters/complaints were as follows

	<b>Received</b>	<b>Resolved</b>	<b>Balance</b>
<b>Complaints</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

There is no complaint pending for satisfaction of shareholders/investors.



**Compliance Officer**

The Board has designated Mr. Krishna Jayakumar, Company Secretary, as Compliance Officer

**Scope**

- ❖ To scrutinize the share transfer application forms and concerned formalities
- ❖ To scrutinize the various documents received by the company, name Death Certificates, Marriage Certificates, Succession Certificates, Letters of Indemnity in favor of the company, Probates of Wills of the Shareholders and if found in order, to register transmission of shares;
- ❖ To register the various documents as mentioned above in the Register of Documents maintained by the company.
- ❖ To approve the issue of split share certificates and new share certificates in place of defaced, torn, damaged and soiled share certificates on receipt of proper applications and other required documents from the shareholders;
- ❖ To take all other consequential and incidental actions and measures
- ❖ To take all the matters in relation to investors' grievances.

**INDEPENDENT DIRECTOR MEETING:**

During the year under review, the independent director met on March 25, 2017 interalia:

1. To review the performance of Non-Independent director and the board as a whole.
2. To review the performance of the chairperson of the company, taking into account the view of Executive and Non- Executive Directors.
3. To assess the quality, quantity and timeline of flow information between the company management and the board that is necessary for board to effective and reasonable performance their duties.

**GENERAL BODY MEETINGS**

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

<b>Extraordinary General Meeting</b>			
2012-13	05-11-2012	11.00 A.M.	Registered Office
<b>Annual General Meeting</b>			
2013-14	30-09-2014	11.00 A.M.	"SHANTALA" Conference Hall, Ashraya International Hotel, # 149, Infantry Road, Bangalore-560 001.
2014-15	30-09-2015	11.00A.M	"SHANTALA" Conference Hall, Ashraya International Hotel, # 149, Infantry Road, Bangalore-560 001.
2015-16	30-09-2016	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.

**I. Disclosures**

- 
- a. Disclosures on materially significant related party transactions i.e. material transactions of the Company with its promoters, the Directors or the Management, their subsidiaries or relatives, etc. that may have not potential conflict with the interests of the company at large.
    - None of the transactions with any of the related parties were in conflict with the interest of the Company.
  - b. Details of non-compliance by the company, penalties and strictures imposed on the company by Stock Exchange or SEBI, or any other statutory authority, on any matter related to capital markets, during the last three years.
    - The Company has duly complied with requirements of regulatory authorities on capital markets and no penalty/stricture was imposed on the Company during the last three years.
  - c. Whistle Blower Policy - The Company promotes ethical behavior in all its business activities and has put in place mechanism of reporting illegal or unethical behavior. Employees are free to report violations of laws, rules, regulation or unethical conduct to their immediate supervisor/notified person. No person has been denied access to the audit committee. The Directors and Senior Management are obligated to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practices.
  - d. The company has complied with all the mandatory requirements of SEBI (Listing Obligation and Disclosure Requirements) Regulations and is in the process of implementation of Non-mandatory requirements.
  - e. A certificate duly signed by the CFO and Whole Time Director relating to financial statements and internal controls and internal control systems for financial reporting as per the format provided in SEBI (Listing Obligation and Disclosure Requirements) Regulations was placed before the Board, who took the same on record.
  - f. Profile and other information regarding the Directors being appointed/re-appointed as required under SEBI (Listing Obligation and Disclosure Requirements) Regulations have been given in the Notice of the Annual General Meeting annexed to this Annual Report.
  - g. The Company follows a formal management policy and system of legal compliance and reporting to facilitate periodical review by the Board of compliance status of laws applicable to the company and steps taken to rectify non-compliance, if any.
  - h. Declarations by the CEO/CFO under SEBI (Listing Obligation and Disclosure Requirements) Regulations. The Company's senior management has confirmed to the Board of Directors that they do not have any personal interest related to its material, financial and commercial transactions that may have a potential conflict with the interests of the Company at large.
  - i. Declarations by the CFO under SEBI (Listing Obligation and Disclosure Requirements) Regulations  
Mr. Rajib Ghosh Roy, CFO of the Company has furnished the requisite certificate regarding affirming compliance with the Code of Conduct, for the financial year ended March 31, 2017, which is attached with the report.

**Disclosure regarding re-appointment of Directors**

According to Article of Association of your Company, at every Annual General Meeting of the Company, one third Directors of the Board who are liable to retire by rotation. However, Mr. Satish Ramarao Shimoga and Mr. Rajeev G Hassanand being eligible, offers themselves for re-appointment. Brief resume of Directors being re-appointed at the ensuing Annual General Meeting, nature of expertise in specific functional area and names of Companies in which hold Directorship, Chairmanship and Membership at

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the Committees at the Board given in the notice of forthcoming Annual General Meeting annexed to this Annual Report.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed both under sub section (6) of section 149 of the Companies Act, 2013 and under SEBI (Listing Obligation and Disclosure Requirements) Regulations with the Stock Exchanges.

**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 Friday, the 29<sup>th</sup> September, 2017 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, 2017	By 29 <sup>th</sup> September, 2017
Unaudited Financial results for the first quarter ending 30 <sup>th</sup> June, 2017	By 11 <sup>th</sup> August, 2017
Unaudited Financial results for the second quarter ending 30 <sup>th</sup> September, 2017	By 15 <sup>th</sup> November, 2017
Unaudited Financial results for the third quarter ending 31 <sup>st</sup> December, 2017	By 15 <sup>th</sup> February, 2018
Audited Financial results for the year ending 31 <sup>st</sup> March, 2018	By 30 <sup>th</sup> May, 2018

**Book Closure Dates**

23<sup>rd</sup> September, 2017 to 29<sup>th</sup> September, 2017 (both days inclusive) for requirements of Regulation 42 of SEBI (LORD) Regulation, 2015 for the financial year 2016-17.

**Dividend**

Due to accumulated 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,

**Stock Code**

Stock Exchange	Code
Bombay Stock Exchange Limited	531661

**Market Price Data**

Monthly Share Price movement during 2016-17 on Bombay Stock Exchange:

No	Date	Highest (Rs.)	Lowest (Rs.)
1.	April, 2016	4.35	3.42

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2.	May, 2016	4.33	3.15
3.	June, 2016	3.80	2.65
4.	July, 2016	4.65	3.61
5.	Aug, 2016	4.00	3.27
6.	Sep, 2016	4.30	3.38
7.	Oct, 2016	4.12	3.61
8.	Nov, 2016	4.04	3.32
9.	Dec, 2016	4.51	3.49
10	Jan, 2017	5.33	4.15
11.	Feb, 2017	6.56	5.04
12.	Mar, 2017	6.56	5.47

**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 31<sup>st</sup> March 2017.

**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	1051	69.97	190664	3.10
05001 – 10000	191	12.71	170992	2.78
10001 - 20000	84	5.59	136058	2.21
20001 - 30000	51	3.40	134548	2.18
30001 - 40000	28	1.87	102901	1.67
40001 - 50000	17	1.13	80919	1.31
50001– 100000	33	2.20	259019	4.20
100001 & above	47	3.13	5084746	82.55
Total	1502	100	6159847	100

**Table B: Shareholding Pattern by Ownership**

Particulars	No. of Shareholders	No. of shares	% to total Shares
Promoter & Promoter Group	9	3272568	53.13
Public	1492	2887279	46.87
Total	1501	6159847	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 80% 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 neither issued any GDR/ ADR nor any convertible instrument as on date.

**Plant Locations of the Company**

#78, III Phase, Peenya Industrial Area, Bangalore - 560058

**Address for Correspondence**

The Company's Registered Office is situated at: HTC Aspire, #19, Ali Asker Road, Bangalore 560052  
Tel: 080-40865000; 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 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**

**Sd/-  
SURENDRA BHANDARI  
CHAIRMAN AND MANAGING DIRECTOR**

**Sd/-  
SIDHARTH BHANDARI  
DIRECTOR**

**Place: Bangalore  
1<sup>st</sup> September, 2017**

To  
The Members of Hittco Tools Ltd

**DECLARATION BY THE CEO PURSUANT TO REGULATION 34(3)(D) OF THE SEBI (LORD) REGULATION, 2015 REGARDING ADHERENCE TO THE CODE OF CONDUCT.**

In accordance with regulation 34(3)(d) of the SEBI (LORD) regulation, 2015 with the stock exchanges, I, Surendra Bhandari, Managing Director of the company, hereby declare that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct formulated by the Company for the financial year ended March 31, 2017.

Place: Bangalore  
Date: 1<sup>st</sup> September 2017

Sd/-  
**Surendra Bhandari**  
**Chairman and Managing Director**

**CEO/CFO CERTIFICATION**

To  
The Board of Director  
Hittco Tools Limited  
Bangalore

I, Rajib Ghosh Roy, Chief Financial Officer of the company hereby certified to the Board that:

**A)** I have reviewed financial statement and cash flow statement for the year ended 31 March, 2017 and that to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading:
- These statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

**B)** There are, to the best of our knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.

**C)** I accept responsibility for establishing and maintaining internal controls for financial reporting and we have disclosed to the Auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.

**D)** I have indicated to the Auditors and the Audit committee:

- Significant change in internal control over financial reporting during the year:
- Significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements: and
- Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system over financial reporting.

Place: Bangalore  
Date: 1<sup>st</sup> September 2017

Sd/-  
**Rajib Ghosh Roy**  
**Whole Time Director & CFO**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2017**

**Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.**

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L28939KA1995PLC016888
2.	Registration Date	04/01/1995
3.	Name of the Company	Hittco Tools Limited
4.	Category/Sub-category of the Company	Company Limited by Shares/Indian Non-Government Company
5.	Address of the Registered office & contact details	HTC Aspire, 19, Ali Asker Road, 2 <sup>nd</sup> Floor, Bangalore 560052, Karnataka. INDIA – 560052. Contract No. – 080-40865000
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Cameo Corporate Services Ltd. Subramanian Building, #1 Club House Road, Chennai-600 002. Tel: 044-28460390; Fax: 044-28460129

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture of Drills Bits	357	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated: -

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	NO		



III. VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)  
Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	1282610	0	1282610	20.81	1282160	0	1282160	20.81	0
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	1690408	0	1690408	27.45	1690408	300000	1990408	32.31	4.86
e) Banks / FI									
f) Any other									
<b>Total shareholding of Promoter (A)</b>	<b>2972568</b>	<b>0</b>	<b>2972568</b>	<b>48.26</b>	<b>2972568</b>	<b>300000</b>	<b>3272568</b>	<b>53.12</b>	<b>4.86</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									

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h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>									
<b>2. Non- Institutions</b>									
a) Bodies Corp.									
i) Indian	131398	819300	950698	15.42	106508	519300	625808	10.16	(5.26)
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	932685	230680	1163365	18.89	892243	230680	1122923	18.23	(0.66)
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	548071	136800	684871	11.12	605783	136800	742583	12.06	0.94
c) Others (specify)									
Non Resident Indians	372444	0	372444	6.04	372444	0	372444	6.04	0
Overseas Corporate Bodies									
Foreign Nationals									
Clearing Members	40	0	40	0.01	1910	0	1910	0.03	0.02
Hindu Undivided Families	15861	0	15861	0.26	21611	0	21611	0.35	0.09
Foreign Bodies - D R									
<b>Sub-total (B)(2):-</b>									

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Total Public Shareholding (B)=(B)(1)+(B)(2)	2000499	1186780	3187279	51.74	2000499	886780	2887279	46.87	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>4973067</b>	<b>1186780</b>	<b>6159847</b>	<b>100</b>	<b>4973067</b>	<b>1186780</b>	<b>6159847</b>	<b>100</b>	<b>0</b>

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Surendra Bhandari	1000684	16.25	0	1000684	16.25	0	0
2	Sidharth Bhandari	92699	1.50	0	92699	1.50	0	0
3	Madhu Bhandari	70077	1.14	0	70077	1.14	0	0
4	Manesha Bhandari	118700	1.93	0	118700	1.93	0	0
5	IEM International Private limited	72000	1.17	0	72000	1.17	0	0
6	Fotoset Trading Company Private Limited	55700	0.90	0	55700	0.90	0	0
7	Hittco Properties Private Limited	352044	5.72	0	652044	10.59	0	4.87
8	BI Holding (Bangalore) Private Limited	917064	14.89	0	917064	14.89	0	0
9	Hitecc Prints (India) Private Limited	293600	4.77	0	293600	4.77	0	0

C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	Particulars	Shareholding at the	Cumulative Shareholding
----	-------------	---------------------	-------------------------

		beginning of the year		during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1000684	16.25		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):				
	At the end of the year	1000684	16.25		

**D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	K Priya	97,700	1.59		
2.	Foresight Financial Service limited	1,00,000	1.62		
3.	Foresight financial service limited	96,200	1.56		
4.	M/S Fortune Loyal (Hongkong) Limited	3,00,000	4.87		
5.	Dipak Kanayalal Shah	2,20,000	3.57		
6.	Moizbhai Hakimuddin Boriawala	2,61,862	4.25		
7.	Mehjabeen Moiz Boriawala	80,670	1.31		

**E) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Surendra Bhandari (Managing Director				
	At the beginning of the year	1000684	16.25		
	Change during the year				
	At the end of the year	1000684	16.25	1000684	16.25
2.	Rajib Ghosh Roy (Whole Time Director & Chief Financial Officer)				

	At the beginning of the year	0	0		
	Change during the year	0			
	At the end of the year	0	0	0	0
3.	Manjeet Kumar (Company Secretary)				
	At the beginning of the year	0	0		
	Change during the year	0	0		
	At the end of the year	0	0	0	0
4.	Krishna Jayakumar (Company Secretary)				
	At the beginning of the year	0	0		
	Change during the year	0	0		
	At the end of the year	0	0	0	0

V) **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year(01.04.2016)</b>				
i) Principal Amount	1,37,14,203	1,25,90,661	0	2,63,04,864
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	1,37,14,203	1,25,90,661	0	2,63,04,864
<b>Change in Indebtedness during the financial year</b>				
* Addition	0	16,06,704	0	16,06,704
* Reduction	65,66,682	0	0	65,66,682
<b>Net Change</b>	65,66,682	16,06,704	0	49,59,978
<b>Indebtedness at the end of the financial year (31.03.217)</b>				
i) Principal Amount	71,47,521	1,41,97,365	0	2,13,44,886
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	71,47,521	1,41,97,365	0	2,13,44,886

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		MD	WTD	
1	Gross salary	0	9,03,600	9,03,600

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	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary	0	0	0
	under section 17(3) Income- tax Act, 1961			
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others, specify...	0	0	0
5	Others, please specify	0	0	0
	Total (A)	0	9,03,600	9,03,600
	Ceiling as per the Act			

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		----	----	----	---	
1	Independent Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	--	-	-
	Total (1)	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	NA	4,32,246	NA	4,32,246
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	0	4,32,246	0	4,32,246

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR 2016-17  
(UPTO 31<sup>st</sup> MARCH 2017)**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members,  
**M/s. HITTCO TOOLS LIMITED,**  
HTC Aspire, 19,  
Ali Asker Road, 2nd Floor,  
Bangalore - 560 052.

We have conducted the Secretarial Audit for the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. HITTCO TOOLS LIMITED** (here-in-after called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of **HITTCO TOOLS LIMITED's** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **HITTCO TOOLS LIMITED**, Bangalore for the financial year ended on March 31, 2017, to the provisions of:

- (i) The Companies Act, 2013 (The Act) and the rules made thereunder;
- (ii) The general laws as may be applicable to the Company including the following:
  - (1) Employer/Employee Related laws & Rules:
    - i. Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
    - ii. The Apprentices Act, 1961
    - iii. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
    - iv. The Employees State Insurance Act, 1948
    - v. The Workmen's Compensation Act, 1923
    - vi. The Maternity Benefits Act, 1961
    - vii. The Payment of Gratuity Act, 1972
    - viii. The Payment of Bonus Act, 1965
    - ix. The Payment of Wages Act, 1936
    - x. The Minimum Wages Act, 1948
    - xi. The Child Labor (Regulation & Abolition) Act, 1970
    - xii. The Contract Labor (Regulation & Abolition) Act, 1970
    - xiii. Equal Remuneration Act, 1976



- xiv. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- xv. Persons with Disabilities (Equal Opportunities, Protection, Protection of Rights and Full Participation) Act, 1996
- xvi. The Karnataka Shops & Establishments Act, 1961
- xvii. The Labor Welfare Fund Act, 1965
- xviii. The Karnataka Daily Wage Employees Welfare Act, 2012
- xix. For majority of Central Labour Laws the State has introduced Rules [names of each of the Rule is not included here]

(2) Environment Related Acts & Rules:

- i. The Environment Protection Act, 1986
- ii. The Water (Prevention & Control of Pollution) Act, 1974
- iii. The Water (Prevention & Control of Pollution) Cass Act, 1974
- iv. The Air (Prevention & Control of Pollution) Act, 1981
- v. The Government Order Under Environment (Protection) Act, 1986
- vi. The Karnataka Ground Water (Regulation for Protection of Sources of Drinking Water) Act, 1999

(3) Economic / Commercial Laws & Rules:

- i. The Competition Act, 2002
- ii. The Indian Contract Act, 1872
- iii. The Sales of Goods Act, 1930
- iv. The Forward Contracts (Regulation) Act, 1952
- v. The Indian Stamp Act, 1899
- vi. The Transfer of Property Act, 1882

I have also examined compliances with the applicable clauses of the following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. 1 and SS – 2 (applicable from 1st July, 2015).
- ii. During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., and there were no material non-compliance noted.
- iii. The concerns of the previous Secretarial Audit Report also have been addressed and the Board, Audit Committee and Nomination Remuneration Committee have been re-constituted in adherence to the Companies Act.
- iv. Certain non-material findings made during the course of the audit relating to Labour Laws were addressed suitably by the Management.
- v. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Bangalore  
Date: 18/08/2017

Sd/-  
P PERIASWAMY  
Practicing Company Secretary  
C. P: 7319

**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 31<sup>ST</sup> March 2017 as stipulated in Regulation 34(3)(E) SEBI (LORD) Regulation,2015 of said company with the stock exchanges.

The compliance of condition 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 Mishra & Co.,  
Chartered Accountants  
FRN:012355S

Sd/-  
CA Nilamadhab Mishra  
Proprietor  
Membership No.223157

Place: Bengaluru  
Date:30/05/2017

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of M/s Hittco Tools Limited**

#### **Report on the Financial Statements**

We have audited the accompanying Standalone Financial Statements of **M/s HITTCO TOOLS LIMITED ("the Company")**, which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the standalone Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 Standalone Financial Statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view 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 the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Financial Statements.

### **Basis for Qualified Opinion**

1. *The Finished goods are valued at estimated cost. The estimated cost is arrived by deducting adhoc percentage towards margin from the selling price. We are unable to obtain sufficient appropriate audit evidence about approximation to the actual cost as required by the Accounting Standard-2“Valuation of inventory” from the records maintained by the company. Consequently, we were unable to determine the impact of deviation on the financial statements for the year ended 31st March 2017.*

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, **except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph**, the aforesaid standalone financial statements give the information required by the Act in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India

1. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2017;
2. In the case of the statement of profit or loss, of the loss for the year ended on that date;
3. 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, 2016 ("the Order") issued by the Central Government of India in terms of subsection (11) of Section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - i) We have sought and except for the matters described in the “**Basis for Qualified opinion**” paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii) Except for the possible effects of the matter described in the “**Basis for Qualified opinion**” paragraph above, 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;
  - iii) 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;
  - iv) Except for the possible effects of the matter described in the “**Basis for Qualified opinion**” paragraph, in our opinion, the aforesaid the balance sheet, statement of profit and loss and cash flow statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - v) The matter described in the “**Basis for qualified opinion**” paragraph above, in our opinion will not have any adverse effect on the functioning of the company.
  - vi) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;
  - vii) The qualifications relating to the maintenance of accounts and other matters connected therewith are as stated in the “**Basis for qualified opinion**” paragraph above.

- viii)** With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate **Annexure 'B'**. our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's financial controls over financial reporting
- ix)** With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
- a. the Company does not have any pending litigations which would impact its financial position
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company

For Mishra & Co.,  
Chartered Accountants  
FRN:012355S

Sd/-  
CA Nilamadhab Mishra  
Proprietor  
Membership No.223157

Place: Bengaluru  
Date:30/05/2017

**Annexure A referred to in paragraph 1 under the heading " Report on Other Legal and Regulatory Requirements " of our report of even date**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) All fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification. All the title deeds of immovable properties are held in the name of the Company.
- ii. (a) The management has conducted physical verification of inventory at reasonable intervals during the year.  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii. (a) The Company has not granted secured/unsecured loan to parties covered in the register maintained under section 189 of the Companies Act, 2013 during the financial year 2016-17.
- iv. In respect of loans, investments, guarantees and securities, as per the information and explanation provided to us, the provisions of section 185 and 186 of The Companies Act, 2013 have been complied with.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- vi. The Central Government has not prescribed maintenance of cost of records by the Company under section 148(1) of the Companies Act, 2013 for any of the products. Hence no comment on the maintenance of cost records is required.
- vii. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, excise duty, wealth-tax, service tax, customs duty, cess and other material statutory dues applicable to it.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.  
(c) According to the records of the Company, there are no dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute.
- viii. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. The Company has not borrowed any funds from the government.
- ix. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained. There was no money raised by way of initial public offer or further public offer (including debt instruments) during the financial year 2016-17.

- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanation provided to us, and based on our examination of the records of the company, the company has paid/provided managerial remuneration in accordance with requisite approval mandated by the provisions of section 197 read with schedule V of the Act,
- xii. In our opinion and according to explanation provide to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.
- xiii. According to the information and explanation provided to us, for all transactions with the related parties and the details of related parties and the details of related party transactions are in compliance with sections 177 & 188 of the Act wherever applicable and details of such transaction have been disclosed in the financial statements as required by the applicable Accounting Standard.
- xiv. The Company has not made any preferential allotment/ private placement of shares or fully or partly convertible debentures during the financial year 2016-17. Therefore, the provisions of clause 3(xiv) of the order are not applicable.
- xv. According to the information and explanation provided to us, the company has not entered into any non-cash transaction with its Directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Mishra & Co.,  
Chartered Accountants  
FRN:012355S**

**Sd/-  
CA Nilamadhab Mishra  
Proprietor  
Membership No.223157**

**Place: Bengaluru  
Date: 30/05/2017**

**ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT**  
**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **Hittco Tools Limited** (“the Company”) as on 31<sup>st</sup> March, 2017 in conjunction with our audit of the financial statements of the company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial control over financial reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors’ Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial



statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Mishra & Co.,  
Chartered Accountants  
FRN:012355S**

**Sd/-  
CA Nilamadhab Mishra  
Proprietor  
Membership No.223157**

**Place: Bengaluru  
Date: 30/05/2017**

**HITCO TOOLS LIMITED**  
**Balance Sheet as at 31st March 2017**

(Amount in Rs/-)

Particulars	Note No.	31.03.2017 Rs.	31.03.2016 Rs.
<b>I.EQUITY AND LIABILITIES</b>			
<b>1.Shareholders' Funds</b>			
(a) Share Capital	1	6,32,06,970	6,32,06,970
(b) Reserves and Surplus	2	(2,82,64,908)	(2,40,25,203)
(c) Money Received Against Share Warrants			
<b>2.Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	2,13,44,886	2,63,04,864
(b) Deferred Tax Liabilities (Net)	4	14,16,000	26,61,000
(c) Other Long Term Liabilities	5	29,61,106	26,95,309
(d) Long-Term Provisions	6	55,18,427	45,97,059
<b>3.Current Liabilities</b>			
(a) Short-Term Borrowings	7	1,07,67,755	1,34,37,050
(b) Trade Payables	8	93,17,110	76,41,440
(c) Other Current Liabilities	9	1,15,89,466	1,31,86,258
(d) Short-Term Provisions	10	-	3,59,080
<b>TOTAL</b>		<b>9,78,56,813</b>	<b>11,00,63,827</b>
<b>II.ASSETS</b>			
<b>1.Non-current assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	4,24,02,756	5,17,70,948
(ii) Intangible Assets			
(iii) Capital Work-in-Progress			
(c) Long-Term Loans and Advances	12	36,23,156	35,24,371
(d) Other Non-Current Assets	13	19,99,902	19,99,902
<b>2.Current Assets</b>			
(a) Inventories	14	1,86,26,006	2,01,90,309
(b) Trade Receivables	15	2,36,80,264	2,24,49,381
(c) Cash and Cash Equivalents	16	37,36,512	58,30,266
(d) Short-Term Loans and Advances	17	37,88,218	42,98,650
(e) Other Current Assets		-	-
<b>TOTAL</b>		<b>9,78,56,813</b>	<b>11,00,63,827</b>
Significant Accounting Policies and Notes to Accounts	25		

The accompanying notes are an integral part of the Financial Statements.

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

**Surendra Bhandari**  
Managing Director

**Sidharth Bhandari**  
Director

**For Mishra & Co.,**  
Chartered Accountants  
Firms' Registration No.012355S

**Krishna Jayakumar**  
Company Secretary  
Place: Bangalore  
Date: 30/05/2017

**Rajib Ghosh Roy**  
CFO

**CA Nilamadhab Mishra**  
Proprietor  
Membership No.223157

**HITCO TOOLS LIMITED**  
**Statement of Profit and Loss for the year ended 31.03.2017**

(Amount in Rs/-)

Particulars	Note No.	31.03.2017 Rs.	31.03.2016 Rs.
I.Revenue from Operations	18	6,05,29,093	7,24,10,489
II.Other Income	19	19,10,925	17,56,311
<b>Total Revenue ( I+II)</b>		<b>6,24,40,017</b>	<b>7,41,66,800</b>
<b>III.Expenses:</b>			
Cost of Materials Cosumed	20	2,39,18,281	2,88,29,127
Purchases of Stock in Trade		-	-
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	21	21,72,047	42,05,210
Employee Benefits Expense	22	1,41,15,932	2,09,85,129
Finance Costs	23	31,11,254	32,03,535
Depreciation and Amortisation Expense	11	1,03,97,934	1,40,51,160
Other Expenses	24	1,42,09,274	1,50,72,881
<b>Total Expenses</b>		<b>6,79,24,721</b>	<b>8,63,47,042</b>
<b>Profit before Exceptional and Extraordinary Items and Tax</b>		(54,84,704)	<b>(1,21,80,242)</b>
Exceptional items		-	-
<b>Profit before Extraordinary Items and Tax</b>		(54,84,704)	<b>(1,21,80,243)</b>
Extraordinary Items		-	-
<b>Profit before Tax</b>		<b>(54,84,704)</b>	<b>(1,21,80,243)</b>
<b>Tax expense:</b>			
1.Current Tax		-	
2.Deferred Tax		(12,45,000)	(9,52,000)
<b>Profit (Loss) for the period from Continuing Operations</b>		<b>(42,39,704)</b>	<b>(1,12,28,243)</b>
Profit/(loss) from Discontinuing Operations		-	-
Tax expense of Discontinuing Operations		-	-
Profit/(loss) from Discontinuing Operations (After Tax)		-	-
<b>Profit (Loss) for the period</b>		<b>(42,39,704)</b>	<b>(1,12,28,243)</b>
Earnings per Share:			
(1) Basic (Face Value of Rs.10 each)		(0.70)	(1.87)
(2) Diluted (Face Value of Rs.10 each)		(0.70)	(1.87)
Significant Accounting Policies and Notes to Accounts	25		

The accompanying notes are an integral part of the Financial Statements.

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

**Surendra Bhandari**  
**Managing Director**

**Sidharth Bhandari**  
**Director**

**For Mishra & Co.,**  
**Chartered Accountants**  
**Firms' Registration No.012355S**

**Krishna Jayakumar**  
**Company Secretary**  
**Place: Bangalore**  
**Date: 30/05/2017**

**Rajib Ghosh Roy**  
**CFO**

**CA Nilamadhab Mishra**  
**Proprietor**  
**Membership No.223157**

**HITTCO TOOLS LIMITED**  
**Cash Flow Statement for the year ended 31st March 2017**

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit before Taxation and Extraordinary Items (before Taxes)</b>	(54,84,704)	(1,21,80,243)
Adjustments for Depreciation	1,03,97,934	1,40,51,160
(Profit)/Loss on sale of Tangible Assets		
Interest Expenditure	31,11,254	32,03,535
Interest Income	(1,51,271)	(2,54,625)
Investment Income	-	-
Other Non Cash Adjustments		
<b>Operating Profit before Working Capital Changes</b>	<b>78,73,212</b>	<b>48,19,828</b>
<b>Changes in Working Capital:</b>		
(Increase)/Decrease in Trade Receivables	(12,30,883)	31,43,952
(Increase)/Decrease in Inventories	15,64,303	44,24,846
(Increase)/Decrease in Loans and Advances	4,11,647	(8,01,858)
(Increase)/Decrease in Other Current Assets	-	25,50,378
(Increase)/Decrease in Other Assets	-	-
(Increase)/Decrease in Trade Payables	16,75,670	(14,36,437)
Increase/(Decrease) in Current Liabilities	(13,78,584)	11,68,404
<b>Cash generated from Operations</b>	<b>89,15,366</b>	<b>1,38,69,113</b>
Taxes Paid (Net of refunds)	-	-
Net Cash Generated from Operations before Extraordinary Items	89,15,366	1,38,69,113
<b>Net Cash Generated from Operating Activities</b>	<b>89,15,366</b>	<b>1,38,69,113</b>
<b>B. Cash Flow from Investing Activities</b>		
Sale of Asset	-	8,38,960
Investment Income	-	-
Interest Received	1,51,271	2,54,625
Purchase of Tangible/Intangible Assets	(6,85,661)	(37,49,212)
<b>Net Cash from Investing Activities</b>	<b>(5,34,390)</b>	<b>(26,55,627)</b>
<b>C. Cash flow from Financing Activities</b>		
Increase/(Repayment) of Borrowings	(73,63,476)	(23,99,017)
Proceeds from Share Capital Increase		
Proceeds from Issue of Share Warrants		
Interest Paid	(31,11,254)	(32,03,535)
<b>Net Cash Raised in Financing Activities</b>	<b>(1,04,74,730)</b>	<b>(56,02,552)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(20,93,753)</b>	<b>56,10,933</b>
Cash and Cash Equivalents at the Beginning of the year	58,30,266	2,19,333
Cash and Cash Equivalents at the End of the year	37,36,513	58,30,266

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

Surendra Bhandari  
Managing Director

Sidharth Bhandari  
Director

For Mishra & Co.,  
Chartered Accountants  
Firms' Registration No.0123559

Krishna Jayakumar  
Company Secretary  
Place: Bangalore  
Date:30/05/2017

Rajib Ghosh Roy  
CFO

CA Nilamadhab Mishra  
Proprietor  
Membership No.223157

**HITCO TOOLS LIMITED**  
NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2017

**1 Share Capital**

Particulars	As at 31st March 2017		As at 31st March 2016	
	No.Of Shares	Amount (Rs/-)	No.Of Shares	Amount (Rs/-)
<b>Authorised Share Capital:</b> 70,00,000 ( March 31,2016 :70,00,000) Equity Shares of Rs.10/- each	70,00,000	7,00,00,000	70,00,000	7,00,00,000
<b>Issued Share Capital</b> 61,59,847 (March 31,2016 : 61,59,847) Equity Shares of Rs.10/- each	61,59,847	6,15,98,470	61,59,847	6,15,98,470
<b>Subscribed and fully Paid up:</b> 59,12,247 ( March 31, 2016 : 56,12,247) Equity Shares of Rs. 10/- fully paid up	59,12,247	5,91,22,470	59,12,247	5,91,22,470
<b>Subscribed and partly Paid up:</b> 247,600 ( March 31, 2016 : 247,600) Equity Shares of Rs.5/- Partly paid up	2,47,600	12,38,000	2,47,600	12,38,000
<b>Forfeited Shares:</b> 569,300 ( March 31, 2016 : 569,300) Equity Shares of Rs. 5/- not reissued	5,69,300	28,46,500	5,69,300	28,46,500
<b>Total</b>		<b>6,32,06,970</b>		<b>6,32,06,970</b>

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.

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:**

Particulars	As at 31st March 2017		As at 31st March 2016	
	No.Of Shares	Amount (Rs/-)	No.Of Shares	Amount (Rs/-)
Balance as at the beginning of the previous year				
Fully paid up (Rs. 10/- each)	59,12,247	5,91,22,470	59,12,247	5,91,22,470
Partly paid up (Rs. 5/- each)	2,47,600	12,38,000	2,47,600	12,38,000
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)**	-	-	-	-
<b>Balance as at the end of the year</b>	<b>61,59,847</b>	<b>6,03,60,470</b>	<b>61,59,847</b>	<b>6,03,60,470</b>

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

Particulars	As at 31.3.2017		As at 31.3.2016	
	No. of shares	Percentage	No. of shares	Percentage
Surendra Bhandari	10,00,684	16.25%	10,00,684	16.25%
Hittco Properties LLP	6,52,044	10.59%	3,52,044	5.72%
B I Holdings (Bangalore) LLP	9,17,064	14.89%	9,17,064	14.89%

**2 Reserves and Surplus**

Particulars	As at 31.3.2017	As at 31.3.2015
<b>(a) Capital Reserve</b>		
Opening balance	30,00,000	30,00,000
Add: Addition during the year	-	-
<b>Balance as at the end of the year</b>	<b>30,00,000</b>	<b>30,00,000</b>
<b>(b) Securities Premium account</b>		
Opening balance	1,32,00,000	1,32,00,000
Add: Receipt on issue of securities	-	-
<b>Balance as at the end of the year</b>	<b>1,32,00,000</b>	<b>1,32,00,000</b>
<b>(b) General Reserve</b>		
Opening balance	-	-
Add : Transfer	-	-
<b>Balance as at the end of the year</b>	<b>-</b>	<b>-</b>
<b>(d) Surplus in Statement of Profit and Loss</b>		
Opening balance	(4,02,25,203)	(2,89,96,961)
Add: Profit/(Loss) for the year	(42,39,704)	(1,12,28,243)
<b>Amount available for appropriation</b>	<b>(4,44,64,908)</b>	<b>(4,02,25,203)</b>
Less: Transfer to General Reserve	-	-
<b>Balance as at the end of the year</b>	<b>(4,44,64,908)</b>	<b>(4,02,25,203)</b>
<b>Total</b>	<b>(2,82,64,908)</b>	<b>(2,40,25,203)</b>

NOTES ON ACCOUNTS (Contd.)

**3 Long term Borrowings**

Particulars	As at 31.3.2017	As at 31.3.2016
<b>Secured:</b>		
Term Loans from Banks	71,47,521	1,37,14,203
<b>Unsecured</b>		
Loans from Related Parties:	-	
-Directors	32,87,280	7,12,480
- Associated Enterprises	1,09,10,085	1,18,78,181
<b>Total</b>	<b>2,13,44,886</b>	<b>2,63,04,864</b>

**Note: Terms of Repayment of Long Term Borrowings & Nature of Security**

**a) Term Loans from Banks**

	RepaymentTerms	Security
Kotak Term loan	Equated Monthly Installment of Rs. 571563 /- each	Hypothecation of Current & Fixed Assets
Kotak Mahindra Prime Honda Amaze	Equated Monthly Installment of Rs. 14425/- each	Hypothecation of Vehicle
Kotak Mahindra Car Loan-Audi	Equated Monthly Installment of Rs. 73500/- each	Hypothecation of Vehicle
Kotak Mahindra Prime Ltd-Xylo	Equated Monthly Installment of Rs. 23889/- each	Hypothecation of Vehicle
Kotak Mahindra Car Loan Skoda	Equated Monthly Installment of Rs. 22780/- each	Hypothecation of Vehicle

Nature of Security:\*

All the banking facilities sanctioned by the Bank are primarily secured by Hypothecation of Stock and Book Debts and further collaterally secured by:

1. Equitable (unregistered) of the Property Located at Plot No. 78, Peenya Industrial Area, 3rd Stage, Bangalore 560058.
2. Personal Gaurantee of Mr. Surendra Bhandari & Mr. Sidharth Bhandari.

**4 Deferred Tax**

Particulars	As at 31.3.2017	As at 31.3.2016
<b>Deferred Tax Liabilities</b>		
Attributable to Depreciation	25,16,000	30,84,000
<b>Deferred Tax assets</b>		
Attributable to:		
Expenses allowable for tax purposes when paid	11,00,000	4,23,000
<b>Total</b>	<b>14,16,000</b>	<b>26,61,000</b>

**5 Other Long Term Liabilities**

Particulars	As at 31.3.2017	As at 31.3.2016
Others	29,61,106	26,95,309
<b>Total</b>	<b>29,61,106</b>	<b>26,95,309</b>

**6 Long Term Provisions**

Particulars	As at 31.3.2017	As at 31.3.2016
Provision for Employee Benefits	55,18,427	45,97,059
<b>Total</b>	<b>55,18,427</b>	<b>45,97,059</b>

**7 Short Term Borrowings**

Particulars	As at 31.3.2017	As at 31.3.2016
<b>Secured:</b>		
Loans Repayable on demand from banks :	1,07,67,755	1,34,37,050
<b>Total</b>	<b>1,07,67,755</b>	<b>1,34,37,050</b>

**Note: Terms of Repayment of Short Term Borrowings & Nature of Security**

**a) Name of the Banks**

	RepaymentTerms	Security
Kotak Mahindra Bank CC/WCTL	On Demand	Hypothecation of Stock and Book debts of the Company.

**8 Trade Payables**

Particulars	As at 31.3.2017	As at 31.3.2016
Due to Micro, small and Medium Enterprises*	-	-
Others	93,17,110	76,41,440
<b>Total</b>	<b>93,17,110</b>	<b>76,41,440</b>

**Notes Forming Integral Part of the Balance Sheet as at 31st March , 2017**

**Notes : 11 Fixed Asset**

**I. Fixed Assets**

Sr. No	Particulars	Gross Block				Depreciaton				Net Block	
		Value as on 01.04.2016	Addition during the year	Deduction during the year	Value as on 31.03.2017	Value as on 01.04.2016	Addition/De duction during the year	For the year	Value as on 31.03.2017	WDV as on 31.03.2017	WDV as on 31.03.2016
<b>I</b>	<b><u>Tangible Assets</u></b>										
	Building	1,40,39,323	-	-	1,40,39,323	47,37,609	-	10,30,053	57,67,662	82,71,661	93,01,714
	Leasehold Properties	5,28,661	-	-	5,28,661	2,45,193	-	56,580	3,01,773	2,26,888	2,83,468
	Plant & Equipment	11,11,25,300	6,15,997	-	11,17,41,297	7,43,60,465	-	73,83,815	8,17,44,279	2,99,97,018	3,67,64,835
	Furniture & Fittings	21,06,767	-	-	21,06,767	11,54,715	-	2,98,228	14,52,944	6,53,823	9,52,052
	Vehicles	1,07,32,783	-	-	1,07,32,783	65,03,623	-	14,63,809	79,67,432	27,65,351	42,29,160
	Office Equipment	22,33,855	26,198	-	22,60,053	19,98,989	-	95,909	20,94,898	1,65,155	2,34,866
	Computers	24,42,177	43,466	-	24,85,643	22,60,790	-	50,335	23,11,126	1,74,517	1,81,387
<b>I</b>	<b><u>Intangible Assets</u></b>										
	Computer Software	4,69,624	-	-	4,69,624	3,02,076	-	19,206	3,21,282	1,48,342	1,67,548
	<b>Total</b>	<b>14,36,78,490</b>	<b>6,85,661</b>	<b>-</b>	<b>14,43,64,151</b>	<b>9,15,63,461</b>	<b>-</b>	<b>1,03,97,934</b>	<b>10,19,61,395</b>	<b>4,24,02,756</b>	<b>5,17,70,948</b>
	(Previous Year)	14,07,68,238	37,49,212	8,38,960	14,36,78,490	7,78,56,381	-	1,40,51,161	9,19,07,542	5,17,70,948	6,29,11,857

NOTES ON ACCOUNTS (Contd.)

\*Disclosure of payable to vendors as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" is based on the information available with the Company regarding the status of registration of such vendors under the said Act, as per the intimation received from them on requests made by the company. There are no overdue principal amounts/interest payable amounts for delayed payments to such vendors at the balance sheet date

**9 Other Current Liabilities**

Particulars	As at 31.3.2017	As at 31.3.2016
(i) Current maturities of long-term debt*	70,41,045	41,03,480
(ii) Other Payables		
Payable to employees	20,82,605	32,32,020
Statutory dues ( Including Provident Fund, Withholding and other taxes payable)	17,36,586	28,23,725
Advances received from Customers	6,89,528	1,17,716
Others	39,702	29,09,317
<b>Total</b>	<b>1,15,89,466</b>	<b>1,31,86,258</b>

\* Refer Note No.3 for Terms of repayments and nature of security

**10 Short Term Provisions**

Particulars	As at 31.3.2017	As at 31.3.2016
Provision for Employee benefits	-	-
Other Provisions	-	3,59,080
<b>Total</b>	<b>-</b>	<b>3,59,080</b>

**12 Long Term Loans and Advances**

Particulars	As at 31.3.2017	As at 31.3.2016
<b>Unsecured, Considered good</b>		
Capital Advances	-	35,914
Security Deposits	36,23,156	34,88,457
<b>Total</b>	<b>36,23,156</b>	<b>35,24,371</b>

**13 Other Non Current Assets**

Particulars	As at 31.3.2017	As at 31.3.2016
Fixed deposits with banks with maturity period more than 12 months (all Fixed deposits are lien marked as the security towards the Term Loan and others facilities availed from kotak bank ltd)	-	-
Other advances- Due from related party	19,99,902	19,99,902
<b>Total</b>	<b>19,99,902</b>	<b>19,99,902</b>

**14 Inventories**

Particulars	As at 31.3.2017	As at 31.3.2016
(a) Raw materials	16,29,861	9,62,726
(b) Work-in-progress	22,66,774	17,27,898
(c) Finished goods	1,02,54,910	1,02,34,068
(d) Stock-in-trade	27,61,429	54,93,194
(e) Consumables Stores and Spares	17,13,032	17,72,423
<b>Total</b>	<b>1,86,26,006</b>	<b>2,01,90,309</b>

**15 Trade Receivables**

Particulars	As at 31.3.2017	As at 31.3.2016
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	56,39,765	90,24,652
Others	1,80,74,499	1,34,24,729
<b>Total</b>	<b>2,37,14,264</b>	<b>2,24,49,381</b>

**16 Cash and Cash Equivalents**

Particulars	As at 31.3.2017	As at 31.3.2016
<b>Cash and Cash equivalents:</b>		
Cash on hand	74,998	6,487
<b>Balances with Banks</b>		
In current Account	3,26,810	6,40,855
Fixed deposits with maturity more than 12 months	33,34,704	51,82,924
<b>Total</b>	<b>37,36,512</b>	<b>58,30,266</b>

**17 Short term Loans and advances**

Particulars	As at 31.3.2017	As at 31.3.2016
<b>(Unsecured, considered good)</b>		
Balances with revenue authorities	3,28,081	11,21,061
Advance to suppliers	10,88,743	31,77,588
Advance to related parties (Expenses incurred on behalf of related parties)	21,01,297	-
Others ( Staff advances )	2,70,097	-
<b>Total</b>	<b>37,88,218</b>	<b>42,98,650</b>



NOTES ON ACCOUNTS (Contd.)

**18 Revenue from Operations**

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
(a) Sale of Products		
Finished goods	6,79,25,025	8,08,51,512
Less: Excise Duty	73,95,932	84,41,023
	<b>6,05,29,093</b>	<b>7,24,10,489</b>
(b) Sale of Traded Goods	-	-
<b>Total</b>	<b>6,05,29,093</b>	<b>7,24,10,489</b>

**19 Other Income**

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
(a) Interest Income	1,51,271	2,54,625
(b) Other non-operating income	17,59,653	15,01,686
<b>Total</b>	<b>19,10,925</b>	<b>17,56,311</b>

**20 Cost of Material consumed**

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Opening stock of Raw Materials	9,62,726	12,22,577
Opening stock of consumables	17,72,423	17,32,208
Add: Purchase of Raw Materials & incidental expenses	2,25,64,543	2,47,38,416
Add: Purchases of Consumables	19,61,482	38,71,075
	-	
	<b>2,72,61,174</b>	<b>3,15,64,276</b>
Less: Closing stock of Raw Materials	16,29,861	9,62,726
Less: Closing stock of consumables	17,13,032	17,72,423
	<b>33,42,893</b>	<b>27,35,149</b>
<b>Raw material consumed</b>	<b>2,39,18,281</b>	<b>2,88,29,127</b>

**21 Changes in inventory of finished goods and work in Progress**

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
(Increase)/Decrease in Stocks		
Stock at the end of the year:		
Finished Goods	1,02,54,910	1,02,34,068
Work-in-Progress	22,66,774	17,27,898
Stock in Trade	27,61,429	54,93,194
<b>TOTAL A</b>	<b>1,52,83,113</b>	<b>1,74,55,160</b>
Less: Stock at the beginning of the year		
Finished Goods	1,02,34,068	1,74,36,982
Work-in-Progress	17,27,898	36,03,051
Stock in Trade	54,93,194	6,20,337
<b>TOTAL B</b>	<b>1,74,55,160</b>	<b>2,16,60,370</b>
<b>(Increase)/Decrease in Stocks (A-B)</b>	<b>21,72,047</b>	<b>42,05,210</b>

**22 Employee Benefit Expenses**

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Salaries & Wages	1,22,56,998	1,54,14,021
Contribution to Provident and other funds	7,61,667	12,25,473
Staff welfare expenses	4,45,898	10,04,713
Leave Encashment	(10,830)	16,42,414
Bonus	2,85,769	6,89,663
Gratuity	3,76,430	10,08,845
<b>Total</b>	<b>1,41,15,932</b>	<b>2,09,85,129</b>

NOTES ON ACCOUNTS (Contd.)

**23 Finance Costs**

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Interest Expenses	31,11,254	34,11,259
Foreign Exchange Gain or Loss	-	(2,07,723)
<b>Total</b>	<b>31,11,254</b>	<b>32,03,535</b>

**24 Other Expenses**

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Power and Fuel	26,54,316	28,06,796
Increase/(decrease) of Excise duty on Finished goods	-	3,03,533
Rent	2,87,624	3,64,062
Repairs and Maintenance – Plant and Machinery	85,502	1,27,385
Repairs and Maintenance – Building	1,70,172	1,31,725
Repairs and Maintenance – Others	93,613	61,220
Insurance	2,48,036	1,64,462
Rates and Taxes	87,106	1,75,058
Travelling & Conveyance Expenses	40,33,002	25,06,356
Payment to Auditors	1,14,500	1,14,500
Internal audit fees	71,280	2,92,113
Courier Charges	7,50,325	6,53,538
Exhibition Expenses	-	3,87,120
Bank Charges	1,07,573	2,18,308
Professional fees	9,34,439	5,44,245
Printing & Stationary	3,83,781	5,04,029
Advertisement and other selling expenses	16,60,665	23,19,745
Water charges	2,90,338	3,14,267
Telephone Expenses	1,11,030	87,806
Security Charges	3,88,579	5,85,015
Outward Freight charges	1,77,959	2,75,372
Miscellaneous expenses	15,59,433	21,36,227
<b>Total</b>	<b>1,42,09,274</b>	<b>1,50,72,881</b>

## **M/s HITTCO TOOLS LIMITED**

### **25.1 Significant Accounting Policies**

#### **25.1.(i) Basis of Preparation of Financial Statements**

The financial statements are prepared in accordance with Generally Accepted Accounting Principles in India (GAAP) under the historical cost convention on the accrual basis. GAAP comprises of mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, and the relevant provisions of the Companies Act, 2013 (the 2013 Act) applicable, accounting Standards ("AS") issued by Institute of Chartered Accountants of India (ICAI), guidelines prescribed by Securities and Exchange Board of India under Securities and Exchange Board of India Act 1992 and other generally accepted accounting principles in India.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### **25.1.(ii) Use of Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period, provisions for income taxes and the useful lives of fixed tangible assets and intangible assets.

Accounting estimates could change from period to period. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### **25.1.(iii) Net profit or Loss for the Period, Prior period items and Changes in Accounting Policies**

Ordinary activities as are of such size, nature, or incidence that their disclosure is relevant to explain the performance of the enterprise for the reporting period. Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such. On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

#### **25.1.(iv) Depreciation and Amortization**

Depreciation on tangible assets is provided on the written down value method over the useful life as specified in Schedule II to the Companies Act, 2013. Depreciation for additions to / deletions from, assets during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a Straight line method, commencing from the date

the asset is available to the Company for its use.

Leased Assets are depreciated based on the useful life prescribed under Schedule II to the Companies Act, 2013 or based on the useful life adopted by the Company for similar assets.

Depreciation and amortization methods, useful lives and residual values are reviewed periodically, including at each financial year end.

#### **25.1.(v) Revenue Recognition**

Revenue is primarily derived from sale of tools. Revenue is recognised after delivery of goods resulting in transfer of significant risk and rewards incidental to ownership of goods, to customers.

Revenue derived from providing services are recognised as and when services are performed and accepted by customers. Arrangements with customers for providing services are primarily on a fixed-price basis.

Other income is recognised as and when right to receive the same arises.

The Company presents revenues net of indirect taxes in its statement of profit and loss.

#### **25.1.(vi) Tangible Assets**

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price and expenses directly attributable to bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realizable value and are shown separately in the financial statements

Gains or losses arising from disposal or retirement of tangible fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized net, within "Other Income" or "Other Expenses", as the case maybe, in the Statement of Profit and Loss in the year of disposal or retirement.

#### **25.1.(vii) Foreign Currency Transactions**

Foreign-currency denominated monetary assets are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the Statement of profit and loss. Non-monetary assets denominated in a foreign currency and measured at fair value are translated at the exchange rate relevant at the date when the fair value was determined. Non-monetary assets denominated in a foreign currency and measured at historical cost are translated at the exchange rate relevant at the date of transaction.

Revenue items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

### **25.1.(viii) Investments**

Trade investments are the investments made to enhance the Company's business interests. Investments are either classified as current or long-term based on Management's intention. Current investments are carried at the lower of cost and fair value of each investment individually. Long term investments are carried at cost less provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

### **25.1.(ix) Retirement Benefits to Employees**

#### **A Short Term:**

Short term employee benefits include salaries and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. These costs are recognised as an expense in the Statement of Profit and Loss at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company

#### **B. Post-Employment Benefits:**

The Company offers its employees long term benefits by way of defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees

#### **a . Defined Contribution Plan**

Eligible employees receive benefits from a provident fund, which is a defined Contribution plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

#### **b . Defined Benefit Plan**

The obligation under defined benefit plan is accounted as per the estimation provided by the Management. In accordance with the Payment of Gratuity Act, 1972, the company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company.

### **25.1.(x) Borrowing Cost**

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

### **25.1.(xi) Segment Reporting**

The Company operates in only one segment "Production of Tools". Hence there is no disclosure to be made pursuant to Accounting Standard 17 "Segment Reporting".

#### **25.1.(xii) Leases**

A lease of assets where the risk and rewards of ownership are transferred by the owner by the end of the lease term is capitalised as finance lease. Assets taken on finance lease are capitalised at fair value or net present value of the minimum lease payments, whichever is lower. Depreciation on the assets taken on lease is charged over the primary period of the lease. Lease payments made are apportioned between the finance charges and reduction of the outstanding liability in respect of assets taken on lease, based on the interest rate implicit in the lease

Other leases are operating leases and the leased assets are not recognized in the Company's Balance Sheet. Lease expenses on such operating leases are recognized in the Statement of Profit and Loss on a straight line basis over the lease term. Initial direct costs are recognized as an expense in the Statement of Profit and Loss in the period in which they are incurred

#### **25.1.(xiii) Earnings Per Share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

#### **25.1.(xiv) Taxes on Income**

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum alternate tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet if there is convincing evidence that the Company will pay normal tax and the resultant asset can be measured reliably. The Company offsets, on a year on year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date. Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority. The income tax provision for the interim period is made based on the best estimate of the annual average tax rate

expected to be applicable for the full financial year.

#### **25.1.(xv) Impairment of Asset**

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased

#### **25.1.(xvi) Provisions and Contingent Liabilities**

A provision is recognized if, as a result of a past event, the Company has a present legal obligation that is reasonably estimable and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is there, for that provision is made.

#### **25.1.(xvii) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations.

**HITCO TOOLS LIMITED**  
**NOTES FORMING PART OF ACCOUNTS**

**25.2 (i) Contingent Liabilities and Commitments**

Particulars	As at 31.03.2017	As at 31.03.2016
<b>(to the extent not provided for)</b>		
Bank Guarantees extended by bankers	-	-
On account of capital contracts remaining to be executed	-	-
Income Tax	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Note: A case has been filed with 1st Addl. Labour Court by S V Govindraju against the Company. Another case is filed with the Labour Officer 1 by the Union Employees for Protected Workmen Case. No provision has been made in the books as the Management is confident that the matter will be decided in its favor.

**25.2 (ii) CIF value of Imports**

Particulars	As at 31.03.2017	As at 31.03.2016
Raw Materials	95,28,749	1,30,85,383
Trading items	-	-
Capital Goods	-	-
<b>Total</b>	<b>95,28,749</b>	<b>1,30,85,383</b>

**25.2 (iii) Expenditure Incurred in Foreign Currency**

Particulars	As at 31.03.2017	As at 31.03.2016
Travelling Expenses	13,06,153	19,41,129
Exhibition Expenses	-	2,20,359
<b>Total</b>	<b>13,06,153</b>	<b>21,61,488</b>

**25.2 (iv) Details of Consumption and Purchase**

Particulars	As at 31.03.2017		As at 31.03.2017	
<b>a) Details of Raw Materials Consumed</b>				
H S S Steel	71,38,527		1,04,21,702	
Carbide	1,67,79,754		1,84,07,425	
<b>Total</b>	<b>2,39,18,281</b>		<b>2,88,29,127</b>	
<b>b) Details of value of imported and indigenous material consumed</b>				
	<b>Imported</b>	<b>Indigenous</b>	<b>Imported</b>	<b>Indigenous</b>
Raw Materials and Stores and Spares	95,28,749	1,65,61,579	1,30,85,383	1,99,48,954
Percentage	36.52%	63.48%	44.20%	55.80%
<b>Total</b>	<b>95,28,749</b>	<b>1,65,61,579</b>	<b>1,30,85,383</b>	<b>1,99,48,954</b>
<b>c) Purchase of Traded Goods</b>				
	<b>Imported</b>	<b>Indigenous</b>	<b>Imported</b>	<b>Indigenous</b>
Traded goods	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**25.2 (v) Dividend Remitted in Foreign Exchange**

Particulars	As at 31.03.2017	As at 31.03.2016
Dividend paid during the year	Nil	Nil
Number of Non Resident Shareholders	Nil	Nil
Number of equity shares held by such Non Resident Shareholders	Nil	Nil
Year to which the Dividend relate to	Nil	Nil

**25.2 (vi) EARNINGS IN FOREIGN CURRENCY**

Particulars	As at 31.03.2017	As at 31.03.2016
Revenue from exports on FOB basis	9,24,175	10,28,740

**25.2 (vii) Earnings per Share**

Particulars	As at 31.03.2017		As at 31.03.2017	
	Basic extra-ordinary items	After extra-ordinary items	Basic extra-ordinary items	After extra-ordinary items
<b>(a) Basic</b>				
Profit after Tax	(42,39,704)	(42,39,704)	(1,12,28,243)	(1,12,28,243)



Weighted average number of shares outstanding	60,36,047	60,36,047	60,36,047	60,36,047
Basic EPS	(0.70)	(0.70)	(1.87)	(1.87)
<b>(b) Diluted</b>				
Profit after Tax	(42,39,704)	(42,39,704)	(1,12,28,243)	(1,12,28,243)
Weighted average number of shares outstanding	60,36,047	60,36,047	60,36,047	60,36,047
Add: Weighted average number of potential equity shares	-	-	-	-
Weighted average number of shares outstanding for diluted				
EPS	60,36,047	60,36,047	60,36,047	60,36,047
Diluted EPS	(0.70)	(0.70)	(1.87)	(1.87)
Face value per share	Rs. 10 per share		Rs. 10 per share	

#### 25.2 (viii) EMPLOYEE BENEFITS

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

Particulars	As at 31.03.2017	As at 31.03.2016
<b>Present value of Defined benefit obligation</b>		
Obligations at Period beginning	46,26,206	51,41,292
Service cost	1,36,156	2,58,854
Interest cost	3,51,592	4,01,021
Actuarial (Gain) / Loss	(1,65,118)	(1,75,534)
Benefits paid	(40,33,905)	(9,99,427)
<b>Obligations at Period at the end of the year</b>	<b>9,14,931</b>	<b>46,26,206</b>
Defined benefit obligation liability, on account of gratuity, as at the Balance Sheet date has not been funded.		
<b>Fair value of plan assets</b>		
Plan assets at period beginning at fair value	-	-
Expected return on plan assets	-	-
Actuarial (Gain) / Loss	-	-
Employers' Contributions	40,33,905	-
Benefits paid	(40,33,905)	-
<b>Plan assets at period end at fair value</b>	<b>-</b>	<b>-</b>
<b>Assets/liabilities recognised in the balance sheet</b>		
Fair value of plan assets at period end	-	-
Present value of the defined benefit obligations at the end of the period	-	46,26,206
Asset / (Liability) recognised in the balance sheet	(9,14,931)	(45,97,059)
<b>Assumptions</b>		
Discount rate	6.80%	7.60%
Estimated salary escalation rate	5.00%	5.00%
Gratuity Expenses recognised in the Statement of Profit and Loss	3,76,430	10,08,845

#### 25.2 (ix) SEGMENT REPORTING

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

#### 25.2 (x) Managerial Remuneration

Particulars	Remuneration		Provident Fund	
	As at 31.03.2017	As at 31.03.2016	As at 31.03.2017	As at 31.03.2016
Rajib Gosh Roy - Whole Time Director & CFO	9,03,600	8,63,814	21600	21,600
Chittaranjan Jena - Company Secretary	-	75,270	-	3,696
Manjeet Kumar - Company Secretary	1,81,962	1,66,772	8933	9,288
Krishna Jayakumar - Company Secretary	2,50,284	-	7200	-
<b>Total</b>	<b>13,35,846</b>	<b>11,05,856</b>	<b>37,733</b>	<b>34,584</b>

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.

25.2 (xi) Deivative instruments and unhedged foreign currency exposure

Particulars of unhedged foreign currency exposures as at the reporting date

Particulars	As at 31.03.2017	As at 31.03.2016
Trade Payables (in Euro)	Nil	Nil
Trade Receivable (in USD)	Nil	Nil

25.2 (xii) 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 company. The Suppliers registered under MSMED act to whom the company owes any sum which is outstanding more than 30 days as on 31st March 2017:

Nil

Particulars	As at 31.03.2017	As at 31.03.2016
Principal amount due to suppliers registered under the MSMED Act and remaining		
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at	Nil	Nil
Principal amounts paid to suppliers registered under the MSMED Act, beyond the	Nil	Nil
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered	Nil	Nil
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the	Nil	Nil
Interest due and payable towards suppliers registered under MSMED Act, for	Nil	Nil
Further interest remaining due and payable for earlier	Nil	Nil

25.2 (xiii) In the Opinion of Board of Directors, Current Assets, Loans and Advances, have atleast the value as stated in the Balance Sheet,

25.2 (xiv) Debtors and creditors are subject to confirmation.

Pursuant to Accounting Standard (AS 28) - Impairment of assets, the Company assessed its fixed assets for impairment as at

25.2 (xv) 31st March 2017 and concluded that there has been no significant impaired fixed asset that needs to be recognised in the books

25.2 (xvi) Auditors' Remuneration (Excluding Service Tax)

Particulars	As at 31.03.2017	As at 31.03.2016
For Statutory Audit	75,000	75,000
For Tax Audit	25,000	25,000
For Company Law Matters	-	-
For Other Services	-	-
For Reimbursement of expenses	-	-

25.2(xvii) Details of Denomination Notes

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08/11/2016	9,000.00	815.00	9,815.00
Add: Permitted receipts	-	1,15,800.00	1,15,800.00
Less: Permitted payments	-	1,15,759.00	1,15,759.00
Less: Amount deposited in banks	9,000.00	-	9,000.00
Closing cash in hand as on 30/12/2016	-	856.00	856.00

25.2 (xviii) TRANSACTIONS WITH RELATED PARTIES (as identified by the Company)

Description of the Nature of Transaction	Description of	Related Party	As at 31.03.2017	As at 31.03.2016
Remuneration paid	Key Managerial Personnel	Rajib Gosh Roy	9,03,600	8,85,414
	Company Secretary	Chittaranjan Jena	-	78,966
	Company Secretary	Manjeet Kumar	1,81,962	1,76,060
	Company Secretary	Krishna Jayakumar	2,50,284	-
Rent paid	Associate Company	HTC Properties LLP		2,91,494
Advances received	Associate Company	Hittco Properties LLP	1,60,000	-
	Associate Company	Private Limited	-	4,88,400
	Associate Company	BI Holdings (Banglore) LLP	-	-
	Associate Company	Specialized Micro Tools (P). Ltd	-	9,84,390
	Associate Company	Hitech Prints (India) Private Limited	27,97,946	7,50,000
	Associate Enterprise	Hittco Properties LLP	-	15,00,000
	Key Managerial Personnel	Madhu Bhandari	8,15,000	-
	Key Managerial Personnel	Surendra Bhandari	18,19,800	33,56,058

	Key Managerial Personnel	Siddharth Bhandari	-	17,40,036
<b>Advances given</b>	Associate Company	IEM International Private Limited	-	4,47,068
	Associate Enterprise	Hittco Properties LLP	-	4,00,000
	Associate Enterprise	HTC Properties LLP	22,66,908	2,00,000
	Associate Company	IEM International Private Limited	1,525	-
	Key Managerial Personnel	Surendra Bhandari	-	18,66,058
	Key Managerial Personnel	Sidharth Bhandari	-	27,96,976
<b>Receivable at the end</b>	Associate Company	Hittco (Thailand) Ltd	19,99,902	19,99,902
	Associate Company	IEM International Private Limited	34,389	-
	Associate Enterprise	HTC Properties LLP	20,66,908	-
<b>Payable at year end</b>	Associate Company	Fotoset Trading Private Limited	7,75,485	7,75,485
	Associate Company	Hitech Prints (India) Private Limited	-	28,14,946
	Associate Company	IEM International Private Limited	1,29,705	1,29,705
	Associate Enterprise	B I Holdings (Bangalore) LLP	18,50,000	18,50,000
	Associate Enterprise	B I Realtors LLP	-	4,24,225
	Associate Enterprise	HTC Properties LLP	-	6,70,816
	Associate Enterprise	Hittco Properties LLP	53,56,949	51,96,949
	Key Managerial Personnel	Madhu Bhandari	8,15,000	-
	Key Managerial Personnel	Surendra Bhandari	18,19,800	-
	Key Managerial Personnel	Siddharth Bhandari	6,52,480	7,12,480

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

**List of related parties: Other Associates/Other related party**

<b>Key Management Personnel</b>	HTC Properties LLP
Sidharth Bhandari	Fotoset Trading Private Limited
Surendra Bhandari	Hitech Prints (India) Private Limited
Madhu Bhandari	Hittco (Thailand) Ltd
Rajib Gosh Roy	Hittco Properties LLP
	IEM International Private Limited
	BI Holdings (Bangalore) LLP
	BI Realtors LLP

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

**As per our report of even date  
For Mishra & Co.,  
Chartered Accountants  
Firms' Registration No.012355S**

**Surendra Bhandari  
Managing Director**

**Sidharth Bhandari  
Director**

**Krishna Jayakumar  
Company Secretary  
Place: Bangalore  
Date:30/05/2017**

**Rajib Ghosh Roy  
CFO**

**CA Nilamadhab Mishra  
Proprietor  
Membership No.223157**

**Hittco Tools Limited**  
**Proxy form**

[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, Ali asker Road, 2<sup>nd</sup> Floor, Bangalore - 560052  
E- mail: companysecretary@hittco.in  
Website: www.hittco.in

Name of the member (s): -----

Registered Address: -----

E-mail Id: -----

Folio No/ Client ID: -----

DP ID: -----

I, being the member of ----- shares of the above-named company, hereby appoint

Name: -----

Address: -----  
-----

E-mail id: ----- Signature-----

as my proxy to attend and vote (on a poll) for me and on my behalf at the 23<sup>rd</sup> Annual General Meeting of the company, to be held on the 29th September, 2017 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 <sup>st</sup> March, 2017		
2.	To Regularize appointment of Additional Director, Mr. Biligere Shekar Prakash (DIN: 07507383)		
3.	To appoint a Director in place of Mr. Satish Ramarao Shimoga (DIN: 01536009) who retires by rotation and being eligible, offers himself for re-appointment.		
4.	To appoint a Director in place of Mr. Rajeev G Hassanand (DIN: 02192261) who retires by rotation and		

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	being eligible, offers himself for re-appointment.		
5.	Re-Appointment M/s. Mishra & Co. Chartered Accountants, Firm Regn. No. 012355S be and are hereby Re-Appointed Statutory Auditors of the Company and fix their remuneration		

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

Signature of shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Please Affix Revenue Stamp
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**Notes:**

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 22<sup>nd</sup> 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**

HTC Aspire, 19, Ali asker Road, 2<sup>nd</sup> Floor, Bangalore - 560052

[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, Ali asker Road, 2<sup>nd</sup> Floor, Bangalore - 560052

E- mail: companysecretary@hittco.in

Website: www.hittco.in

**23<sup>rd</sup> ANNUAL GENERAL MEETING**

Date: 29<sup>th</sup> September, 2017: Time: 11A.M

Place: "SHANTALA" conference hall, Ashraya International Hotel, #149, Infantry Road, Bangalore-560001,

Member's Folio/DPID-Clint ID No. \_\_\_\_\_

No. of Share: \_\_\_\_\_

Member's /Proxy's name (in Block Letter): \_\_\_\_\_

**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 authorized representatives appointed under section 113 of the Company's Act, 2013. A copy of authorization should be deposited with the company.
3. In case of share 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 23<sup>rd</sup> 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 the Attendance slip.
5. Physical copy of the 23<sup>rd</sup> Annual Report and Notice of the AGM along with 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	25 <sup>th</sup> September,2017 (from 9.00 A.M)
End of E-voting	27 <sup>th</sup> September,2017 (up to 5.00 P.M)

Please refer notice for instruction on e-voting.