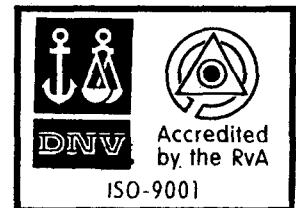


41st
Annual Report
2003-2004

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**Hindustan
Everest
Tools Ltd.**





SYT. D.P. MANDELIA
CHAIRMAN EMERITUS



HINDUSTAN EVEREST TOOLS LTD.

41st Annual Report 2003-2004

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 Ramesh Gupta, *Manager (Factory Accounts & Stores)*
 Shri A.G. Pawar, *Manager (Maintenance & Tool Room)*
 Shri Ambrish Raj, *Manager (Marketing - Domestic & Export)*
 Shri B.K. Jain, *Manager (Marketing Administration)*
 Shri K.K. Mehta, *Manager (Procurement)*
 Shri P.K. Singh, *Manager (Marketing)*
 Shri Lokesh Sood, *Manager (Export Market Development)*

AUDITORS

Singhi & Co.
 Chartered Accountants
 Pragati House, 47-48, Nehru Place,
 New Delhi-110019

BANKERS

UCO Bank
 Punjab National Bank
 HDFC Bank
 CITI Bank

REGISTERED OFFICE

Dohil Chambers
 46, Nehru Place, New Delhi-110019

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 41st Annual General Meeting of the Members of **Hindustan Everest Tools Ltd.** will be held at "PHD House", opp. Asian Games Village, Siri Fort Road, New Delhi - 110016 on Thursday, the 30th day of Sept., 2004 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, 2004 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 D.P. Mandelia, who retires by rotation and being eligible, offer himself for re-appointment.
- 3) To appoint Director in place of Shri Pradeep Jain, who retires by rotation and being eligible, offer himself for re-appointment.
- 4) To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS :

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

- 5) " 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, 2003 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. 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 Managing Director."

- 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 Balgopal Mandelia be re-appointed as Joint Managing Director of the Company for a further period of Five years w.e.f. 1st January, 2004 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 Section 198 and 309 of companies Act, 1956.



HINDUSTAN EVEREST TOOLS LTD.

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 :

- 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.
- In case the accommodation is owned by the Company, 10% of the salary of the Joint Managing Director shall be deducted by the Company.
- 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.

- 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.
- Leave Travel Concession :** For Joint Managing Director and his family, once in a year in accordance with the rules specified by the Company.
- Club Fees :** Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- 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 '

- Company's contribution to Provident Fund subject to ceiling of 12 % of the salary.
Company's contribution towards Super -Annuation/

NOTES :

- 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.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 16th day of September, 2004 to Thursday, the 30th day of September, 2004 (both the days inclusive).
- Pursuant to Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31.3.1996 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 1996-97, or any subsequent dividend payment(s) are requested to make their claim to the Company.
- 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:
 - any change in their address/mandate/bank details.
 - 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.

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.

- 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."

- " Resolved that pursuant to the provisions of Section 198, 309, 310 and other applicable provisions of the Companies Act, 1956, read with schedule XIII and any other applicable provisions of the aforesaid Act and subject to the approval of the Central Government, if necessary, the consent of the Company be and is hereby accorded to the re-appointment of Shri Vinod Kumar Khanna as Executive Director(Finance) of the Company for a period of 3 years w.e.f. 17th August, 2004 upon terms and conditions as set out in the Explanatory Statement appended hereto with a liberty to the Board to alter and vary any of the terms and conditions of the said appointment and/or agreement, if any, to alter in such manner as may be agreed to between the Board of Directors and Shri Vinod Kumar Khanna so as not to exceed the limit specified in Schedule XIII of the Companies Act, 1956 or any amendment thereon.

By Order of the Board

Place : New Delhi
Dated : June 11th, 2004

(GOVIND DEORA)
Company Secretary

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT**

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

ITEM NO. 5

The Board of Directors in its meeting held on 31st October, 2003 re-appointed Shri Shravan Kumar Mandelia as Managing Director of the Company for a further period of five years w.e.f. 14th December, 2003 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 interested 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 commend the resolution for your approval.

ITEM NO. 6

The Board of Directors in its meeting held on 31st October 2003 re-appointed Shri Balgopal Mandelia as Joint Managing Director of the Company for a further period of five years w.e.f. 1st January, 2004 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 interested 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 commend the resolution for your approval.

ITEM NO. 7

Shri Vinod Kumar Khanna shall be liable to retire by rotation and shall be considered as rotational Director. The terms and conditions of re-appointment of Shri Vinod Kumar Khanna are given below :-

A) Salary : Rs. 32,000/- per month with annual increment of Rs. Rs. 3,000/- each for 2nd and 3rd year respectively.

B) Perquisites & Allowances :

I. In addition to his salary, Shri Vinod Kumar Khanna shall be entitled to following perquisites and allowances :

- 1) Unfurnished accommodation or House Rent Allowance in lieu of, subject to maximum of 50% of the salary.
- 2) Medical Reimbursement : Reimbursement of expenses incurred for self and family subject to a ceiling of 15,000/- in a year or Rs. 45,000/- over a period of three years.
- 3) Leave Travel Concession : For self and family, subject to ceiling of one month's salary in a year or three month's salary over a period of three years.

II. He shall also be eligible to the following perquisites which shall however not be included in the computation of ceiling on remuneration specified in Part II of Schedule XIII.

- 1) Company's contribution towards provident Fund as per the Rules of the Company.
- 2) Gratuity as per the Rules of the Company but shall not exceed half month's salary for each completed year of service.
- 3) Earned Leave : Encashment of unavailed Earned Leaves as per the rules of the Company at the end of each year on his request or at the end of his tenure.

III. Provision of Car for use on Company's business and telephone at residence will not be considered as perquisites. Personnel long distance calls on telephone and use of car for private purpose shall be billed by the Company.

The Board recommends the Resolution for your approval.

Except Shri Vinod Kumar Khanna no other Director is interested in this resolution.

BY ORDER OF THE BOARD

Place: New Delhi
Dated : 11th June 2004

(GOVIND DEORA)
Company Secretary



HINDUSTAN EVEREST TOOLS LTD.

ADDENDA

To the notice dated the 11th June, 2004 relating to holding of 41st Annual General Meeting of M/s Hindustan Everest Tools Ltd. on Friday, the 30th September, 2004

1. The following resolutions be added as Ordinary Resolutions to consider and if thought fit to pass with or without modification after Resolution No.7 under the Special Business:
- 8) "Resolved that subject to provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and other applicable Acts, Rules and Regulations, if any, (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approval, permissions and sanctions from such authorities as may be required and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the voluntary delisting of Securities of the Company from Delhi Stock Exchange Association Limited and The Calcutta Stock Exchange Association Limited."
- "Resolved further that Shri Govind Deora, Company Secretary of the Company be and is hereby authorised to agree such terms and conditions which they may consider appropriate and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to execute all such applications, documents and writings as are considered necessary or proper for giving effect to this resolution".
- 2 The Item No.8 be added after Item No.7 in the Explanatory Statement under Section 173 of the Companies Act, 1956.

ITEM NO.8

Presently the Company's Securities are listed on The Stock Exchange, Mumbai, Delhi Stock Exchange Association Limited, Delhi and The Calcutta Stock Exchange Association Limited, Kolkata. The Delhi Stock Exchange Association Limited is considered as Regional Stock Exchange for the Company.

The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, permits a Company to get its Securities delisted even from the the Reginal Stock Exchange provided the securities continue to be listed on a Stock Exchange having nationwide trading terminals. The Securities of your Company is listed on The Stock Exchange, Mumbai having nationwide trading terminals and investors can easily access to online dealing in the Company's Securities across the country.

In the last few years, there was negligible trading in the Company's Securities at Delhi Stock Exchange Association Limited and The Calcutta Stock Exchange Association Limited. The listing fees paid to Delhi Stock Exchange Association Limited and The Calcutta Stock Exchange Association Limited do not have any cost benefit for the listing facilities. Also no particular benefit is available to the Security holders of the Company from continued listing on these Stock Exchanges.

It is, therefore, proposed to delist voluntarily the Securities of the Company from Delhi Stock Exchange Association Limited and The Calcutta Stock Exchange Association Limited.

Pursuant to Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, a Special Resolution is required to be passed for voluntary delisting of Securities.

In view of the above said, the Board recommends the resolution for your approval.

None of the Directors of the Company are concerned or interested in the resolution except as security holder of the Company where applicable.

NOTE : The above form the part of Notice dated 11th June ,2004 for all purpose.

**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present the 41st Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2004.

Rs. in Lakhs

| FINANCIAL RESULTS | | 2003-2004 | | 2002-2003 |
|---|---------------|------------------|---------------|------------------|
| Profit/ (Loss) before interest | | 111.53 | | 28.24 |
| Less : Interest | 59.98 | | 63.63 | |
| : Voluntary retirement comp. | 18.92 | (78.90) | 29.56 | (93.19) |
| Cash profit | | 32.63 | | (64.95) |
| Less: Depreciation | | 49.67 | | 47.12 |
| Net Loss | | (17.04) | | (112.07) |
| Add/Less: | | | | |
| : Provision for taxation | (0.36) | | (0.45) | |
| : Provision for Taxation for earlier year | — | | 0.51 | |
| : Provisions for Deferred Tax | 7.47 | 7.11 | 47.82 | 47.88 |
| | | (9.93) | | (64.19) |
| APPROPRIATION | | | | |
| Transfer from General Reserve | | 9.93 | | 64.19 |
| Carried over to next year | | NIL | | Nil |

OPERATIONS

The year under review was indeed difficult due to several reasons. The price of all ferrous as well as non-ferrous metals inflated by unprecedented amount which led to tremendous increase in the direct input costs, which due to stiff competition could not be passed on to customers. On the export front also, due to strengthening of the Indian Rupee against all major international currencies the realizations were adversely affected.

However, the Management was able to largely offset these affects by emphasizing upon all round efficiency and cost control measures.

On the Domestic market front, the Company continued to experience loss of direct OEM market. It should be considered a matter of satisfaction that the loss of OEM market was successfully offset by developing alternate marketing channels.

Although the Company was successful in overcoming the adverse affects of increase in input raw material cost and made a cash profit of Rs. 32.63 lacs after interest but before Depreciation, and registered an increase in sale by 10%, all possible efforts continue to further increase over all operational efficiency, cost cutting and developing new markets for your Company's products. It is hoped that the working results of the current year should show further improvement.

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, 2004.

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.



HINDUSTAN EVEREST TOOLS LTD.

DIRECTORS

In accordance with the provision of Companies Act, 1956 and Articles of Association, Shri D.P.Mandelia and Shri Pradeep Jain retire by rotation and being eligible, offer themselves for re-appointment.

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, 2004, 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 judgments 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, 2004 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 2004 stood at Rs12.26 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 employee who was in receipt of remuneration as required to be disclosed under Section 217(2A) of the Companies Act, 1956.

FOR & ON BEHALF OF THE BOARD

Place: New Delhi
Dated: June 11th, 2004

S.K.MANDELIA
Chairman