

35th
Annual Report
1997-98

MD	✓	PKC	✓
CS	✓		NA
RO	✓		✓
TRA	NA		✓
AGM	✓	✓	✓
YE	✓	✓	✓



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HINDUSTAN EVEREST TOOLS LTD.



SYT. D.P. MANDELIA
CHAIRMAN



HINDUSTAN EVEREST TOOLS LTD.

35th ANNUAL REPORT 1997-98

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)*
 Shri Ramesh Gupta, *Manager, (Factory Accounts)*

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
 CITI Bank

REGISTERED OFFICE

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

WORKS

Village Jatheri,
 Distt. Sonapat,
 Haryana

SHARES LISTED AT

Delhi, Mumbai & Calcutta
 Stock Exchanges

HINDUSTAN EVEREST TOOLS LTD.

NOTICE

Notice is hereby given that the Thirty Fifth 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 25th day of September, 1998 at 11.00 A.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, 1998 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 Shri Yashovardhan Saboo, who retires by rotation and being eligible, offer himself for re-appointment.
- 4) To appoint Director in place of Shri Devkinandan R. Agarwal, who retires by rotation and being eligible, offer himself for re-appointment.
- 5) To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS :

- 6) To consider and if thought fit to pass with or without modifications the following resolution as Ordinary Resolution :

Resolved that :

- i) Pursuant to the recommendations of the Board of Directors and pursuant to Article 193 of the Articles of Association of the Company and subject to the guidelines prescribed by SEBI and stock Exchanges, an aggregate sum of Rs. 45.92 lacs out of the amount standing to the credit of the Share Premium Account be and is hereby capitalised and that accordingly such sum be and is hereby set free for distribution and allotment among the holders of the existing equity share of Rs. 10/- each of the Company, whose names appear on the Register of Members on such date as may be fixed by the

Board of Directors in that respect, as fully paid-up shares in the proportion of two new equity shares for every five existing shares held by such Members on such date as determined aforesaid and that the said Bonus Equity Shares so distributed and allotted shall be treated for all purposes as an increase in the amount of paid-up Share Capital of the Company, held by each such Member and not as Income and that such Bonus Shares shall rank pari-passu in all respect with the equity shares already issued by the Company, save and except that these shall not qualify for dividend that may be declared or paid prior to the date of allotment.

- ii) In making the distribution of the new shares as aforesaid, the Board shall not issue fractional shares, but the new shares represented by the total number of such fractional shares shall be allotted to any person or Committee of persons, whether in the employment of the Company or not, appointed by the Board of Directors for this purpose, who shall hold the shares so allotted as Trustee(s) for and on behalf of the Members, who would have been entitled to the fractional shares if they had been issued and that the said person or persons shall as soon as practicable, sell the same and after deducting all expenses of sale, handover the net sale proceeds to the Company by which net sale proceeds shall be distributed to the Members entitled thereto in proportion to their respective fractional entitlement who shall accept the same in full satisfaction of their respective rights and interest in the said capitalisation.
- iii) For the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to take all necessary steps and give such directions as may be necessary to settle any question or difficulty which may arise in regard thereto in such manner as they may think fit."

BY ORDER OF THE BOARD

Sd/-

GOVIND DEORA

Company Secretary

Place : New Delhi
Dated : 12th June, 1998

**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 Monday, the 17th day of August, 1998 to Tuesday, the 15th day of September, 1998 (both days inclusive).
- 3) The dividend, if declared will be paid to those members whose name appear on the Register of Members of the Company on 15th September, 1998.
- 4) Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividend for the year 1993-94 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.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

ITEM NO. 6

The present paid-up share capital of the Company is Rs. 1,14,80,000/- which is divided into 1148000 equity share of Rs. 10/- each fully paid up does not reflect the actual capital employed in the Company. The Board accordingly considers that the paid-up capital of the Company should be increased so that it more closely represents the capital employed in the business. The Board, therefore, recommends that a sum of Rs. 45.92 Lacs out of Share Premium account be capitalised and this amount be applied in paying in full at par 459200 new equity shares of Rs. 10/- each to be allotted as Bonus shares to the holders of the existing issued equity shares of the Company who are registered as members on such date as determined by the Board in proportion of two new equity shares for every five existing equity shares held by such members respectively.

As mentioned in the Resolution, the amount proposed to capitalised and the proportion in which the Bonus shares are intended to be issued will be subject to the guidelines prescribed by SEBI and Stock Exchanges.

The issue of the Bonus Shares and payments, if any, for fractional entitlements to the respective shareholders of the Company will be subject also to the sanction of the appropriate authorities.

The new equity shares to be allotted as Bonus Shares shall rank pari-passu with the existing equity shares in all respects save and except that these shall not qualify for dividend that may be declared or paid prior to the date of allotment. The fraction entitlements, if any, of the respective members will be settled in manner indicated in the resolution.

Articles 193 of the Company's Articles of Association authorises the capitalisation and the issue of the bonus shares by the Company in the manner proposed. Resolution is intended to give effect to above proposal and the Board recommends that the resolution be passed.

The Directors of the Company may be deemed to be interested in the resolution to the extent of the Bonus Shares which may be allotted to them in respect of their existing holding in the share capital of the Company.

BY ORDER OF THE BOARD

Place : New Delhi
Dated : 12th June, 1998

Sd/-
GOVIND DEORA
Company Secretary

HINDUSTAN EVEREST TOOLS LTD.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Thirty Fifth Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL RESULTS

	1997-98	(Rs. in Lakhs)	Previous Year
Profit after interest	247.28		297.52
Less : Depreciation	67.41		59.77
Net Profit	179.87		237.75
Less : Provision for Taxation	42.50		75.00
Provision for Taxation for earlier years	2.26	44.76	— 75.00
	135.11		162.75
Add : Balance brought forward from Previous Year	39.44		38.64
Refund/Adj. of Income Tax for earlier Years	0.36	39.80	19.62 58.26
	174.91		221.01
APPROPRIATIONS:			
Transferred to General Reserve	100.00		150.00
Provision for Dividend	28.70		28.70
Provision for Tax on Dividend	2.87		2.87
	131.57		181.57
Carried over to next year	43.34		39.44

OPERATION

Due to general recessionary conditions on the one hand and overall increase in costs, your Company faced pressures on operating profits resulting in the overall profit being lower. However, with increased emphasis on export sales and higher production of better value added products, the turnover of the Company increased to Rs. 2876.88 lacs during the current year against Rs. 2680.00 lacs last year with export sales increasing by 22% during the year as compared to the previous year.

On the domestic front, your Company continued to successfully introduce its products into the new incoming Automobile Sector as OEM which would reap good returns in the coming years. Also, emphasis on dealer sales continued resulting in better across the counter sales of your Company's products which enjoy the premium position in the market.

Considering the above mentioned factors, the performance of your Company during the year under review should be considered satisfactory.

BONUS ISSUE

Your directors are pleased to recommend issue of Bonus share in the ratio of 2 shares for every 5 shares held, the resolution for approving the same has been proposed for your consideration.

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, 1998 subject to approval of Shareholders.

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 Earning 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, Shri Yashovardhan Saboo and Shri Devkinandan R. Agarwal 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 a Fixed Deposited amounting to Rs. 1.28 lakhs. The total amount of Fixed Deposits held by the Company as on 31st March, 1998 stood at Rs. 9.89 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

Sd/-

Place : Mumbai
Dated : 24th July, 1998

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, measures under taken to improve efficiency.
- (c) **Impact of measures :** With the implementation of various measures taken the total energy consumption and the energy consumption per unit of production 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	39,72,820	32,90,370
Amount	Rs.	1,38,63,815	1,02,55,608
Rate / Unit (average)	Rs.	3.49	3.12
ii) Own generation DG Sets :			
Units Generated		14,58,895	21,96,650
Units per Ltr. of Diesel		3.07	3.03
Rate per Ltr. of fuel	Rs.	9.63	8.29
Cost / Unit (average)	Rs.	3.14	2.73

(b) Furnace Oil (LDO)

Quantity	Ltrs	10,80,636	10,34,897
Amount	Rs.	87,08,488	76,33,267
Average Rate	Rs.	8.06	7.38

2) Consumption per Unit of Production

Product - Hand Tools

Electricity	Units/MT	3372	3,486
Furnace Oil	Ltr/MT	671	658
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-Update, 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	15.25
(c) Total	15.25
(d) Total R & D Expenditure of total turnover	0.53%

(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	16.60
Total Foreign Exchange Earned	1117.44

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, 1998.

Name	Designation	Age (Years)	Qualifications	No. of Years Experience	Date of Comm- encement of employment	Particulars of previous employment	Remuneration Rs.
Sh. S.K. Mandelia	M.D.	40	B. Com.	19	01.4.1982	None	8,18,263
Sh. B.G. Mandelia	Jt. M.D.	38	B. Com.	18	01.4.1982	None	8,18,967

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.

