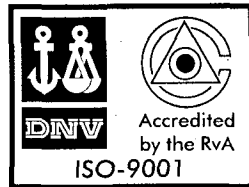


46th  
Annual Report  
2008-2009



**Hindustan  
Everest  
Tools Ltd.**



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

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**LATE SYT. D.P. MANDELIA**



# HINDUSTAN EVEREST TOOLS LTD.

46th ANNUAL REPORT 2008-2009

## 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  
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,  
Distt. Sonapat,  
Haryana

## SHARES LISTED AT

Mumbai Stock Exchange

## REGISTRAR & TRANSFER AGENT

**LINK INTIME INDIA PVT. LTD.**  
(Formerly 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 46th 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 Wednesday, the 30th day of September, 2009 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, 2009 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 Vinod Kumar Khanna, 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.

BY ORDER OF THE BOARD

Place : New Delhi  
Dated : 30th June, 2009

Sd/-  
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 Wednesday, the 23rd day of September, 2009 to Wednesday the 30th day of September, 2009 (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 LINK INTIME INDIA PVT. LTD., 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.

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 46th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2009.

### FINANCIAL RESULTS

	(Rs. in Lakhs)	
	2008-2009	2007- 2008
Profit / (Loss) before interest	142.14	102.80
Less : Interest	116.42	94.16
Cash Profit/ (Loss)	25.72	8.64
Depreciation	69.79	61.48
Net Profit/ (Loss)	(44.07)	(52.84)
Add/Less :		
: Provision for Taxation (Including Fringe Benefit Tax)	(21.19)	(13.55)
: Provision for Deferred Tax	9.89	36.19
	(11.30)	22.64
	(55.37)	(30.20)
Brought forward from previous year	—	—
APPROPRIATION		
Transfer from General Reserve	55.37	30.20
Carried over to next year	—	—

### OPERATIONS

The year ending March '09 was indeed a year of contrasts. The year started on a highly encouraging note especially in regards to Exports which during the first three quarters of the year had already crossed the whole previous year (07-08) figure by almost 18% and even Domestic sales registered a healthy growth likewise. However, the global recession which although had started showing signs from Nov-Dec'08 started actually affecting the operations of your company from Jan'09 onwards. The turnover increased by 10% during the year.

Although the domestic market for the products of your company continuous to fare reasonably well considering the economic situation, the export market is a matter of grave concern. It is hoped that export market should start showing signs of revival by 3rd quarter, but under the present circumstances the performance of your company during current year remains a matter of grave concern.

The Investments made in the plant and machinery during year 08-09 have yielded handsome benefits in terms of cost reduction and increased production efficiency, and once the overall economic situation improves, we shall continue even further with the program of modernization of plant and machinery.

### 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, 2009.

### 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 Vinod Kumar Khanna 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.

- That in the preparation of the accounts for the financial year ended 31st March, 2009 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, 2009 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, 2009. 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, 2009 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, 2009



# 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
<b>1. Power &amp; Fuel Consumption</b>			
(a) <b>Electricity</b>			
i) Purchased Units		24,40,884	23,81,352
Amount	Rs.	1,10,04,905	1,07,33,487
Rate / Unit (average)	Rs.	4.51	4.51
ii) Own generation DG Sets :			
Units Generated		5,45,690	6,32,020
Units per Ltr. of Diesel	Rs.	3.13	3.07
Rate per Ltr. of Fuel	Rs.	34.27	30.84
Cost / Unit (average)	Rs.	10.95	10.05
(b) <b>LPG</b>			
Quantity	(Kg.)	3,27,287	3,11,556
Amount	Rs.	1,55,04,619	1,24,07,418
Average Rate	Rs.	47.37	39.82
<b>2) Consumption per Unit of Production</b>			
Product - Hand Tools Electricity Units/MT		3,340	3,080
LPG		366	318

### (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.
- (ii) **Benefits derived as a result of the in-house R & D**
- (a) Improving productivity by designing better accuracy & ergonomic production Tools & Fextures.
- (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 0.16%
- (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	81.27
Total Foreign Exchange Earned	1,647.28



# 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, 2009 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 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 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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009, from being appointed as directors in terms of clause (g) of Sub-section (I) of Section 274 of the Companies Act, 1956.
- vi) a) Refer Note No. 9 (b) in Schedule 22 regarding credit taken for deferred tax assets of Rs. 1,41,34,065/- on unabsorbed depreciation and carried forward business loss which is based on future profitability projection made by the management. However, we are unable to express any opinion on the above projections and consequent impact on the realization of such deferred tax assets.  
b) Refer Note No. 13 in Schedule 22 regarding non-provision of diminution in value of long term investment Rs. 3,16,165/- 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, 2009 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, 2009



## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date Re: Hindustan Everest Tools Ltd.)

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its 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 the previous year from four Parties (maximum balance during the year Rs. 4,81,70,000/- and year end balance Rs. 4,64,75,000/-) entered in the register maintained under section 301 of the Companies Act' 1956.
- b) The rate of interest 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 arrangement 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 from the parties 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 complied with the directives issued by the Reserve Bank of India and provisions of section 58 A and 58 AA of the Companies Act, 1956 and rules framed there under with regard to the deposits accepted from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records for the Company's products under section 209 (I) (d) of the Companies Act, 1956.
- (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 delays/yet to be deposited in few cases. There are undisputed outstanding fringe benefit tax Rs. 6,67,962/- (excluding interest) 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 tax, wealth tax, excise duty and cess on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and the Company has not incurred cash loss during the current and in 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.





## HINDUSTAN EVEREST TOOLS LTD.

- (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 favours of banks / financial institution for loans taken by others.
- (xvi) According to the information and explanations given to us, term loans taken by the company have been applied for the purpose for which they were taken.
- (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*

B. K. SIPANI  
*Partner*  
Membership No. 88926

Place : New Delhi  
Dated : 30th June, 2009



# HINDUSTAN EVEREST TOOLS LTD.

## BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
a) Capital	1	1,60,72,000	1,60,72,000
b) Reserves and Surplus	2	6,70,67,444	7,26,04,693
		<u>8,31,39,444</u>	<u>8,86,76,693</u>
<b>2. Loan Funds</b>			
a) Secured Loans	3	7,80,00,991	8,34,05,164
b) Unsecured Loans	4	5,85,93,071	6,04,79,386
		<u>13,65,94,062</u>	<u>14,38,84,550</u>
<b>TOTAL</b>		<u><u>21,97,33,506</u></u>	<u><u>23,25,61,243</u></u>
<b>II. APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
a) Gross Block	5	20,33,71,482	18,72,64,783
b) Less : Depreciation		12,33,49,048	11,69,63,309
c) Net Block		8,00,22,434	7,03,01,474
d) Capital-Work-in progress		—	37,32,866
		<u>8,00,22,434</u>	<u>7,40,34,340</u>
<b>2. Investments</b>	6	8,04,053	8,04,053
<b>3. Deferred Tax Assets (net)</b>		92,74,459	82,85,728
<b>4. Current Assets, Loans &amp; Advances</b>			
a) Inventories	7	16,21,04,853	15,13,32,781
b) Sundry Debtors	8	4,49,13,213	5,56,31,997
c) Cash and Bank Balances	9	18,01,023	38,44,521
d) Loans & Advances	10	1,54,18,123	2,56,21,370
		<u>22,42,37,212</u>	<u>23,64,30,669</u>
Less : Current Liabilities and Provisions			
a) Liabilities	11	7,39,19,897	6,73,39,279
b) Provisions	12	2,06,84,755	1,96,54,268
		<u>9,46,04,652</u>	<u>8,69,93,547</u>
<b>Net Current Assets</b>		<u>12,96,32,560</u>	<u>14,94,37,122</u>
<b>TOTAL</b>		<u><u>21,97,33,506</u></u>	<u><u>23,25,61,243</u></u>
Notes on Accounts & Accounting Policies	22		

The schedule referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report attached for **SINGHI & CO.**  
Chartered Accountants

B.K. SIPANI  
Partner  
Membership No. 88926

For and on behalf of the Board of Directors

B.G. MANDELIA  
Vice Chairman &  
Joint Managing Director

S.K. MANDELIA  
Chairman &  
Managing Director

Place: New Delhi  
Dated: 30th June, 2009

GOVIND DEORA  
Company Secretary

V.K. KHANNA  
Executive Director (Finance)

VIBHU BAKHRU  
PARDEEP JAIN  
Directors



# HINDUSTAN EVEREST TOOLS LTD.

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

INCOME	Schedule No.	Current Year Rs.	Previous Year Rs.
Sales	13	32,99,71,534	29,87,39,764
Other Income	14	25,37,362	11,78,189
Increase / (Decrease) in Stock	15	1,47,54,773	32,89,742
	(A)	<u>34,72,63,669</u>	<u>30,32,07,695</u>
<b>EXPENDITURE</b>			
Purchase (Non-Company Products)		6,31,48,705	5,10,94,963
Raw Material Consumed	16	7,22,57,261	5,61,91,884
Manufacturing Expenses	17	6,77,60,916	6,64,99,852
Payment to & Provision for Employees	18	7,66,22,567	7,17,47,177
Selling and Distribution Expenses	19	2,48,04,376	2,09,25,562
Other Expenses	20	2,84,55,560	2,64,67,563
Interest & Bank Charges	21	1,16,41,903	94,16,262
	(B)	<u>34,46,91,288</u>	<u>30,23,43,263</u>
Profit / (Loss) before Depreciation & Taxation (A-B)		25,72,381	8,64,432
Depreciation		69,79,063	61,47,668
Profit/(Loss) before Tax		- 44,06,682	- 52,83,236
Provision for Fringe Benefit Tax		-14,84,360	- 13,75,000
Provision for Wealth Tax		-54,653	- 37,710
Income Tax Provision for Earlier Years		-5,80,285	—
Income Tax Refund Received for Earlier Years		—	57,709
Provision for Deferred Tax		9,88,731	36,18,503
Profit/Loss for the year Carried to Balance Sheets		<u>-55,37,249</u>	<u>- 30,19,734</u>
Basic & Diluted Earning Per Share (Refer Note-10)		-3.45	- 1.88
Notes on Accounts & Accounting Policies	22		

The schedules referred to above and notes to accounts form an integral part of the Profit & Loss Account.

As per our report attached for **SINGHI & CO.**

Chartered Accountants

B.K. SIPANI  
Partner

Membership No. 88926

For and on behalf of the Board of Directors

B.G. MANDELIA  
Vice Chairman &  
Joint Managing Director

S.K. MANDELIA  
Chairman &  
Managing Director

Place: New Delhi  
Dated: 30th June, 2009

GOVINDDEORA  
Company Secretary

V.K. KHANNA  
Executive Director (Finance)

VIBHUBAKHRU  
PARDEEP JAIN  
Directors



# HINDUSTAN EVEREST TOOLS LTD.

## CASH FLOW STATEMENT

(Rs. in Lacs)  
For the year ended

	31-03-2009	31-03-2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/Loss before tax and extra ordinary items	-44,06,682	-52,83,236
Add : Depreciation	69,79,063	61,47,668
Add : Interest paid (net of receipt Rs. 77,897 Pre. year Rs. 13,603)	1,03,47,907	79,39,761
Less : Dividend Received	-15,485	-4,385
Add : Profit/Loss on Sale of fixed Assets	2,08,364	2,06,246
Less : Exchange rate fluctuation difference	-110734	-7,01,637
Add : Bad Debts written off	28,095	4,54,772
<b>Operating profit before working capital change</b>	<b>1,30,30,528</b>	<b>87,59,189</b>
<b>Adjustment for:</b>		
Trade & other receivables	2,05,07,586	-73,61,678
Inventories	-1,07,72,072	-25,08,448
Trade Payables	70,36,795	12,31,536
<b>Cash generated from operations</b>	<b>2,98,02,837</b>	<b>-1,20,599</b>
Direct Taxes PAID	-11,09,963	-14,71,558
Income Tax Refund received for earlier year	—	57,709
	<b>-2,86,92,874</b>	<b>-12,93,250</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets	-1,34,14,520	-1,56,17,937
Sale of Fixed Assets	2,38,999	5,28,500
Dividend Received	15,485	4,385
Interest Received	77,897	13,603
Movement in Fixed Deposit	-39,833	-2,61,068
<b>Net Cash from Investing Activities</b>	<b>-1,31,21,972</b>	<b>-1,53,32,517</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long term Borrowing (Net of repayments)	37,79,117	31,15,182
Short term Borrowing (Net of repayments)	-1,15,33,645	2,13,04,584
Interest Paid	-99,61,762	-79,53,364
<b>Net Cash from Financing Activities</b>	<b>-1,77,16,290</b>	<b>1,64,66,402</b>
<b>Net Cash increase/Decrease in cash and equivalents (A+B+C)</b>	<b>-21,45,388</b>	<b>1,59,365</b>
<b>Cash &amp; Cash equivalents as at (Opening Balance)</b>	<b>31,49,777</b>	<b>33,09,142</b>
<b>Cash &amp; Cash equivalents as at (Closing Balance)</b>	<b>10,04,389</b>	<b>31,49,777</b>
<b>Cash &amp; Cash equivalents includes</b>		
Cash & Cheques in Hand	4,07,221	25,434
Balance with Scheduled Bank	6,29,405	30,94,523
In Post Office Saving Account	11,243	11,243
Total :	<b>10,47,869</b>	<b>31,31,200</b>
Less - Exchange Rate fluctuation on US\$ Account	43,480	-18,577
<b>Net Cash &amp; Cash Equivalents Closing</b>	<b>10,04,389</b>	<b>31,49,777</b>

Note : Previous Year figures have been regrouped, whenever found necessary.

As per our report attached  
for **SINGHI & CO.**

Chartered Accountants

B.K. SIPANI

Partner

Membership No. 88926

Place: New Delhi

Dated: 30th June, 2009

For and on behalf of the Board of Directors

B.G. MANDELIA

Vice Chairman &  
Joint Managing Director

S.K. MANDELIA

Chairman &  
Managing Director

GOVIND DEORA

Company Secretary

V.K. KHANNA

Executive Director (Finance)

VIBHUBAKHRU

PARDEEP JAIN

Directors



# HINDUSTAN EVEREST TOOLS LTD.

## SCHEDULE FORMING PART OF THE BALANCE SHEET

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<b>SCHEDULE-1 : SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
23,00,000 Equity Shares of Rs. 10/- each	2,30,00,000	2,30,00,000
20,000 Redeemable Cumulative preference shares of Rs. 100/- each	20,00,000	20,00,000
	<u>2,50,00,000</u>	<u>2,50,00,000</u>
<b>ISSUED SUBSCRIBED &amp; PAID UP *</b>		
16,07,200 Equity shares of Rs. 10/- each fully paid up (Previous Year same)	1,60,72,000	1,60,72,000
	<u>1,60,72,000</u>	<u>1,60,72,000</u>

Out of the above shares 9,37,200 Equity shares of Rs. 10 /- each have been issued as fully paid up bonus shares by capitalisation of General Reserve Rs. 15,00,000 Capital Redemption Reserve Rs. 5,00,000 and Share Premium Account of 73,72,000

## SCHEDULE-2 : RESERVES & SURPLUS

### Capital Reserve :

a) Profit on re-issue of forfeited shares As per last Balance Sheet	12,400	12,400
b) Capital Subsidy As per last Balance Sheet	7,40,000	7,40,000

### Revaluation of Fixed assets Reserve

As per last Balance Sheet	14,71,751	14,71,751
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### Share Premium Account

As per last Balance Sheet	73,28,000	73,28,000
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### Reserve for Renovation & Modernisation

As per last Balance Sheet	50,00,000	
Less : Transfer to General Reserve Account	(-)50,00,000	50,00,000

### General Reserve :

As per last Balance Sheet	5,80,52,542	6,10,72,276
Add: Transfer from Reserve For Renovation & Modernisation	50,00,000	
Less : Loss for the year as per annexed Profit and Loss Account Adjusted	-55,37,249	-30,19,734

<u>6,70,67,444</u>	<u>7,26,04,693</u>
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## HINDUSTAN EVEREST TOOLS LTD.

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<b>SCHEDULE-3 : SECURED LOANS</b>		
1. Borrowing under Hire Purchase Agreement from Banks Secured against specific assets	55,36,331	55,81,859
2. Term Loan First charge over Land, Building & Plant & Machinery & other immovable & movable Fixed Assets of the Company.	61,75,000	—
3. Packing / Cash Credit Limits from Bank Secured by hypothecation of Raw Materials, Stores, Spares, Tools & Dies (Not-forming Part of Plant and Machinery) Finished Goods, Work-in-Progress, Bills of Lading and/or Goods-in-Course of Clearance or in Transit & First charge on movable/immovable Assets of the Company other than those having exclusive charge.*	6,62,89,660	7,78,23,305
	<u>7,80,00,991</u>	<u>8,34,05,164</u>

## SCHEDULE-4 : UNSECURED LOANS

Public Deposits		
From Managing Director & Joint Managing Director of the Company	5,46,000	5,46,000
Loan from Managing Director & Joint Managing Director & their Associates (Interest Free Loan)	4,64,75,000	4,81,70,000
Loan from Body Corporate	50,00,000	50,00,000
Trade Deposits	61,08,031	67,63,386
Interest Payable on Loan from Body Corporate	4,64,040	—
	<u>5,85,93,071</u>	<u>6,04,79,386</u>

**SCHEDULE-5 : FIXED ASSETS**

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as at 01.4.2008 Rs.	Additions Rs.	Less Sales/ Adjustments Rs.	Total Cost as at 31.3.2009 Rs.	Upto 31.3.2008 Rs.	Provided During the year Rs.	Less Sales/ Adjustments Rs.	Total upto 31.3.09 Rs.	As at 31.03.09 Rs.	As at 31.03.08 Rs.
Land (Free hold)**	18,71,600	—	—	18,71,600	—	—	—	—	18,71,600	18,71,600
Building	2,54,49,864	—	—	2,54,49,864	96,16,629	4,14,356	—	1,00,30,985	1,54,18,879	1,58,33,235
Plant & Machinery	11,43,34,567	1,06,85,823	—	12,50,20,390	8,34,43,699	31,78,184	—	8,66,21,883	3,83,98,507	3,08,90,868
Laboratory & Apparatus	2,31,939	—	—	2,31,939	2,23,571	432	—	2,24,003	7,936	8,368
Jigs & Fixtures*	15,41,769	14,280	—	15,56,049	14,53,105	24,706	—	14,77,811	78,238	88,664
Motor Vehicle & Cycles	1,53,76,159	40,82,245	10,23,187	1,84,35,217	43,28,298	17,23,700	5,87,787	54,64,211	1,29,71,006	1,10,47,861
Electric Installations	61,61,733	83,716	—	62,45,449	48,63,578	1,93,556	—	50,57,134	11,88,315	12,98,155
Tubewell & Water Supply Installations	6,30,361	43,723	—	6,74,084	3,05,018	14,582	—	3,19,600	3,54,484	3,25,343
Furniture & Fixture	45,44,407	9,61,775	—	55,06,182	30,01,496	1,96,826	—	31,98,322	23,07,860	15,42,911
Office Appliances, Air-Conditioners, Data Processing Unit & Other Equipments	1,65,97,387	12,75,824	17,500	1,78,55,711	92,90,402	12,25,301	5,537	1,05,10,166	73,45,545	73,06,985
Fire Extinguishers	1,88,759	—	—	1,88,759	1,28,664	5,882	—	1,34,546	54,213	60,095
Weigh Bridge	3,36,238	—	—	3,36,238	3,08,849	1,538	—	3,10,387	25,851	27,389
	18,72,64,783	1,71,47,386	10,40,687	20,33,71,482	11,69,63,309	69,79,063	5,93,324	12,33,49,048	8,00,22,434	7,03,01,474
Capital work in progress	37,32,866	—	37,32,866	—	—	—	—	—	—	37,32,866
<b>Total</b>	<b>190997649</b>	<b>1,71,47,386</b>	<b>47,73,553</b>	<b>20,33,71,482</b>	<b>11,69,63,309</b>	<b>69,79,063</b>	<b>5,93,324</b>	<b>12,33,49,048</b>	<b>8,00,22,434</b>	<b>7,40,34,340</b>
Figures as at 31.3.2008	17,63,89,034	1,57,42,209	11,33,594	19,09,97,649	11,10,90,217	61,47,668	2,74,576	11,69,63,309	7,40,34,340	

\*As certified and valued by the Management.

\*\*Includes Rs. 14,71,751 added on account of revaluation done in one of the previous years.





# HINDUSTAN EVEREST TOOLS LTD.

		As at 31.3.2009	As at 31.3.2008
		Rs.	Rs.
<b>SCHEDULE-6 : INVESTMENTS (AT COST)</b>			
OTHER THAN TRADE (LONG TERM)			
A) QUOTED EQUITY SHARES	Face Value		
1,754* M/s Jay Shree Tea & Industries Ltd.	10.00	1,50,099	1,50,099
4,000 M/s Bharat Commerce & Industries Ltd.	10.00	1,21,404	1,21,404
6000 M/s Hindalco Industries Ltd.	1.00	5,32,550	5,32,550
		<u>8,04,053</u>	<u>8,04,053</u>
MARKET VALUE		4,87,888	11,95,230

\* Include 877 equity shares of Rs. 10/- each as bonus shares during the year 1998-99

## SCHEDULE-7 : INVENTORIES

(As taken, valued and certified by the Management)  
Stores, Spare Parts, Tools & Accessories etc.

(including Dies Rs. 63,13,940/- Previous

Year Rs. 64,38,799/- as revalued)

Raw Material	2,57,74,645	2,73,30,271
Finished Goods	90,41,484	1,14,68,559
Goods-in-process	10,41,73,161	8,92,18,110
Steel Scrap	2,29,48,038	2,23,48,116
	1,67,525	9,67,725
	<u>16,21,04,853</u>	<u>15,13,32,781</u>

## SCHEDULE-8 : SUNDRY DEBTORS

(Considered good unless otherwise stated)

Debts exceeding six months :

Considered Good	1,29,95,886	1,74,62,605
Considered Doubtfull	7,03,487	7,03,487
Other Debts :		
Considered Good *	3,19,17,327	3,81,69,392
	<u>4,56,16,700</u>	<u>5,63,35,484</u>
Less : Reserve for Doubtfull Debts	- 7,03,487	- 7,03,487
	<u>4,49,13,213</u>	<u>5,56,31,997</u>

\* Export Debts are not covered by any hedge instrument or otherwise





	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<b>SCHEDULE-9 : CASH &amp; BANK BALANCES</b>		
Cash & Cheques in Hand (As certified)	4,07,221	25,434
Balance with Scheduled Bank :		
In current Account	2,57,967	27,85,142
Under Companies Acceptance of Deposits Rules (1975)	82,123	82,123
In EEFC Accounts (US\$ 5,698.54)	2,89,315	2,27,258
In Fixed Deposit Accounts*		
(including interest accrued Rs. 2,63,321/- previous year Rs. 2,63,321/-)	7,53,154	7,13,321
In Post Office Saving Bank Account*		
(including interest accrued Rs. 3,243/- previous year Rs. 3,243/-)	11,243	11,243
	<u>18,01,023</u>	<u>38,44,521</u>

\* Pledged with Central Excise Authorities

## SCHEDULE-10 : LOANS & ADVANCES

(Unsecured-considered good unless otherwise stated)

Advances recoverable in cash or kind or for value to be received and / or to be adjusted:

To Staff (Due from officer of the Company Rs. 1,02,281/- Maximum balance Rs. 1,67,281/-) (Previous year Rs.1,37,281/-, Maximum balance Rs. 1,55,281/-)	19,44,023	21,44,287
To Suppliers & Others (including Rs. 4,15,252/- doubtful previous year Rs. 2,16,025/-)	63,19,303	1,13,36,142
Less : Reserve for doubtful	<u>-4,15,252</u>	-2,16,025
Advance Tax/Tax Deducted at source	97,798	5,32,825
Pre-paid Expenses	3,73,611	5,30,646
Balance with Excise Authorities	7,23,570	29,70,562
DEPB & Export Benefit Receivable	30,41,084	54,52,794
Deposit with Government Departments/Others	33,33,986	28,70,139
	<u>1,54,18,123</u>	<u>2,56,21,370</u>



# HINDUSTAN EVEREST TOOLS LTD.

	As at 31.3.2009 Rs.	As at 31.3.2008 Rs.
<b>SCHEDULE-11 : CURRENT LIABILITIES</b>		
Sundry Creditors *for Goods and Expenses	6,82,13,929	6,06,72,959
Other Liabilities	18,11,356	23,12,891
Income Tax Deducted at Source	5,94,330	4,85,138
Advance from Customers	33,00,282	38,64,791
Security Deposits	—	3,500
	<u>7,39,19,897</u>	<u>6,73,39,279</u>

\* Refer Note No. 15 in Schedule 22

## SCHEDULE-12 : PROVISIONS

For Gratuity	1,66,72,134	1,65,87,580
For Leave Salary	23,59,542	19,87,919
For Wealth Tax (net Payments)	54,653	37,710
For F B T (Less Payments)	15,98,426	10,41,059
	<u>2,06,84,755</u>	<u>1,96,54,268</u>

## SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE-13 : SALES / EXPORT BENEFITS</b>		
A Exports	16,47,49,650	12,46,58,030
Exports Incentives	1,21,43,749	81,27,462
Exports Total	<u>17,68,93,399</u>	<u>13,27,85,492</u>
B Home Markets	16,99,49,753	17,50,99,141
Steel Scrap	99,79,870	59,30,795
Less Excise Duty	<u>-2,68,51,488</u>	<u>-1,50,75,664</u>
Total Home Market	<u>15,30,78,135</u>	<u>16,59,54,272</u>
Total Sales (A+B)	<u>32,99,71,534</u>	<u>29,87,39,764</u>

## SCHEDULE-14 : OTHER INCOME

Miscellaneous Receipts	3,71,850	4,39,987
Interest Received	77,895	13,603
Exchange Rate Differene	20,72,132	7,20,214
Dividend on Long Term Investment (Other than Trade)	15,485	4,385
	<u>25,37,362</u>	<u>11,78,189</u>



	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE-15 : INCREASE/DECREASE IN STOCK</b>		
<b>Closing Stock :</b>		
Finished goods	10,41,73,161	8,92,18,110
Work-in-Progress	2,29,48,038	2,23,48,116
Scrap	1,67,525	9,67,725
	<u>12,72,88,724</u>	<u>11,25,33,951</u>
	(A)	
<b>Opening Stock :</b>		
Finished Goods	8,92,18,110	9,03,94,171
Work-in-Progress	2,23,48,116	1,78,07,954
Scrap	9,67,725	10,42,084
	<u>11,25,33,951</u>	<u>10,92,44,209</u>
	(B)	
	<u>(A-B)</u>	<u>32,89,742</u>

## SCHEDULE-16 : RAW MATERIAL CONSUMED

Opening Stock	1,14,68,559	1,45,84,882
Purchase (including expenses)	7,88,08,080	6,14,52,058
	<u>9,02,76,639</u>	<u>7,60,36,940</u>
Less :		
Sale	89,77,894	83,76,497
Closing Stock	90,41,484	1,14,68,559
	<u>7,22,57,261</u>	<u>5,61,91,884</u>

## SCHEDULE-17 : MANUFACTURING EXPENSES

Stores, Dies Tools & Spare Parts Consumed	1,90,78,898	2,10,21,610
Components consumed (including processing charges Rs. 12,81,385 Previous year Rs. 15,57,925)	62,07,174	71,68,984
Power & Fuel	3,24,91,910	2,93,15,618
Increase/Decrease in Excise Duty on Stocks	-21,46,619	-8,58,075
Repair, Replacement & Renovation :		
Machinery	61,70,053	59,97,210
Building	6,15,713	2,42,429
Others	53,43,787	36,12,076
	<u>1,21,29,553</u>	<u>36,12,076</u>
	<u>6,77,60,916</u>	<u>6,64,99,852</u>

## SCHEDULE-18 : PAYMENT TO AND PROVISION FOR EMPLOYEES

Salaries, Wages, Bonus & Allowances	6,83,84,005	6,35,10,367
Contribution to Provident & Other Funds	49,73,870	48,24,903
Workers & Staff Welfare Expenses (Net)	32,64,692	34,11,907
	<u>7,66,22,567</u>	<u>7,17,47,177</u>



# HINDUSTAN EVEREST TOOLS LTD.

	Current Year Rs.	Previous Year Rs.
<b>SCHEDULE-19 : SELLING &amp; DISTRIBUTION EXPENSES</b>		
Packing material consumed (net)	90,50,406	70,69,582
Forwarding & Freight etc.	66,31,510	71,73,930
Commission to other Selling Agents	37,43,766	28,43,885
Publicity & Advertisement	17,09,344	8,57,072
Insurance (Net)	6,91,158	6,45,799
Sale Promotion Expenses	29,78,192	23,35,294
	<u>2,48,04,376</u>	<u>2,09,25,562</u>

## SCHEDULE-20 : OTHER EXPENSES

Rent (Net) (including rent receipt Rs. 1,72,380/- Previous Year Rs. 3,49,792/-)	28,04,500	24,36,869
Rates & Taxes	52,142	38,862
Research & Development (including salary & wages Rs. 4,26,694/- Previous Year Rs. 4,29,837/-)	5,18,508	5,18,928
Insurance (Excluding on sales)	3,92,478	5,50,649
Travelling and Conveyance (including Directors Travelling Rs. 36,28,432/- previous year Rs. 41,45,353/-)	1,02,11,171	78,20,449
Charity & Donation	24,601	—
Vehicle Running & Maintenance	29,16,899	27,19,403
Printing & Stationery	14,46,409	17,77,182
Postage, Telegram & Telephone	33,33,802	31,30,949
Miscellaneous Expenses	40,43,582	42,35,840
Professional & Legal Charges	17,76,837	16,49,565
Directors' Fee	7,000	4,000
Payments to Auditors :		
Audit Fee	1,00,000	80,000
Tax Audit Fee	24,000	24,000
For Certificate	35,000	35,000
For Expenses	13,200	24,339
Sales Tax and Purchase Tax	1,03,719	7,60,510
Bad Debts / Sundry Debit Balances / Advances etc. written off	28,095	4,54,772
Provision for bad & doubtful Debt/Advances	4,15,253	—
Loss / Profit on Sale of Fixed Assets / Discarded (Net)	2,08,364	2,06,246
	<u>2,84,55,560</u>	<u>2,64,67,563</u>

## SCHEDULE-21 : INTEREST AND BANK CHARGES

Interest to Bank	87,99,204	67,68,883
Interest on Public Deposits and others*	16,26,598	11,84,481
Bank Charges	12,16,101	14,62,898
	<u>1,16,41,903</u>	<u>94,16,262</u>

\* Includes Rs. 43,680/- (Previous Year Rs. 43,680/-)  
to Managing Director & Joint Managing Director



## SCHEDULE-22 : NOTES ON ACCOUNTS & ACCOUNTING POLICIES

### 1. Significant Accounting Policies :

#### A) FIXED ASSETS :

- (i) Freehold Land is at revalued amount.
- (ii) Building and plant & Machinery & Other Fixed Assets are stated at cost.

#### B) DEPRECIATION :

- (i) Depreciation on Fixed Assets has been provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 (as amended).

#### C) INVESTMENTS : Long term Investments are stated at cost. The company provides diminution, other than temporary, in the value of long term investments.

#### D) IMPAIRMENT OF ASSETS: Impairment of Assets are assessed at Balance Sheet date if any indication of impairment exist, the same is assessed and provided for.

#### E) VALUATION OF INVENTORIES : Inventories are valued at cost or net realisable value whichever is lower except dies, which is revalued based on estimated remaining useful life, Materials and other Supplies held for the use in the production of inventories are not written down below cost of the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is calculated on moving average basis. Cost comprises of all cost of purchases, cost of conversion and other costs incurred in bringing up the inventory to their present condition and location. Excise duty on finished good lying inside factory/customs duty on goods lying at warehouse is also provided at the year end.

#### F) FOREIGN CURRENCIES : Transaction in foreign currency are accounted at exchange rates prevailing on the date of transaction. Foreign currency monetary assets as on the Balance Sheet dates are reconverted at rates prevailing at the year end and the resultant net gains or losses are adjusted in the profit & loss Accounts.

#### G) RETIREMENT BENEFITS : Year end Liabilities in respect of retirement benefits towards Gratuity & Leave encashment to the employees of the company has been provided as per actuarial valuation.

#### H) SALES : Sales is recognised on the transfer of significant risk and rewards of the ownership of the goods to the buyer and stated at net of sales returns (including relating to earlier years), discount and rebates.

#### I) RESEARCH & DEVELOPMENT : Expenditure incurred during research phase are charged to the revenue when no intangible assets arise from such research. Assets produced on research & Development activities are generally capitalised.

#### J) RECOGNITION OF INCOME AND EXPENDITURE : All income and expenditure are accounted on accrual basis except due to uncertainty in realisation, interest on overdue bills from customers is accounted for on receipt basis.

#### K) DEFERRED TAXATION : In accordance with Accounting Standard-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences between the book and tax income for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred Tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realized in future and the same is reviewed at each Balance Sheet date.

#### L) OTHERS : Profit/Loss on sale of raw material, components and stores, not being material, is being adjusted in respective consumption account and are not shown separately.

#### M) CONTINGENT LIABILITIES : These are disclosed by way of notes on the Balance Sheet. Provision is made in the accounts in respect of those contingencies, which are likely to materialize into liabilities after the year end till the finalisation of accounts and have material effect on the position stated in the Balance Sheet.

### 2. (i) Contingent Liabilities not provided for in respect of :

	Current Year (Rs.)	Previous Year (Rs.)
a) Bills discounted through bank and outstanding (as per bank certificate)	23,69,676	50,09,039
b) Bonds and bank guarantees out-standing (Margin Money paid Rs. 1,83,000)	1,67,000	3,54,131

### 3. Estimated amount of capital contracts remaining to be executed and not provided for (Advance paid Rs. NIL/- previous year Rs. 6,01,308/-)

Current Year (Rs.)	Previous Year (Rs.)
NIL	16,71,690



## HINDUSTAN EVEREST TOOLS LTD.

4. Expenses/adjustments relating to previous year not separately shown have been debited/credited to respective heads of accounts Rs. 179247/- (Net Debit) (previous year Rs. 13,92,115/- (Net Credit)
5. In the opinion of the Management the current assets and loans & advances are approximately in ordinary course of business.
6. Sundry debtors/creditors & loans and advances are subject to confirmation.
7. Cost of own manufactured Dies & Tools during the year as certified and valued by the Management Rs. 10,89,397/- (previous year Rs. 9,28,650/-).
8. Remuneration to Managing Director, Joint Managing Director and Executive Director (Finance) are as under :

	Current Year (Rs.)	Previous Year (Rs.)
Salary	11,88,000	9,48,000
Contribution to Provident Fund	1,42,560	1,13,760
Speical Allowances	77,935	29,935
Other perquisites*	3,44,085	3,40,903
<b>TOTAL</b>	<b>17,52,580*</b>	<b>14,32,598*</b>

\* Excluding actuarial provision for Gratuity and leave encashment.

Due to inadequacy of net profit under section 349 of the Companies Act 1956, no commission is payable to the Managing Director and the Joint Managing Director.

9. a) No Provision for Income Tax has been made in the accounts as the company have no taxable income as per the provision of Income Tax act, 1961.
- b) The Company has recognised deferred tax assets Rs. 92,74,459/- as on Balance Sheet date which includes deferred tax assets on carry forward unabsorbed depreciation and business loss. In view of future profitability projections, the Management is certain that there would be sufficient taxable Income in the future to claim the above tax credit.

### The deferred Tax Assets/Liabilities as at 31st March 2009 comprise of the following

Deferred Tax Assets	As at 31/03/2009	Charge/Credit to Profit & Loss Account	As at 31/03/2008
Unabsorbed Depreciation/Loss	1,41,34,065	9,93,519	1,31,40,546*
Retirement Benefits	64,68,867	1,55,055	63,13,812
<b>Total Tax</b>	<b>2,06,02,932</b>	<b>11,48,574</b>	<b>1,94,54,358</b>
Less Deferred Tax Liabilities			
Depreciation	1,13,28,473	1,59,843	1,11,68,630
<b>Net Deffered Tax Assets</b>	<b>92,74,459</b>	<b>9,88,731</b>	<b>82,85,728</b>

10. Earning per shares (EPS)	Current Year (Rs.)	Previous Year (Rs.)
Profit / Loss after Tax	55,37,249	30,19,734
No. of Equity Shares of Rs. 10/- each Basis & diluted EPS	16,07,200 (-) 3.45	16,07,200 (-) 1.88

11. The company is engaged in the Hand Tools Business, which in the context of Accounting Standard 17 is considered the only primary business segment. However, secondary segment reporting is performed on the basis of the location of the customer. All the business assets of the company are situated in India expected Export debtors Rs. 81,95,873/- (Previous year Rs. 13,45,895/-).

	Current Year (Rs.)	Previous Year (Rs.)
i) Overseas Sale*	17,68,93,399	13,27,85,492
ii) Domestic Sale	15,30,78,135	16,59,54,272

\* Including export incentive Rs. 1,21,43,749/- (Previous year Rs. 81,27,462/-)



# HINDUSTAN EVEREST TOOLS LTD.

12. Related party Disclosures as required under Accounting Standard-18 issued by ICAI to the extent identified by the company.

- a) Association of persons having significant influence on Key Management personal  
 S. K. Mandelia (HUF)  
 B. G. Mandelia (HUF)
- b) Key Management personals  
 Shri S. K. Mandelia (Chairman & Managing Director)  
 Shri B. G. Mandelia (Vice-Chairman & Jt. Managing Director)  
 Shri V.K. Khanna Executive Director (Finance)
- (c) Mrs. Neeta Khanna wife of Shri V.K. Khanna, Executive Director (Finance)
- (d) Shri Anant Vijay Mandelia (Marketing Executive S/o Shri B.G. Mandelia)

	(a)			(b)		
	Sh. S.K. Mandelia	Sh. B.G. Mandelia	Sh. V.K. Khanna	Sh. S.K.M. (H.U.F.)	Sh. B.G.M (H.U.F.)	Sh. A.B.M.
Remuneration*	4,56,425 (4,33,320) **	3,99,700 (4,19,623) **	6,27,655 (5,79,655) **	— —	— —	2,68,800 —
Interest on Public deposit	20,640 (20,640) **	23,040 (23,040) **	— —	— —	— —	— —
Loan received During the year	— —	— (9,50,000)	— —	— (30,00,000) **	— (—) **	— —
Outstanding Payable	25,58,000 (25,58,000) **	2,88,000 (12,38,000) **	— —	2,59,00,000 (2,59,00,000) **	1,82,75,000 (1,90,20,000) **	— —

\* Including rent paid (Net of recovery) Rs. 1,18,800/- to Shri S.K. Mandelia (H.U.F.) (Previous year Rs. 1,17,600/-), Rs. 1,20,000/- to Shri B.G. Mandelia (H.U.F.). (Previous year Rs. 1,20,000/-) and Smt. Neeta Khanna Rs. 24,000/- (Previous year Rs. 24,000/-).

\*\* Figures in brackets are for previous year.

13. No provision has been made for Rs. 3,16,165/- (previous year Rs. 1,60,044/-) being diminution in value in long term investment as in the opinion of the Management the same is temporary in nature & expected to improve.

14. Disclosure as per Accounting Standard - 15

i) Define Contribution Plan

The Company has recognized the following amounts in the Profit & Loss Account for the year Contribution to Employees Provident Fund Rs. 31,89,316/-.

ii) Define Benefit Obligation (DBO)

The following table set out the status of the unfunded gratuity plan as required under AS-15 (Revised 2005):

	Current Year	Previous Year
a) A reconciliation of opening and closing balances of the present value of the defined benefit obligation (DBO):		
Opening DBO as on 1st April 2008	1,65,87,580	1,45,71,667
Current Service Cost	9,29,754	8,86,245
Interest Cost	11,61,131	11,65,733
Actuarial (gain)/loss	2,05,221	(36,065)
Benefits Paid	(22,11,552)	—
Closing DBO as on 31st March, 2009	1,66,72,134	1,65,87,580
b) Present value of the defined benefit obligation at the end of the period	1,66,72,134	1,65,87,580
Fair value of the plan assets at the end of the year	—	—
Liability recognized in the balance sheet	1,66,72,134	1,65,87,580
c) The total expenses recognized in the profit and loss account:		
Current Service Cost	9,29,754	8,86,245
Interest Cost	11,61,131	11,65,733
Actual return on plan assets	—	—
Actuarial (gain)/loss	2,05,221	(36,065)
Net Gratuity Cost	22,96,106	20,15,913
d) Actual return on plan assets		



# HINDUSTAN EVEREST TOOLS LTD.

- e) Following are the Principal Actuarial Assumptions used as at the balance sheet date:

Discount rate	7%	8%
Expected rate of return on any plan assets		
Average salary escalation rate	4.5%	5.5%

The estimates of the future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

15. The company has not received any intimation from its suppliers being registered under Micro, Small and Medium Enterprises Development Act, 2006. Hence, the necessary disclosures under the Act can not be made.
16. Additional information pursuant to paragraph 3 & 4 of part II of Schedule VI to Companies Act (as amended).

	Current Year		Previous Year	
	Rs.		Rs.	
A) Value of Imports on CIF Basis :				
i) Stores & Spares		34,30,593		—
ii) Finishing goods		11,32,548		17,83,185
B) Expenditure incurred in Foreign Currency (accrual basis):				
		Current Year (Rs.)		Previous Year (Rs.)
i) Travelling		23,52,808		18,04,052
ii) Commission		5,97,274		4,94,359
iii) Advertisement & Publicity		6,14,767		4,15,739
C) Raw Material & Components:				
		Current Year		Previous Year
	Qty.(M.T.)	Amount (Rs.)	Qty. (M.T.)	Amount (Rs.)
i) Steel	1628.636	7,22,57,261	1705.016	5,61,91,884
ii) Other Components*	—	62,07,174	—	71,68,984
<b>Total</b>	<b>1628.636</b>	<b>7,84,64,435</b>	<b>1705.016</b>	<b>6,33,60,868</b>

\* Charge separately under manufacturing expenses.

- D) Value of Raw Materials and Components, Dies Tools & Spares Consumed:

	Current Year		Previous Year	
	Amount (Rs.)	Percentage	Amount (Rs.)	Percentage
a) Raw Material & Components :				
i) Imported	—	—	—	—
ii) Indigenous	7,84,64,435	100.00	6,33,60,868	100.00
	<b>7,84,64,435</b>	<b>100.00</b>	<b>6,33,60,868</b>	<b>100.00</b>
b) Stores, Dies, Tools & Spare Parts*				
i) Imported	4,93,234	2.35	9,28,688	1.53
ii) Indigenous	1,85,85,664	97.65	2,00,92,922	98.47
	<b>1,90,78,898</b>	<b>100.00</b>	<b>2,10,21,610</b>	<b>100.00</b>

- E) Particulars in respect of goods (Hand Tools) manufactured:

	Current Year	Previous Year
i) Licensed capacity**	—	—
ii) Installed capacity*	1800 M.T.	1800 M.T.
iii) Actual production	894.285 M.T.	978.244 M.T.
	<b>(45,36,408 Pcs.)</b>	<b>(50,04,751 Pcs.)</b>

\* Installed capacity as certified by the Management.

\*\* Delicensed





# HINDUSTAN EVEREST TOOLS LTD.

## F) Particulars of Manufacturing Activities :\*

	Current Year		Previous Year	
	Pieces	Value (Rs.)	Pieces	Value (Rs.)
Hand Tools :				
Opening Stock	19,79,114	7,20,43,656	19,97,453	7,05,91,022
Sales**	42,51,980	22,87,03,237	50,22,982	22,08,52,848
Closing Stock	22,63,535	8,68,20,770	19,79,114	7,20,43,656

\* Excluding samples 7 pieces (previous year 3 pieces)

\*\* Including Export benefits but excluding scrap sale and after adjusting discount.

## G) Particulars of Trading Activities :\*

	Current Year		Previous Year	
	Pieces	Value (Rs.)	Pieces	Value (Rs.)
Hand Tools & Other Tools				
Opening Stock	4,16,023	1,71,74,454	4,25,270	1,98,03,149
Purchase	38,79,625	6,31,48,705	27,21,144	5,10,94,963
Sales**	38,43,895	9,12,88,427	27,30,304	7,19,56,121
Closing Stock	4,51,705	1,73,52,391	4,16,023	1,71,74,454

\* Excluding samples 48 pieces (previous year 87pcs.)

\*\* Including Export Benefits and after adjusting discounts.

## H) Earning in Foreign Exchange :

	Current Year Rs.	Previous Year Rs.
Export of Hand Tools (On FOB Basis) (Rupees)	16,47,31,238	12,35,36,290

17. Previous years figures have been regrouped wherever found necessary to conform with Current year's classification.

As per our report attached  
for **SINGHI & CO.**  
Chartered Accountants

B.K. SIPANI  
Partner  
Membership No. 88926

For and on behalf of the Board of Directors

B.G. MANDELIA  
Vice Chairman &  
Joint Managing Director

S.K. MANDELIA  
Chairman &  
Managing Director

Place: New Delhi  
Dated: 30th June, 2009

GOVIND DEORA  
Company Secretary

\* V.K. KHANNA  
Executive Director (Finance)

VIBHU BAKHRU  
PARDEEP JAIN  
Directors



# HINDUSTAN EVEREST TOOLS LTD.

17. Balance Sheet Abstract and Company's General Business Profile as per Schedule VI of the Companies Act, 1956

## I. Registration Details

State Code

Registration No.

Balance Sheet Date     
Date Month Year

## II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

Rights Issue

Bonus Issue

Private Placement

## III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

Total Assets

Sources of Funds  
Paid-up Capital

Net Fixed Assets

Reserve & Surplus

Investments

Application of Funds  
Secured Loan

Net Current Assets

Unsecured Loan

Misc. Expenditure

Accumulated Losses

## IV. Performance of Company (Amount in Rs. Thousands)

Turnover including Other Incomes

Total Expenditure

Profit/Loss Before Tax

Profit/Loss After Tax

Earning Per Share in Rs.

Dividend Rate %

## V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Item Code No.

(ITC Code)

Product Description

Item Code No.

(ITC Code)

Product Description

Schedule 1 to 22 form an integral part of the Balance Sheet and Profit & Loss Account of the Company.

For and on behalf of the Board of Directors

B.G. MANDELIA  
Vice Chairman &  
Joint Managing Director

S.K. MANDELIA  
Chairman &  
Managing Director

VIBHU BAKHRU  
PARDEEP JAIN  
Directors

Place: New Delhi  
Dated: 30th June, 2009

GOVIND DEORA  
Company Secretary

V.K. KHANNA  
Executive Director (Finance)



**PROXY FORM**  
**HINDUSTAN EVEREST TOOLS LIMITED**

Regd. Office : Dohil Chambers, 46, Nehru Place, New Delhi-110 019

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
being a member / members of HINDUSTAN EVEREST TOOLS LIMITED hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
\_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the district of \_\_\_\_\_

as my / our proxy to attend and vote for me / us on my / our behalf at the FOURTY SIXTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 30th September, 2009 and at any adjournment thereof at PHD House, opposite Asian Games Village, Siri Fort Road, New Delhi-110 016

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

Registered Folio No. /Client ID No. \_\_\_\_\_ Signature \_\_\_\_\_

No. of shares held \_\_\_\_\_

Affix a 30 Paise Revenue Stamp
---

NOTE : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.



**ADMISSION SLIP**  
**HINDUSTAN EVEREST TOOLS LIMITED**

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full Name of the member attending \_\_\_\_\_

Full Name of the first-joint holder \_\_\_\_\_  
(To be filled in if first named joint-holder does not attend the meeting)

Name of Proxy \_\_\_\_\_  
(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the Fourty Fifth Annual General Meeting of the Company being held at PHD House, Opposite Asian Games Village, Siri Fort Road, New Delhi-110 016 on Wednesday, the 30th September, 2009.

Registered Folio No. \_\_\_\_\_  
Member's / Proxy's Signature \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Note : 1. Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.  
2. In view of the Central Government Guidelines no gift / Coupons shall be distributed at the annual General Meeting.

**BOOK POST**

*If undelivered, please return to :*



**HINDUSTAN EVEREST TOOLS LTD.**

Dohil Chambers, 46, Nehru Place,  
New Delhi-110019