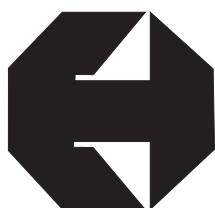


49th
Annual Report
2011-2012



**Hindustan
Everest
Tools Ltd.**

"The first ISO 9001 Hand Tools Company in India"



HINDUSTAN EVEREST TOOLS LTD.

49th ANNUAL REPORT 2011-2012

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Shri Govind Deora

AUDITORS

Singhi & Co.
Chartered Accountants,
401-408, Pragati House
44-45, 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 49th 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 Saturday the 29th day of September, 2012 at 11.00 A.M. to transact the following business :-

AS ORDINARY BUSINESS:

- 1) To receive, consider and adopt the audited Balance Sheet for the year ended 31st March, 2012 and the Audited Statement of Profit and Loss for the financial year 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 Vibhu Bakhru, 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
Dated : 29th May, 2012

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 Friday the 21st day of September, 2012 to Saturday the 29th day of September, 2012 (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 - Email: 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, names(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 : 29th May, 2012

Sd/-
GOVIND DEORA
Company Secretary



HINDUSTAN EVEREST TOOLS LTD.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 49th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2012.

Rs. in Lakhs

FINANCIAL RESULTS

	2011-2012	2010-2011
Profit / (Loss) before Finance Cost	141.69	150.42
Less: Finance Cost	140.57	116.39
Cash profit/(loss)	1.12	34.03
Depreciation	65.55	64.13
Net Profit/(Loss)	(64.43)	(30.10)
Add/Less:		
: Provision for taxation	—	—
: Provisions for Deferred Tax	(1.84)	7.10
	(66.27)	(23.00)

APPROPRIATION

Transfer from General Reserve	—	—
Carried over to next year	(66.27)	(23.00)

OPERATIONS

While the turnover to the Company increased by 11.50% during the year under review, the operating margins continued to be under severe pressure due to all round increase in cost of all major inputs. The maximum affect was caused due to increase in cost of manpower which rose by 13.5% for the year as compared to previous year and the required manpower continued to remain scarce, inhibiting increase in production.

It is hope that the current year should show much better result as the Company has successfully launched several new high value products in the market during the year under review.

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, 2012.

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 Pardeep Jain and Shri Vibhu Bakhru 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.

- That in the preparation of the accounts for the financial year ended 31st March, 2012, 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, 2012 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 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.

For & on behalf of the Board
Sd/-
S.K. MANDELIA
Chairman

Place : New Delhi
Dated : 29th May, 2012



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 for the year ended 31st March, 2012.

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.

Form - A Total energy consumption and Energy Consumption per Unit of production:

		Current Year	Previous Year
1. Power & Fuel Consumption			
(a) Electricity		25,85,430	23,06,200
i. Purchased Units			
Amount	Rs.	1,48,41,613	1,24,63,715
Rate/Unit (average)	Rs.	5.74	5.40
ii. Own generation DG Sets		4,27,900	5,41,340
Units Generated			
Units per Ltr. of Diesel		3.50	3.28
Rate per Ltr. of Fuel	Rs.	39.95	35.34
Cost/Unit (average)	Rs.	13.10	10.77
(b) LPG			
Quantity	(Kg.)		
Amount	Rs.	741	2,99,952
Average Rate	Rs.	38,762	1,35,30,488
(c) PNG		52.31	45.11
Quantity (SCM)	(Kg.)		
Amount	Rs.	3,55,316	20,841
Average Rate	Rs.	95,82,490	4,31,208
2 Consumption per Unit of Production		26.96	20.69
Product – Hand Tools			
Electricity Units/MT		3,289	3,064
LPG		—	323
PNG		388	—

Form - 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.
- (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.



HINDUSTAN EVEREST TOOLS LTD.

(iii) Expenditure on R & D:	(Rs. in Lakhs)
a) Capital	—
b) Recurring	2.59
c) Total	2.59
d) Total R & D expenditure of total turnover	0.06%

(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	35.16
Total Foreign Exchange Earned	1813.35

Place : New Delhi
Dated : 29th May, 2012

For & on behalf of the Board
Sd/-
S.K. MANDELIA
Chairman



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, 2012, and also the Profit and Loss Statement 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 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 Statement 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 Statement 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, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012, 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, 2012 and
 - b) In the case of the Profit and Loss Statement, 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.

Place: New Delhi
Dated: 29th May, 2012

For SINGHI & CO.
Chartered Accountants
Firm Reg No. 302049E
B.K.Sipani
Partner
Membership No. 88926



HINDUSTAN EVEREST TOOLS LTD.

Annexure referred to in paragraph 3 of our report of even date

- (i) a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. Fixed Assets have been physically verified by the Management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
- c. The company has not disposed off substantial part of fixed assets during the year.
- (ii) a. As explained to us inventories were physically verified during the year by the management at reasonable intervals.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c. In our opinion and according to the information and explanation given to us, the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) a. According to the information and explanations given to us, the company has taken unsecured loan including in previous year from four parties (maximum and year end balance Rs. 5,31, 51,862) listed in the register maintained under section 301 of the Companies Act 1956.
- b. The rate of interest and other terms & condition of such loan are prima facie not prejudicial to the interest of the company.
- c. As informed to us, the company has not granted any loan to parties covered in the register maintained under section 301 of the Companies' Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control.
- (v) a. In our opinion and according to the information and explanations provided by the management, we are of the opinion that the particulars of contract or arrangements that need to be entered into the register maintained under section 301 of the Companies Act 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, there is no transaction of purchase and sale of goods, materials and services made exceeding the value of Rs. five lakhs from any party covered under section 301 of the Companies' Act 1956.
- (vi) In our opinion and according to the information and explanations given to us, the company has not received any public deposit during the year.
- (vii) In our opinion, the company has internal audit system commensurate with the size and nature of its business.
- (viii) This is being first year of maintaining cost records for the company's products under section 209(1)(d) of the Companies' Act 1956, same is under preparation.
- (ix) a. According to the records of the company, the company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, services tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities though *there have been some delays. There are no undisputed outstanding statutory dues* as at the year end for a period of more than six months from the date they became payable.
- b. According to the records of the company, there are no dues outstanding of sales tax, income tax, service tax, custom duty, wealth tax, excise duty and cess on account of any dispute.
- (x) The company has no accumulated loss at the end of the financial year and the company has not incurred cash loss during the current and immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to financial institution and banks. We have been informed that the company has not issued any debenture during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies' (Auditor's Report) Order, 2003 (as amended), are not applicable to the company.
- (xiv) The company does not deal or trade in shares, securities, debentures and other securities.
- (xv) According to the information and explanations given to us, the company has not given any guarantees in favour of banks / financial institution for loans taken by others.
- (xvi) According to the information and explanations given to us, no term loan taken by the company during the year.
- (xvii) According to the information and explanation given to us, on an overall basis, fund raised on short term basis has not been used during the year for long term investment.
- (xviii) The company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies' Act, 1956.
- (xix) The company did not have any outstanding debentures during the year. Hence, question of creation of security or charge does not arise.
- (xx) The company has not raised any money through a public issue during the year.
- (xxi) Based on our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud on or by the company, was noticed or reported during the year.

For SINGHI & CO.
Chartered Accountants
Firm Reg No. 302049E
B.K.Sipani
Partner
Membership No. 88926

Place: New Delhi
Dated: 29th May, 2012