



## **HINDUSTAN EVEREST TOOLS LTD.**

### **48th ANNUAL REPORT 2010-2011**

#### **BOARD OF DIRECTORS**

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

#### **COMPANY SECRETARY**

Shri Govind Deora

#### **AUDITORS**

**Singhi & Co.**  
*Chartered Accountants,*  
Pragati House  
401-408 , 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,  
Distt. Sonapat,  
Haryana

#### **SHARES LISTED AT**

Bombay Stock Exchange

#### **REGISTAR & TRANSFER AGENT**

**LINK INTIME INDIA PVT. LTD.**  
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 48th 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 Friday the 30th day of September, 2011 at 2.30 P.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, 2011 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 Pradeep Jain 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.

#### **AS SPECIAL BUSINESS :**

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

"Resolved that pursuant to section 314 and other applicable provisions, if any, of the Companies Act, 1956 including statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time, the Directors' Relatives (office or Place of Profit) Rules, 2003 and as recommended/approved by the Remuneration Committee at its Meeting held on May 30, 2011 and as approved by the Board of Directors at their Meeting held on May 30, 2011 and subject to such approvals by the Shareholders of the Company, as may be required, the consent of the Company be and hereby accorded to Shri Anant Vijay Mandelia, who is a relative of a Directors to hold an office or place of profit under the Company as Marketing Executive or with such designation as the Board of Directors of the Company may, from time to time, decide, for revision of his remuneration for a period of three years from 1st May, 2011 on a remuneration and on the terms and conditions as set out in the Explanatory Statement attached hereto which shall be deemed to form part hereof with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said remuneration from time to time."

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

BY ORDER OF THE BOARD

Place : New Delhi  
Dated : 30th May, 2011

Sd/-  
GOVIND DEORA  
Company Secretary



## **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 Friday the 23rd day of September, 2011 to Friday the 30th day of September, 2011 ( both the days inclusive).
- (3) Pursuant to Section 205A(5) 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 Link Intime India Pvt. Limited, A-40, 2nd Floor, Naraina Industrial area, Phase-II, Near Batra Banquet Hall, New Delhi-110028, Phone No.: 41410592, Fax: 41410591, E-mail: delhi@linkintime.co.in and Company's e-mail: admin@everesttools.com
  - 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.
  - (c) Shareholders are also requested to quote their Folio No. / DP ID-Client ID and details of shares held in physical/ demat mode, E-mail IDs and Telephone / Fax numbers for prompt reply to their communications.

### **Green Initiative in Corporate Governance : Register E-mail Address**

The Ministry of Corporate Affairs has now permitted companies to send various notices / documents under the Companies Act 1956, to its shareholders, through electronic mode. We request the Members to support this initiative and register their E-mail addresses in respect of shares held in : (1) dematerialised mode, with their Depository Participants; and (2) physical mode with Link Intime India Pvt. Ltd. (RTA). Please quote the following particulars in the E-mail Registration request : Folio No. / DPID-Client ID, PAN, name(s) of Registered Holder(s), Address, Telephone and E-mail address (to be registered for sending future communications through E-mail) and send the same under your signature(s).

BY ORDER OF THE BOARD

Place : New Delhi  
Dated : 30th May, 2011

Sd/-  
GOVIND DEORA  
Company Secretary



## **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 is working as a Business Executive (Marketing) in our Company since 1st February 2008 on a monthly remuneration of Rs. 20,000/- and perquisites applicable to other employees in the similar post within the same grade which is well within the permissible limit subject to the approval of the Shareholders in the ensuring Annual General Meeting of the Company. He is son of Shri Balgopal Mandelia, Vice-Chairman & Managing Director of the Company.

Shri Anant Vijay Mandelia current salary is not commensurate with the role and responsibility carried out by him. Hence, on the recommendation/approved by the Remuneration Committee at its Meeting held on May 30, 2011, the Board of Directors at their Meeting held on May 30, 2011 approved of remuneration in the Scale of Rs. 30,000-40,000-50,000 per month for a period of three years respectively from 1st May, 2011, subject to the approval of the Shareholders in the ensuring Annual General Meeting. Further the Board shall have discretion and authority to revise his remuneration from time to time as it may deem fit, however within the above overall limit as approved by the members of the Company.

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. 30,000/-** per month in the Scale of Rs. 30,000-40,000-50,000.

**B) Perquisites & Allowances :**

1. He shall also be eligible to the following perquisites which shall however not be included in the computation of ceiling on remuneration: -
  - a) Company's contribution to Provident Fund of an amount not exceeding 12% of his salary.

The Board of Directors recommends the passing of the resolution at Item No.5 of the Notice convening the Meeting for the approval of the members under Section 314 of the Companies Act, 1956 by way of a special resolution.

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

**BY ORDER OF THE BOARD**

Place : New Delhi  
Dated : 30th May, 2011

Sd/-  
**GOVIND DEORA**  
*Company Secretary*

# HINDUSTAN EVEREST TOOLS LTD.



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 48th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2011.

### FINANCIAL RESULTS

	Rs. in Lakhs	
	2010-2011	2009-2010
Profit/ (Loss) before interest	158.92	(97.07)
Less: Interest	124.26	128.62
Cash Profit/(loss)	34.66	(225.59)
Depreciation	64.13	67.43
Net Profit/(Loss)	(29.47)	(293.12)
Add/Less:		
: Provision for taxation	(0.63)	(0.80)
: Provisions for Deferred Tax	7.10	41.89
	6.47	42.69
	(23.00)	(335.81)

### APPROPRIATION

Transfer from General Reserve	—	335.81
Carried over to next year	(23.00)	—

### OPERATIONS

The overall performance of the company for the year under review should under the circumstances be considered satisfactory.

Whilst the exports registered a growth of 70%, domestic sales registered an increase of 16%, and the production also increased by 25% over the previous year.

However, inflationary pressures remain a matter of concern, as the cost of all inputs including power and fuel and especially salaries and wages increased very sharply and these continue to do so even currently.

The Management spares no effort to curtail consumption and costs on each front whilst making best efforts to increase the realization by way of up-gradation of quality and search for new markets for the products of your Company.

The outlook for current year continues to be encouraging as demand for the products is increasing and additional machines have been recently imported to add to the current range of products which should increase the production and sales during the current year.

### 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, 2011.

### 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 Pradeep Jain and Shri Vinod Kumar Khanna 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, 2011, 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 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.
- 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, 2011 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.



## **HINDUSTAN EVEREST TOOLS LTD.**

As regards auditors observations/ qualification made in the Auditor's Report, Regarding other observations/ 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.

### **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.

Place : New Delhi  
Dated : 30th May, 2011

For & On Behalf of the Board  
Sd/-  
S.K. MANDELIA  
*Chairman*



## 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 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:

		Current Year	Previous Year
1. Power & Fuel Consumption			
(a) Electricity			
i. Purchased Units		23,06,200	19,20,523
Amount	Rs.	1,24,63,715	85,53,912
Rate/Unit (average)	Rs.	5.40	4.45
ii. Own generation DG Sets			
Units Generated		5,41,340	4,58,790
Units per Ltr. of Diesel		3.28	2.96
Rate per Ltr. of Fuel	Rs.	35.34	32.51
Cost/Unit (average)	Rs.	10.77	10.98
(b) LPG			
Quantity	(Kg.)	2,99,952	2,79,647
Amount	Rs.	1,35,30,488	1,04,24,205
Average Rate	Rs.	45.11	37.28
(c) PNG			
Quantity (SCM)	(Kg.)	20,841	—
Amount	Rs.	4,31,208	—
Average Rate	Rs.	20.69	—
2. Consumption per Unit of Production			
Product – Hand Tools			
Electricity Units/MT		3,064	3,194
LPG		323	375
PNG		—	—

### B) TECHNOLOGY ABSORPTION

Research & Development :

- (i) The Research & Development Center 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:-
  - 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-à-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 and 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	4.25
c) Total	4.25
d) Total R & D expenditure of total turnover	0.11%

(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	26.92
Total Foreign Exchange Earned	1,532.18





## **HINDUSTAN EVEREST TOOLS LTD.**

### **AUDITORS' REPORT**

#### **To the Shareholders,**

We have audited the attached Balance Sheet of HINDUSTAN EVEREST TOOLS LIMITED, as at 31st March, 2011, and also the Profit and Loss account and Cash Flow for the year ended 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 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 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, 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 and 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011, from being appointed as directors in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- vi. 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 the Balance Sheet, of the state of affairs of the company as at 31st March, 2011 and
  - b) In the case of the 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  
Firm Reg No. 302049E

B.K. Sipani  
Partner  
Membership No. 88926

Place : New Delhi  
Dated : 30th May, 2011