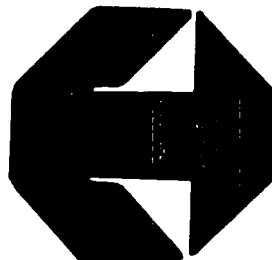


34th Annual Report 1996-97

MD	✓		BKC	✓
CS	✓		DPY	NA
RC	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



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HINDUSTAN EVEREST TOOLS LTD.



SYT. D.P. MANDELIA
CHAIRMAN



HINDUSTAN EVEREST TOOLS LTD.

34th ANNUAL REPORT 1996-97

BOARD OF DIRECTORS

Shri Durga Prasad Mandelia, *Chairman*
Kanwar Manmohan Kishan Kaul
Shri Brij Bhushan Jain
Shri Umesh Kumar Khaitan
Shri Yashovardhan Saboo
Mrs. Ajit Mehta
Shri D.R. Agarwal
Shri Shravan Mandelia, *Vice-Chairman & Managing Director*
Shri Balgopal Mandelia, *Joint Managing Director*

ADVISOR

Shri B.P. Mandelia

COMPANY SECRETARY

Shri Govind Deora

EXECUTIVES

Shri I.S. Sekhon, *Senior Manager (Works)*
Shri V.K. Goswami, *Senior Manager (Technical)*
Shri V.K. Khanna, *Manager (Finance & Accounts)*
Shri U.C. Pant, *Manager (Personnel & Administration)*
Shri M.K. Bose, *Manager (Technical)*
Shri Harish Kapoor, *Manager (Production)*
Shri H.K. Maheshwari, *Manager*
(Warehouse, Packing & Maintenance)
Shri K.K. Mehta, *Manager (Procurement)*
Shri K.R. Suri, *Manager (Marketing Technical)*
Shri P.K. Singh, *Manager (Marketing)*

AUDITORS

Singhi & Co.
Chartered Accountants,
H-Block, Connaught Circus,
New Delhi-110 001

BANKERS

UCO Bank,
Punjab National Bank
State Bank of India
Central Bank of India
Indian Overseas Bank

REGISTERED OFFICE

Dohil Chambers,
46, Nehru Place,
New Delhi-110 019

WORKS

Village Jatheri,
Distt. Sonapat,
Haryana

SHARES LISTED AT

Delhi, Bombay & Calcutta
Stock Exchanges

HINDUSTAN EVEREST TOOLS LTD.

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NOTICE

Notice is hereby given that the Thirty Forth Annual General Meeting of the Members of HINDUSTAN EVEREST TOOLS LIMITED will be held at PHD House, Opposite Asian Games Village, Siri Fort Road, New Delhi - 110 016 on Friday, the 26th day of September, 1997 at 4.30 P.M. to transact the following business :

AS ORDINARY BUSINESS :

- 1) To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date together with Reports of the Auditors' and Directors' thereon.
- 2) To declare a Dividend on Equity Shares.
- 3) To appoint Director in place of Smt. Ajit Mehta who retires by rotation and being eligible, offer himself for re-appointment.
- 4) To appoint Director in place of Kanwar Manmohan Kishan Kaul, who retires by rotation and being eligible, offer himself for re-appointment.
- 5) To appoint Auditors and to fix their remuneration.

NOTES :

- 1) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by Company not less than 48 hours before the meeting.
- 2) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 16th day of September, 1997 to Friday, the 26th day of September, 1997 (both days inclusive).
- 3) The dividend, if declared will be paid to those members whose names appear on the Register of Members of the Company on 26th September, 1997.
- 4) Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividend for the year 1992-93 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed the Dividend Warrants for the said year are requested to claim the amount from the Registrar of Companies, Paryavaran Bhawan, C.G.O. Complex, Lodhi Road, New Delhi 110 003.
- 5) Members are requested to notify change in their address, if any, to the Company immediately.

BY ORDER OF THE BOARD

BY ORDER OF THE BOARD

Place : New Delhi
Dated : 6th June, 1997

GOVIND DEORA
Company Secretary

Place : New Delhi
Dated : 6th June, 1997

GOVIND DEORA
Company Secretary

HINDUSTAN EVEREST TOOLS LTD.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Thirty Forth Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1997.

FINANCIAL RESULTS

	1996-97	(Rs. in Lakhs)	Previous Year
Profit after interest	297.52		271.74
Less : Depreciation	59.77		45.21
Net Profit	237.75		226.53
Less : Provision for Income Tax	75.00		67.00
	162.75		159.53
Add : Balance Brought forward from Previous Year	38.64		23.63
Refund/Adj. of Income Tax for earlier Years	19.62	58.26	— 23.63
	221.01		183.16

APPROPRIATIONS :

Transferred to			
General Reserve	150.00		125.00
Provision for Dividend	28.70		19.52
Provision for Tax on Dividend	2.87	181.57	— 144.52
Carried over to next year		39.44	38.64

OPERATION

During the current year, the turnover of your Company increased to Rs. 2680 lakhs as compared to Rs. 2398 lakhs in the previous year. The production also increased from 1452 MT to 1574 MT.

The products of your Company continued to enjoy a good reputation for their quality, both in India and Abroad but due to non revival of any export incentives by the Government and recessionary market conditions, the export turnover remained depressed. During the year the Company has successfully developed new export market also, to increase export sales. The domestic sales recorded an increase of 30% during the year which should be considered satisfactory.

RIGHTS ISSUE

The comparative figures of projected vs. actual profitability statement is as under :

Description	Projection for 1996-97 as per Letter of Offer	(Rs. in lakhs)	Actual 1996-97
Profit before Interest,			
Tax and Depreciation	300.00		297.52
Profit after tax	150.00		162.75

BONUS ISSUE

The Share Capital of the Company has increased from Rs. 82 Lakhs to 114.80 lakhs due to issue of bonus share during the year.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 2.50 per Equity Share of Rs. 10/- each for the year ended 31st March, 1997 subject to approval of Shareholders on the increased share capital and without any tax deduction at source, the Company paying same U/s 115-O of the Income Tax Act, 1961. Further, the Shareholders would not have to pay any tax on the dividend received by them.

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO.

As required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies Declaration of Particulars in the Report of the Board of Directors Rules, 1988, the information relating to the Conservation of Energy, Research & Development, Technology Absorption and Foreign Exchange Earnings and Outgo is given in the Annexure 'A' forming part of this Report.

DIRECTORS

In accordance with the provision of Companies Act, 1956 and Articles of Association, Smt. Ajit Mehta and Kanwar Manmohan Kishan Kaul retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

M/s Singhi & Company, Chartered Accountants, Auditors of the Company retire at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment. As regards Auditors observations in their report, the relevant notes on Accounts are self-explanatory.

FIXED DEPOSITS

During the year under review, the Company accepted an Fixed Deposited amounting to Rs. 2.75 lakhs. The total amount of Fixed Deposits held by the Company as on 31st March, 1997 stood at Rs. 8.61 lacs. There were no overdue deposits.

PERSONNEL

The Industrial relations continued to be very cordial during the year under review and your directors wish to place on record their sincere appreciation to employees for their continuous efforts and valuable services rendered by them at all levels.

Particulars of employees in terms of Section 217(2A) of the Companies Act, 1956 read with (Particulars of Employees) Rules, 1975, as amended upto date are set-out in the Annexure 'B' forming part of the Report.

for & on behalf of the Board

Place : Bombay
Dated : 13th June, 1997

D.P. MANDELIA
Chairman



ANNEXURE 'A'

Information as per Section 217(1)(e) read with the Companies (Declaration of particulars in respect of the Board of Directors) Rules, 1988 and Forming Part of the Directors' Report.

A) CONSERVATION OF ENERGY :

- (a) **Energy Conservation measures taken :** Energy conservation is an on-going activity in the Company and depending upon energy audits and their recommendations and internal checking, necessary corrective measures are being taken to minimise energy consumption per unit production.
- (b) **Additional Investments and Proposals :** Company is monitoring the actual power consumption of various equipments as and where required.
- (c) **Impact of measures :** With the implementation of various measures taken the total energy consumption and the energy consumption per unit should be considered satisfactory due to emphasis on production of high value added products and processes which consume more specific energy.
- (d) **Total energy consumption and Energy Consumption per Unit of Production :**

		Current Year	Previous Year
1. Power & Fuel Consumption			
(a) Electricity			
i) Purchased	Units	32,90,370	30,98,810
Amount	Rs.	1,02,55,608	79,64,325
Rate / Unit (average)	Rs.	3.12	2.57
ii) Own generation DG Sets :			
Units Generated		21,96,650	19,91,450
Units per Ltr. of Diesel		3.03	2.99
Rate per Ltrs. of fuel	Rs.	8.29	7.50
Cost / Unit (average)	Rs.	2.73	2.51
(b) Furnace Oil (LDO)			
Quantity (Ltrs.)	Ltrs	10,34,897	9,76,500
Amount	Rs.	76,33,267	61,25,162
Average Rate	Rs.	7.38	6.27
2) Consumption per Unit of Production			
Product - Hand Tools			
Electricity	Units/MT	3,486	3,520
Furnace Oil	Ltr/MT	658	675
Other (Specify)		—	—

(B) TECHNOLOGY ABSORPTION

(1) RESEARCH & DEVELOPMENT

- (i) The continuous, intensified, ongoing activities of Research and Development in the strategic areas like Process Development, Product-Updation, New Products Development, Energy Conservation and Process control has shown considerable progress and the following has been achieved :-
- (a) Upgradation of plants and processes have resulted in better performance and efficiency.
- (b) Product Range has been further expanded both in terms of new items and also existing items.
- (c) An approach for the Process Control has shown encouraging results.

HINDUSTAN EVEREST TOOLS LTD.**(ii) Benefits derived as a result of the in-house R & D**

- (a) Extension of product range.
- (b) Identification of new products.
- (c) better product with better performance.
- (d) Effective and better control on process thereby the consistency in quality.

(iii) Expenditure on R & D

	(Rs. in Lakhs)
(a) Capital	—
(b) Recurring	14,59,834
(c) Total	14,59,834
(d) Total R & D Expenditure	
of total turnover	0.54%

(iv) Technology Imports

No technology was imported during last five years.

(C) FOREIGN EXCHANGE EARNINGS & OUTGO**(a) Total Foreign Exchange used and earned**

	(Rs. in lakhs)
Total Foreign Exchange Used	19,15,827
Total Foreign Exchange Earned	8,85,36,228



ANNEXURE 'B'

Information U/s 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 1997.

Name	Designation (Years)	Age	Qualifications	No. of Years Experience	Date of Comm- encement of employment	Particulars of previous of employment	Remuneration Rs.
Sh. S.K. Mandelia	M.D.	39	B. Com.	18	01.4.1982	None	8,70,065
Sh. B.G. Mandelia	Jt. M.D.	37	B. Com.	17	01.4.1982	None	8,34,310

NOTES :

1. Remuneration includes salary, commission, HRA, Leave Salary, Leave Travel Allowance, reimbursement of medical expenses, expenditure incurred by the Company on providing accommodation, Company's contribution to Provident Fund and value of taxable perquisites.
2. Both the above employees are Directors and are related to each other and Sh. Durga Prasad Mandelia & Sh. Yashovardhan Saboo.
3. The nature of employment is contractual for above cases.