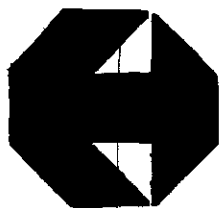
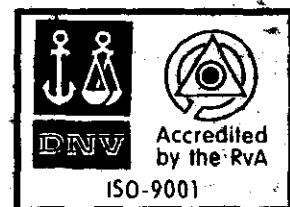


36th
Annual Report
1998 - 99

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**Hindustan
Everest
Tools Ltd.**



The first and the only ISO 9001 Hand Tools Company in India



HINDUSTAN EVEREST TOOLS LTD.

36th ANNUAL REPORT 1998-99

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 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 Sixth 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 Wednesday, the 29th day of September, 1999 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, 1999 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 Brij Bhushan Jain, who retires by rotation and being eligible, offer himself for re-appointment.
- 4) To appoint Director in place of Shri Umesh Kumar Khaitan, who retires by rotation and being eligible, offer himself for re-appointment.
- 5) To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS :

To consider and if thought fit to pass with or without modifications, the following resolutions as Ordinary Resolution :

- 6) "Resolved that in accordance with the provisions of section 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof and subject to such approvals as may be necessary, Shri Shravan Kumar Mandelia be re-appointed as Managing Director of the Company for a further period of Five Years w.e.f. 14th December, 1998 on the following terms and conditions including the remuneration to be paid in the event of the loss or inadequacy of profits in any financial year during the aforesaid period:

1. **Salary** : Rs. 42,000/- (Rupees Forty Two Thousand only) per month.
2. **Commission** : One percent of the net profit of the Company for each financial year or part thereof computed in the manner laid down under section 349 of the Companies Act, 1956 and not to exceed overall ceiling on remuneration laid down in section 198 and 309 of the Companies Act, 1956
3. **Perquisites** : In addition to the aforesaid salary and commission the following perquisites will be allowed which shall be restricted to an amount equal to the annual salary or Rs.4,50,000/- per annum whichever is less.

CATEGORY 'A'

(i) Housing :

- (a) The expenditure incurred by the Company on hiring unfurnished accommodation for the Managing Director shall be subject to ceiling of 60% of the salary over and above 10% payable by the Managing Director.
- (b) In case the accommodation is owned by the Company, 10% of the salary of the Managing Director shall be deducted by the Company.
- (c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance subject to ceiling laid-down in (a) above as the case may be.

The expenditure which may be incurred by the Company on gas, electricity, maintenance, water and furnishings shall be valued as per the Income Tax Rules, 1962 subject to ceiling of 10% of the salary of the Managing Director.

- ##### (ii) Medical Reimbursement :
- Expenses incurred for the Managing Director and his family subject to the ceiling of one month's salary in a year or three months salary over a period of three years.

- ##### (iii) Leave Travel Concession :
- For Managing Director and his family, once in a year in accordance with the rules specified by the Company.

- ##### (iv) Club Fees :
- Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

- ##### (v) Personal Accident Insurance :
- premium not to exceed Rs. 4,000/- per annum. For the purpose of this category 'Family' means spouse, dependent children and dependent parents of the Managing Director.

CATEGORY 'B'

- ##### (i) Company's contribution to Provident Fund subject to ceiling of 12% of the salary.

Company's contribution towards Super-Annuation /Annuity Fund, such contribution together with contribution to the Provident Fund shall not exceed 25% of the salary

Company's contribution towards Super-Annuation Fund will not be included in the Computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.

Gratuity not exceeding half a month's salary for each completed year of service.

- ##### (ii) Leave on full pay and allowances as per Rules of the Company but not exceeding one month's leave for



every 11 months of service. Encashment of leave at the end of the tenure will not be included in the computation of perquisites.

CATEGORY 'C'

Free use of Company's Car with Driver.

Free use of Telephone at his residence.

Provision for car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director."

- 7) "Resolved that in accordance with the provisions of section 198, 269, 309 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof and subject to such approvals as may be necessary, Shri Balgopal Mandelia be re-appointed as Joint Managing Director of the Company for a further period of Five years w.e.f. 1st January, 1999 on the following terms and conditions including the remuneration to be paid in the event of the loss or inadequacy of profits in any financial year during the aforesaid period :

1. **Salary** : Rs. 40,000/- (Rupees Forty Thousand only) per month.
2. **Commission** : One percent of the net profit of the Company for each financial year or part thereof computed in the manner laid down under section 349 of the Companies Act, 1956 and not to exceed overall ceiling on remuneration laid down in section 198 and 309 of the Companies Act, 1956
3. **Perquisites** : In addition to the aforesaid salary and commission the following perquisites will be allowed which shall be restricted to an amount equal to the annual salary or Rs.4,50,000/- per annum whichever is less.

CATEGORY 'A'

(i) Housing :

- (a) The expenditure incurred by the Company on hiring unfurnished accommodation for the Joint Managing Director shall be subject to ceiling of 60% of the salary over and above 10% payable by the Joint Managing Director.
- (b) In case the accommodation is owned by the Company, 10% of the salary of the Joint Managing Director shall be deducted by the Company.
- (c) In case no accommodation is provided by the Company, the Joint Managing Director shall be entitled to House Rent Allowance subject to ceiling laid-down in (a) above as the case may be.

The expenditure which may be incurred by the Company on gas, electricity, maintenance, water and furnishings shall be valued as per the Income Tax Rules, 1962 subject to ceiling of 10% of the salary of the Joint Managing Director.

- (ii) **Medical Reimbursement** : Expenses incurred for the Joint Managing Director and his family subject to the ceiling of one month's salary in a year or three months salary over a period of three years.
- (iii) **Leave Travel Concession** : For Joint Managing Director and his family, once in a year in accordance with the rules specified by the Company.
- (iv) **Club Fees** : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- (v) **Personal Accident Insurance** : premium not to exceed Rs. 4,000/- per annum. For the purpose of this category 'Family' means spouse, dependent children and dependent parents of the Joint Managing Director.

CATEGORY 'B'

- (i) Company's contribution to Provident Fund subject to ceiling of 12% of the salary.

Company's contribution towards Super-Annuation /Annuity Fund, such contribution together with contribution to the Provident Fund shall not exceed 25% of the salary

Contribution to Provident Fund-Super Annuation Fund will not be included in the Computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act. Gratuity not exceeding half a month's salary for each completed year of service.

- (ii) Leave on full pay and allowances as per Rules of the Company but not exceeding one month's leave for every 11 months of service. Encashment of leave at the end of the tenure will not be included in the computation of perquisites.

CATEGORY 'C'

Free use of Company's Car with Driver.

Free use of Telephone at his residence.

Provision for car for use of Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Joint Managing Director."

BY ORDER OF THE BOARD

Sd/-

GOVIND DEORA
Company Secretary

Place : New Delhi
Dated : 28th May, 1999

HINDUSTAN EVEREST TOOLS LTD.

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 Thursday, the 16th day of September, 1999 to Wednesday, the 29th day of September, 1999 (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 29th September, 1999.
- 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.
- Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999 now the amount of Dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.
- Members who have not encashed the dividend warrant(s) so far for the financial year ended 1994-95, or any subsequent dividend payment(s) are requested to make their claim to the Company.
- 5) Pursuant to new Section 109A inserted in the Companies Act, 1956 individual shareholders holding Shares in the Company singly or jointly may nominate an individual to whom all the rights in the Shares of the Company shall vest in the event of death of the sole /all shareholders. Nomination Form as prescribed by the Govt. is sent herewith.
- 6) Members are requested to notify change if any, in their address/or mandate to the Company. **For prompt and proper mailing, please inform correct PIN CODE number.**

EXPLANATORY STATEMENT

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

ITEM NO. 6

The Board of Directors in its meeting held on 30th October 1998 re-appointed Shri Shravan Kumar Mandelia as Managing Director of the Company for a further period of five years w.e.f. 14th December, 1998, on the terms and conditions as specified in the proposed Resolution forming part of the Notice, subject to the provisions contained in Schedule XIII as amended upto date of the Companies Act, 1956.

None of the Directors other than the appointee himself is interest in the said resolution except Syt. D.P. Mandelia, Shri Balgopal Mandelia and Shri Yashovardhan Saboo who are related to Shri Shravan Kumar Mandelia.

The Directors commends the resolution for your approval.

ITEM NO. 7

The Board of Directors in its meeting held on 30th October 1998 re-appointed Shri Balgopal Mandelia as Joint Managing Director of the Company for a further period of five years w.e.f. 1st January, 1999 on the terms and conditions as specified in the proposed Resolution forming part of the Notice, subject to the provisions contained in Schedule XIII as amended upto date of the Companies Act, 1956.

None of the Directors other than the appointee himself is interest in the said resolution except Syt. D.P. Mandelia, Shri Shravan Kumar Mandelia and Shri Yashovardhan Saboo who are related to Shri Balgopal Mandelia.

The Directors commends the resolution for your approval.

BY ORDER OF THE BOARD

Place : New Delhi
Dated : 28th May, 1999

Sd/-
GOVIND DEORA
Company Secretary



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Thirty Sixth Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

	1998-99	(Rs. in Lakhs)	Previous Year
Profit after interest	57.32		247.28
Less : Depreciation	48.12		67.41
Net Profit	9.19		179.87
Less : Provision for Taxation	1.01	42.50	
Provision for Taxation earlier year	—	1.01	2.26
	8.18		135.11
Add : Balance brought forward from Previous Year	43.34	39.44	
Refund/Adj. of Income Tax for earlier Year	0.44	43.78	0.36
	51.96		174.91

APPROPRIATIONS :

Transferred to General Reserve	—	100.00	
Provision for Dividend	16.07	28.70	
Provision for Tax on Dividend	1.77	17.84	2.87
Carried over to next year	34.12	43.34	

OPERATION

Due to recessionary conditions continuing to prevail, the Company faced tremendous pressures on both, turnover and operating profits for the year, resulting in the sales for the year being lower by almost 10%. To combat the increasing costs and improve competitiveness, the Management undertook vigorous austerity and cost reduction measures, the full impact of which would actually be felt from the current year onwards.

Together with the effects of cost reduction and greater emphasis on high realisation products, the results for the current year are expected to be better.

DIVIDEND

Your Directors are pleased to recommend a dividend of 10% i.e. Rs. 1.00 per Equity Share of Rs. 10/- each for the year ended 31st March, 1999 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.

YEAR 2000 ISSUE

Your Company has undertaken a comprehensive approach to address its exposure to the Year 2000 issue and verified all the Computer Systems Y2K complaint.

DIRECTORS

In accordance with the provision of Companies Act, 1956 and Articles of Association, Shri Brij Bhushan Jain and Shri U.K. Khaitan 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 Deposit amounting to Rs. 0.32 lakhs. The total amount of Fixed Deposits held by the Company as on 31st March, 1999 stood at Rs. 10.21 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/-

D.P. MANDELIA
Chairman

Place : Mumbai
Dated : 4th June, 1999

HINDUSTAN EVEREST TOOLS LTD.**ANNEXURE 'A'**

Information as per Section 217(1)(e) read with the Companies (Declaration of particulars in respect of the Board of Directors) Rule, 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 the average energy consumption per unit of each department, internal Checking, necessary corrective measures are being taken to reduce the energy consumption per unit of Production.
- (b) **Additional Investments and Proposals :** With the help of equipment like Automatic Power Factor Correction Meter, Ammeter in each phase, the Company is monitoring the consumption of plant as well as various equipments as done to improve efficiency.
- (c) **Impact of measures :** With the implementation of various measures taken 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	37,97,805	39,72,820
Amount	Rs.	1,48,88,770	1,38,63,815
Rate / Unit (average)	Rs.	3.92	3.49
ii) Own generation DG Sets :			
Units Generated		12,81,740	14,58,895
Units per Ltr. of Diesel		2.86	3.07
Rate per Ltr. of fuel	Rs.	9.79	9.63
Cost / Unit (average)	Rs.	3.41	3.14
(b) Furnace Oil (LDO)			
Quantity (Ltrs.)	Ltrs	10,00,304	10,80,636
Amount	Rs.	78,20,379	87,08,488
Average Rate	Rs.	7.82	8.06
2) Consumption per Unit of Production			
Product - Hand Tools			
Electricity	Units/MT	3627	3372
Furnace Oil	Ltr/MT	714	671
Other (Specify)		—	—

(B) TECHNOLOGY ABSORPTION**(1) Research & Development**

- (i) The Research & Development Centre of the Company continuously endeavours to upgrade the existing product, process and venture in new product development and process improvement. This has lead to enhance progress and efficiency throughout the plant. The benefits derived can be summed-up as under :
- (a) Extension of Product Range & introduction of new Product.
 - (b) Upgradation of process leading to better quality, performance and efficiency.
 - (c) Diversification to non-ferrous alloy tools manufacturing hitherto imported.
 - (d) Upgradation of existing product for better quality and performance.
 - (e) Extensive study of process, product function vis-a-vis customer requirement and its modification.

**(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	16.73
(c) Total	16.73
(d) Total R & D Expenditure of total turnover	0.64%

(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	16.62
Total Foreign Exchange Earned	911.85