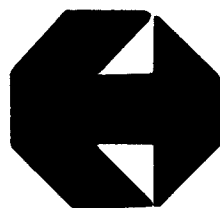
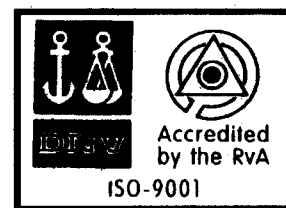


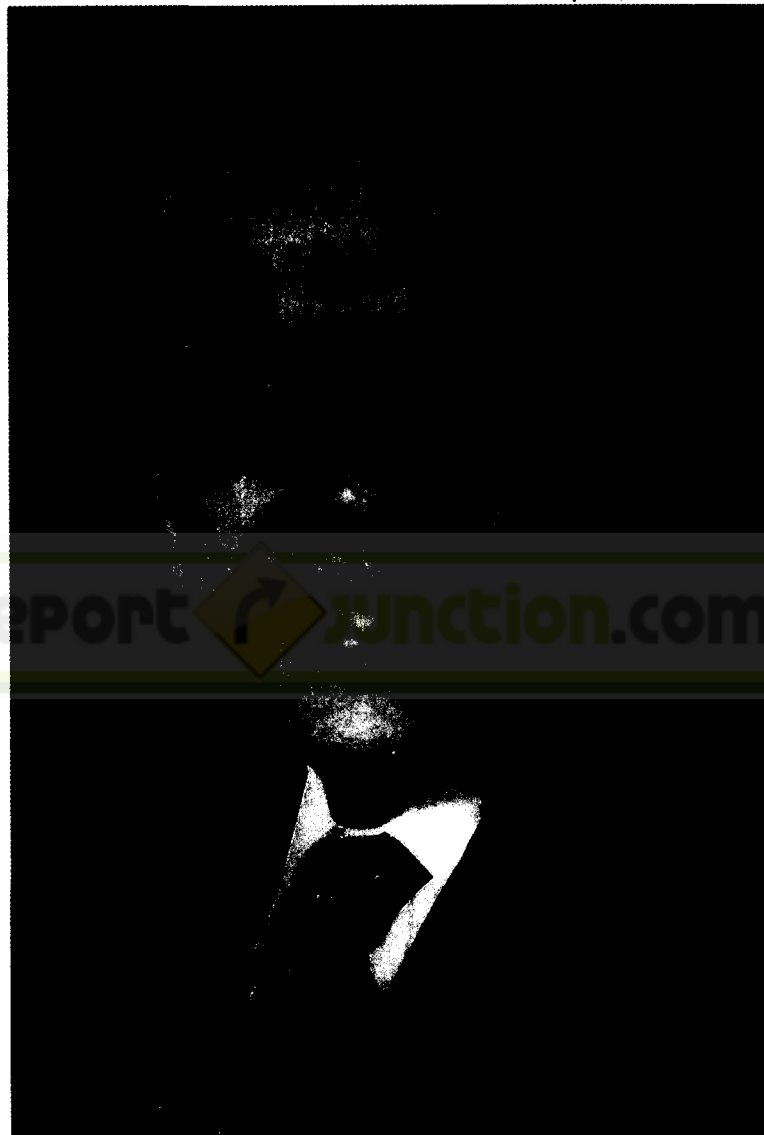
**40th**  
***Annual Report***  
**2002-2003**

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**Hindustan  
Everest  
Tools Ltd.**





**SYT. D.P. MANDELIA**  
**CHAIRMAN EMERITUS**



## HINDUSTAN EVEREST TOOLS LTD.

### 40th Annual Report 2002-2003

#### BOARD OF DIRECTORS

Shri Durga Prasad Mandelia, *Chairman Emeritus*  
Shri Shravan Kumar Mandelia, *Chairman & Mg. Director*  
Shri Balgopal Mandelia, *Vice-Chairman and Jt. Mg. Director*  
Shri Yashovardhan Saboo  
Shri Umesh Kumar Khaitan  
Shri Vibhu Bakhru  
Shri V.K. Khanna (*Executive Director Finance*)  
Shri Pradeep Jain

#### ADVISOR

Shri B.P. Mandelia

#### COMPANY SECRETARY

Shri Govind Deora

#### EXECUTIVES

Shri H.K. Maheshwari, *General Manager (Works)*  
Shri V.K. Goswami, *Senior Manager (Technical)*  
Shri U.C. Pant, *Manager (Personnel & Administration)*  
Shri Harish Kapoor, *Manager (Production)*  
Shri K.K. Mehta, *Manager (Procurement)*  
Shri P.K. Singh, *Manager (Marketing)*  
Shri Ramesh Gupta, *Manager (Factory Accounts & Stores)*  
Shri A.G. Pawar, *Manager (Maintenance)*  
Shri Ambrish Raj, *Manager (Marketing)*  
Shri Lokesh Sood, *Manager (Export Market Development)*  
Shri B.K. Jain, *Manager (Marketing Administration)*

#### AUDITORS

Singhi & Co.  
Chartered Accountants,  
Pragati House, 47-48, Nehru Place,  
New Delhi-110 019

#### BANKERS

UCO Bank  
Punjab National Bank  
HDFC Bank  
CITI Bank

#### REGISTERED OFFICE

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

#### WORKS

Village Jatheri  
Dist. Sonapat, Haryana

#### SHARES LISTED AT

Delhi, Mumbai & Calcutta Stock Exchanges

#### REGISTRAR & TRANSFER AGENT

Intime Spectrum Registry Limited  
3, Community Centre, Naraina Indl. Area,  
Phase-I, New Delhi-110028



## HINDUSTAN EVEREST TOOLS LTD.

### NOTICE

Notice is hereby given that the 40th Annual General Meeting of the Members of Hindustan Everest Tools Ltd. will be held at "PHD House", opposite Asian Games Village, Siri Fort Road, New Delhi - 110016 on Thursday, the 25th day of September, 2003 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, 2003 and the Balance Sheet as at that date together with Reports of the Auditors and Directors thereon.
- 2) To appoint Director in place of Shri U.K. Khaitan, who retires by rotation and being eligible, offer himself for re-appointment.
- 3) To appoint Director in place of Shri V.K. Khanna, who retires by rotation and being eligible, offer himself for re-appointment.
- 4) To appoint Auditors and to fix their remuneration.

By Order of the Board

Place : New Delhi  
Date : June 27th, 2003

(GOVIND DEORA)  
COMPANY SECRETARY

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#### 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, 2003 to Thursday, the 25th day of September, 2003 (both the days inclusive).
- (3) Pursuant to Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31.3.1995 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund established by the Central government pursuant to Section 205C of the Companies Act, 1956.  
Members who have not encashed the dividend warrant(s) so far for the financial year ended 1995-96, or any subsequent dividend payment(s) are requested to make their claim to the Company.
- 4) (a) Members holding shares in physical form are requested to notify/send the following to the Registrar and Transfer Agent of the Company M/s Intime Spectrum Registry Limited, 3, Community Centre, Naraina Industrial area, Phase-I, New Delhi-110028:
  - i) any change in their address/mandate/bank details.
- b) Members holding shares in the dematerialised form are requested to notify all changes with respect to their address, mandate and bank details to their Depository Participant.



# HINDUSTAN EVEREST TOOLS LTD.

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 40th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2003.

(Rs. in Lakhs)

<b>FINANCIAL RESULTS</b>	<b>2002-2003</b>	<b>2001-2002</b>
Profit (Loss) after interest	(64.95)	(99.87)
(Add)/Less: Depreciation	(47.12)	(45.66)
Net Profit (Net Loss)	(112.07)	(145.53)
(Add): Provisions for Taxation	(0.45)	(0.49)
Provision for Taxation earlier year	(0.51)	0.24
	(112.01)	(145.78)
Less: Provisions for Deferred Tax	47.82	63.80
	(64.19)	(81.98)
<b>APPROPRIATION</b>		
Transferred from General Reserve	64.19	81.98
Carried over to next year	—	—

## OPERATIONS

During the year under review, both domestic as well as export markets continued to be effected due to the on-going recession, and in case of exports, even more so due to unsettled economic conditions internationally, the exports were severely effected. On the domestic front, again due to sluggish market condition and ever increasing cost of all inputs, the sales were adversely effected.

In spite of most rigorous cost control measures, cost of all major inputs such as Steel and Petroleum Oils registered steep increases, which due to sluggish market conditions, could not be recovered.

In order to be effectively competitive with even the lower priced market segment in both domestic as well as export markets, during last financial year, your Company commenced trading activities as major activity with focus on products not being manufactured in-house and it is hoped that this activity would show good results in the future.

The Management continues its efforts on cost cutting and increasing production efficiency and it is expected that the results for the current year should be better.

## DIVIDEND

In view of the Company having suffered a loss during the year, the Directors hereby express their inability to recommend any dividend for the year ended 31st March, 2003.

## 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 Board of Directors Rules, 1988, the information relating to the Conservation of Energy, Research and 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 Umesh Kumar Khaitan and Shri Vinod Kumar Khanna retire by rotation and being eligible, offer themselves for re-appointment.



## HINDUSTAN EVEREST TOOLS LTD.

### DIRECTORS' RESPONSIBILITY STATEMENTS

In compliance to the provisions of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed.

- i. That in the preparation of the accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the accounts for the financial year ended 31st March, 2003 on a "going concern" basis.

### 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 qualification made in the Auditor's Report the relevant Notes of Notes on Accounts are self -explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

### FIXED DEPOSITS

The total amount of Fixed Deposits held by the Company as on 31st March 2003 stood at Rs.12.52 lacs. There were no overdue deposits.

### PERSONNEL

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.

There is no employees who was in receipt of remuneration as required to be disclosed under Section 217(2A) of the Companies Act, 1956.

for and on behalf of the Board

Place: New Delhi  
Dated: June 27th, 2003

Sd/-  
S.K.MANDELIA  
Chairman



## 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 various equipment's as and where required. Installation of additional equipment is 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:

1. Power & Fuel Consumption		Current Year	Previous Year
(a) Electricity			
i. Purchased	Units	35,21,099	35,19,670
Amount	Rs.	1,48,66,610	1,47,22,417
Rate/Unit (average)	Rs.	4.22	4.18
ii. Own generation DG Sets			
Units Generated		3,08,900	4,28,580
Units per Ltr. of Diesel		2.90	3.00
Rate per Ltr. of Fuel	Rs.	17.44	15.53
Cost/Unit (average)	Rs.	6.01	5.18
(b) Furnace Oil (LDO)			
Quantity	(Ltrs.)	7,62,208	8,71,473
Amount	Rs.	1,07,65,309	1,15,05,911
Average Rate	Rs.	14.12	13.20
(c) LPG			
Quantity (Kg.)		31,083	
Amount	Rs.	7,17,396	
Average Rate	Rs.	23.08	
2. Consumption per Unit of Production			
Product-Hand Tools			
Electricity	Units/MT	3,417	3469
Furnance Oil	Ltr./MT	740	766
LPG		30	—

#### B) TECHNOLOGY ABSORPTION

##### Research & Development:

- (i) The Research & Development Centre of the Company continuously endeavors 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:



## HINDUSTAN EVEREST TOOLS LTD.

- (i) Extension of Product Range & introduction of new Product.**
- Upgradation of process leading to better quality, performance and efficiency.
  - Diversification to non-ferrous alloy tools manufacturing hitherto imported.
  - Upgradation of existing product for better quality and performance.
  - Extensive study of process, product function vis-vis customer requirement and its modification.

**(ii) Benefits derived as a result of the in-house R & D:**

- Extension of product range.
- Identification of new products.
- Better product with better performance.
- Effective and better control of process thereby the consistency in quality.

**(iii) Expenditure on R&D:**

(Rs. in Lakhs)

a) Capital	—
b) Recurring	17.76
c) Total	17.76
d) Total R & D expenditure of total turnover	0.85

**(iv) Technology Imports :**

No technology was imported during last five years.

**C. FOREIGN EXCHANGE EARNING AND OUTGO:**

Total Foreign Exchange used and earned:

(Rs. in Lakhs)

Total Foreign Exchange Used	45.52
Total Foreign Exchange Earned	760.00

3,08,680	3,08,680	
3.00	3.00	
13.73	13.73	Rs
6.18	6.01	Rs
8,71,473	7,82,508	(Rs.)
1,12,02,911	1,07,62,305	Rs
18.50	14.12	Rs
	31,083	
	7,17,396	Rs
	53.08	Rs
3469	3,417	Unit MT
766	740	Unit MT
—	30	

(2) Foreign Exchange Option

Foreign Exchange Option

A Development Centre of the Company continuously endeavors to upgrade the existing product. A Development Centre of the Company continuously endeavors to upgrade the existing product. A Development Centre of the Company continuously endeavors to upgrade the existing product. A Development Centre of the Company continuously endeavors to upgrade the existing product. A Development Centre of the Company continuously endeavors to upgrade the existing product.





## HINDUSTAN EVEREST TOOLS LTD.

### AUDITORS' REPORT

To the Shareholders,

We have audited the attached Balance Sheet of **HINDUSTAN EVEREST TOOLS LTD.** as at 31st March, 2003 and also the Profit & Loss Account and the Cash Flow Statement for the year ended as on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a responsible basis for our opinion.

As required by the manufacturing and other Companies (Auditor's Report) Order, 1988, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (ii) 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 and Profit & Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2003 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2003 from being appointed as a director in terms of clause (g) of sub section (1) section 274 of the Companies Act, 1956.
- (vi) We further report that subject to note No 15 regarding non provision of diminution in value of investments amounting to Rs. 8,09,723. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view. In conformity with the accounting principles generally accepted in India;
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2003 and
  - b) In the case of the Profit and Loss Account, of the profit/loss for the year ended on that date.
  - c) In the case of cash flow statement of the cash flows for the year ended on that date.

For **SINGHI & CO.**  
Chartered Accountants

Place : New Delhi  
Dated : 27th June, 2003

R. K. Anand  
Partner