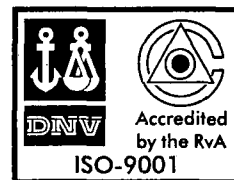


45th
Annual Report
2007-2008

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**Hindustan
Everest
Tools Ltd.**



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



LATE SYT. D. P. MANDELIA



HINDUSTAN EVEREST TOOLS LTD.

45th ANNUAL REPORT 2007-2008

BOARD OF DIRECTORS

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 Pradeep Jain
Shri V.K. Khanna, *Executive Director (Finance)*

COMPANY SECRETARY

Shri Govind Deora

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AUDITORS

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

BANKERS

UCO Bank,
Punjab National Bank
HDFC Bank

REGISTERED OFFICE

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

WORKS

Village Jatheri,
Distt. Sonapat,
Haryana

SHARES LISTED AT

Mumbai Stock Exchange

REGISTAR & TRANSFER AGENT

Intime Spectrum Registry Limited
A-40, 2nd Floor
Near Batra Banquet Hall
Naraina Industrial Area, Phase-II,
New Delhi-110028.



HINDUSTAN EVEREST TOOLS LTD.

NOTICE

Notice is hereby given that the 45th 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 Tuesday, the 30th day of September, 2008 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, 2008 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 Yashovardhan Saboo, who retires by rotation and being eligible, offer himself for re-appointment.
- 3) To appoint Director in place of Shri Umesh Kumar Khaitan, 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 pursuant to the provision of Section 314(1-B) and other applicable provisions of the Companies Act, 1956 and subject to the approval of the shareholders in the ensuing Annual General Meeting, Shri Anant Vijay Mandelia, Marketing Executive of the Company be paid the following salary and perquisites w.e.f. 1st February 2008:-
 - a) Salary of Rs. 20,000/- per month or Rs. 2,40,000/- per annum.
 - b) Company's contribution to Provident Fund of an amount not exceeding 12% of his salary.

Shri Anant Kumar Mandelia is related to Shri S.K. Mandelia, Shri B.G. Mendelia and Shri Yashovardhan Saboo are deemed to be the interested in this resolution.

BY ORDER OF THE BOARD

Place : New Delhi
Dated : 30th June, 2008

Sd/-
GOVIND DEORA
Company Secretary

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 23rd day of September, 2008 to Tuesday the 30th day of September, 2008 (Both days inclusive).
- (3) Pursuant to Section 205A of the Companies Act, 1956, dividend for the financial year ended 31-3-1999 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.
- (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, A-40, 2nd Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet Hall, New Delhi-110028.
 - (i) Any change in their address/mandate/bank details.
- (b) Members holding shares in the dematerialized form are requested to notify all changes with respect to their address, mandate and bank details to their Depository Participant.



HINDUSTAN EVEREST TOOLS LTD.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

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

ITEM NO. 5

Shri Anant Vijay Mandelia appointed u/s 314(1-B). The terms and conditions of appointment of Shri Anant Vijay Mandelia are given below: -

A. Salary : Rs. 20,000/- (Rupees Twenty Thousand Only) per month.

B. Perquisites & Allowances :

(i) He shall also be eligible to the following perquisites which shall however not be included in the computation of ceiling on remuneration: -

1) Company's contribution to Provident Fund of an amount not exceeding 12% of his salary.

The Board recommends the Resolution for your approval.

Except Shri S.K. Mandelia, Shri B.G. Mandelia and Shri Yashovardhan Saboo no other Director is interested in this resolution.

BY ORDER OF THE BOARD

Place : New Delhi
Dated : 30th June, 2008

Sd/-
GOVIND DEORA
Company Secretary



HINDUSTAN EVEREST TOOLS LTD.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 45th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2008.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	2007-2008	2006-2007
Profit / (Loss) before interest	102.80	157.14
Less : Interest	94.16	74.37
Cash Profit/ (Loss)	8.64	82.77
Depreciation	61.48	54.97
Net Profit/ (Loss)	(52.84)	27.80
Add/Less :		
: Provision for Taxation (Including Fringe Benefit Tax)	(13.55)	(12.30)
: Provision for Deferred Tax	36.19	22.64
	(30.20)	(34.44)
		(46.74)
Brought forward from previous year	—	—
APPROPRIATION		
Transfer from General Reserve	30.20	18.94
Carried over to next year	—	—

OPERATIONS

The turnover increased only marginally during the year by approximately 6% as compared to the previous year. During the year under review, the company faced increase in cost of all inputs and in addition, the Government of Haryana revised the minimum wage for workers by more than 40% which affected the profitability very drastically. Coupled to allround cost increases, the appreciation of Indian Rupee v/s foreign currencies had a very severe adverse affect on the realization on exports of the company.

However, during the year, your Company embarked upon an ambitions modernization programme under which several machines were replaced and additions made by state of art most modern machines to increase productivity and reduce cost of product substantially. These measures are expected to affect the productivity, product quality and profitability of your Company favourably from the current year onwards.

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, 2008.

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 Umesh Kumar Khaitan 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.

- That in the preparation of the accounts for the financial year ended 31st March, 2008 the applicable accounting standards have been followed along with proper explanation relating to material departures.
- 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.
- 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.
- That the Directors have prepared the accounts for the financial year ended 31st March, 2008 on a "going concern" basis.

AUDITORS

M/s Singhi & Company, Chartered Accountants, Auditors of the Company retires 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, regarding uses of short term funds in long term investment, we would like to clarify that the funds required for long term investments were tied up with Bank but funds released after 31st March, 2008. Regarding other observation/ qualification made in the Auditor's Report, 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, 2008 stood at Rs. 5.46 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 & on behalf of the Board

Sd/-
S.K. MANDELIA
Chairman

Place : New Delhi
Dated : 30th June, 2008



HINDUSTAN EVEREST TOOLS LTD.

ANNEXURE 'A'

Information as per Section 217(i)(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 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 :**

		Current Year	Previous Year
1. Power & Fuel Consumption			
(a) Electricity			
i) Purchased Units		23,81,352	23,48,746
Amount	Rs.	1,07,33,487	99,73,240
Rate / Unit (average)	Rs.	4.51	4.24
ii) Own generation DG Sets :			
Units Generated		6,32,020	7,48,680
Units per Ltr. of Diesel	Rs.	3.07	2.98
Rate per Ltr. of Fuel	Rs.	30.84	28.30
Cost / Unit (average)	Rs.	10.05	9.50
(b) LPG			
Quantity	(Kg.)	3,11,556	2,83,642
Amount Rs.	Rs.	1,24,07,418	95,44,553
Average Rate	Rs.	39.82	33.65
2) Consumption per Unit of Production			
Product - Hand Tools Electricity Units/MT		3,080	3,207
LPG		318	294

(B) TECHNOLOGY ABSORPTION

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) Upgradation of existing product for better quality and performance.
- (d) Extensive study of process, product function vis-a-vis customer requirement and its modification.



HINDUSTAN EVEREST TOOLS LTD.

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

- (a) Improving productivity by designing better accuracy & ergonomic production Tools & Fixtures.
- (b) Better product with better performance.
- (c) Effective and better controls of process thereby increasing the consistency of quality.

(iii) Expenditure on R & D

(Rs. in Lakhs)

(a) Capital	—
(b) Recurring	5.19
(c) Total	5.19
(d) Total R & D Expenditure of total turnover	0.18%

(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	44.97
Total Foreign Exchange Earned	1,235.36

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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, 2008 and the Profit & Loss Account and Cash Flow 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 statement. 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 reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) 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 and 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 explanation which to the best of our knowledge and belief, were necessary for the purpose of our audit.
- ii) In our opinion, proper books of Account as required by the law have been kept by the Company so far as appears from our examination of those books;
- iii) The Balance Sheet, Profit and Loss Account and Cash Flow dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow 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, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008, from being appointed as directors in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- vi) a) Refer Note No. 9 (b) in Schedule 22 regarding provision of deferred tax assets of Rs. 1,31,40,546 based on future profitability projection made by the management. However, we are unable to express any opinion on the above projections and consequent impact, if any, on such deferred tax assets.
- b) Refer Note No. 13 in Schedule 22 regarding non-provision of diminution in value of long term investment Rs.1,06,044, which in the opinion of the management is temporary in nature.
- vii) Subject to our inability to ascertain the related financial impact, if any, of our comments as given in paragraph (vi) (a) & (b) above, In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon 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 Balance Sheet, of the state of affairs of the company as at 31st March, 2008 and
- b) In the case of Profit and Loss account, of the loss of the company for the year ended on that date.
- c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

for **SINGHI & CO.**
Chartered Accountants

B. K. SIPANI
Partner
Membership No. 88926

Place : New Delhi
Dated : 30th June, 2008