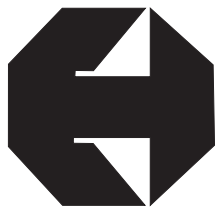


49th
Annual Report
2011-2012



**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.

Place : New Delhi
Dated : 29th May, 2012

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



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:

	(Rs. in Lakhs)
Total Foreign Exchange used and earned:	
Total Foreign Exchange used	35.16
Total Foreign Exchange Earned	1813.35

For & on behalf of the Board
Sd/-

S.K. MANDELIA
Chairman

Place : New Delhi
Dated : 29th May, 2012



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



HINDUSTAN EVEREST TOOLS LTD.

BALANCE SHEET AS AT 31ST MARCH, 2012

	Note No.	As at 31.3.2012 Rs.	As at 31.3.2011 Rs.
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	1,60,72,000	1,60,72,000
(b) Reserve & Surplus	2	2,45,59,431	3,11,86,093
		4,06,31,431	4,72,58,093
(2) Non Current Liabilities			
(a) Long Term Borrowings	3	6,13,92,475	6,36,91,937
(b) Long Term Provisions	4	1,42,47,051	1,52,72,661
(c) Other Non Current Liabilities	5	80,41,732	75,73,066
		8,36,81,258	8,65,37,664
(3) Current Liabilities			
(a) Short Term Borrowings	6	7,45,05,675	6,90,11,732
(b) Trade Payables	7	7,82,35,357	7,02,60,527
(c) Other Current Liabilities	8	2,95,63,320	2,89,15,757
(d) Short Term Provisions	4	39,51,177	26,52,796
		18,62,55,529	17,08,40,812
Total		31,05,68,218	30,46,36,569
II ASSETS			
(1) Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	6,67,65,753	6,89,44,408
(iii) Capital Work-in-progress		4,01,828	-
(b) Non Current Investments	10	6,82,649	6,82,649
(c) Deferred Tax Assets (Net)	11	56,12,027	57,95,580
(d) Long Term Loan & Advances	12	40,88,550	44,40,497
(e) Other Non Current Assets			
		7,75,50,807	7,98,63,134
(2) Current Assets			
(a) Current Investments			
(b) Inventories	13	15,85,54,341	15,34,78,031
(c) Trade Receivables	14	5,82,16,451	5,28,71,552
(d) Cash & Bank Balance	15	50,96,952	41,12,441
(e) Short Term Loan & Advances	16	66,33,819	85,74,234
(f) Other Current Assets	17	45,15,848	57,37,177
		23,30,17,411	22,47,73,435
Total		31,05,68,218	30,46,36,569
Commitments and Contingent Liabilities	18		
Significant accounting policies and other notes on accounts	28		

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

As per our report attached
for **SINGHI & CO.**
Chartered Accountants
Firm Reg No. 302049E

B.K. SIPANI
Partner
Membership No. 88926
Place: New Delhi
Dated: 29th May, 2012

GOVIND DEORA
Company Secretary

For and on behalf of the Board of Directors
B.G. MANDELIA
Vice Chairman &
Joint Managing Director

V.K. KHANNA
Executive Director (Finance)

S.K. MANDELIA
Chairman &
Managing Director

VIBHU BAKHRU
PARDEEP JAIN
Directors



HINDUSTAN EVEREST TOOLS LTD.

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Note No.	For the year ended 31.03.2012 Rs.	For the year ended 31.03.2011 Rs.
I. REVENUE			
Revenue from operations	19	44,63,30,241	40,20,53,055
Excise Duty		(2,12,77,714)	(2,09,59,739)
Net Revenue from operations		42,50,52,527	38,10,93,316
II. Other Income	20	16,18,329	12,64,071
III. Total Revenue (I+II)		42,66,70,856	38,23,57,387
IV. EXPENSES			
Raw Material Consumed	21	8,72,11,259	8,63,80,948
Purchase of Stock in Trade		9,91,42,841	7,57,46,519
Change in Inventories of Finished Goods work-in-progress and Stock-in-Trade,	22	(15,08,989)	7,18,311
Employees Benefits Expenses	23	9,39,60,996	8,27,71,412
Finance Cost	25	1,40,56,547	1,16,38,890
Depreciation and amortization expenses	9	65,55,295	64,13,488
Other Expenses	24	13,36,96,017	12,16,98,212
Total Expenses		43,31,13,966	38,53,67,780
V. Profit/ (Loss) before tax (III-IV)		(64,43,110)	(30,10,393)
VI. Tax expenses			
(1) Current tax		—	—
(2) Deferred tax (charged)/Credited		(1,83,553)	7,10,312
VII. Profit/ (Loss) for the period for the period (VII-VIII)		(66,26,663)	(23,00,081)
Earning Per Share (Equity share of Rs. 10 each)			
Basic and Diluted	27	(4.12)	(1.43)
Significant accounting policies and other notes on accounts	28		
The notes referred to above form an integral part of the Profit and Loss Statement.			

As per our report attached
for **SINGHI & CO.**
Chartered Accountants
Firm Reg No. 302049E

B.K. SIPANI
Partner
Membership No. 88926
Place: New Delhi
Dated: 29th May, 2012

GOVIND DEORA
Company Secretary

For and on behalf of the Board of Directors
B.G. MANDELIA
Vice Chairman &
Joint Managing Director

S.K. MANDELIA
Chairman &
Managing Director

V.K. KHANNA
Executive Director (Finance)

VIBHU BAKHRU
PARDEEP JAIN
Directors



HINDUSTAN EVEREST TOOLS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 2012

(Rs. in Lacs)

Particulars	For the year ended 31.03.2012 (Rs.)	For the year ended 31.03.2011 (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/Loss before Tax and extra ordinary items	(64,43,110)	(30,10,393)
Add: Depreciation	65,55,295	64,13,488
Add: Finance Cost	1,40,56,547	1,16,38,890
Add: (Profit)/Loss on sale of fixed Assets	14,21,982	1,51,435
Add: Exchange Rate fluctuation difference net	(9,582)	(1,53,729)
Add: Deminution of value in investment		1,21,404
Add: Bad Debts written off (Net)	5,42,617	73,768
Add: Provision for doubtful debts	2,18,961	2,10,907
Less: Dividend Received	(19,524)	(18,624)
Less: Liability no longer required		(30,774)
Less: Interest Received	(1,51,216)	(45,836)
Operating profit before working capital change	1,61,71,970	1,53,50,536
Adjustment for :		
Trade & Other Receivables	(25,76,525)	(1,45,75,527)
Inventories	(50,76,310)	(49,00,965)
Trade & Other Payables	1,31,53,500	1,80,19,427
Cash Generated from Operations	2,16,72,635	1,38,93,471
Less: Direct Tax (Paid)/Refund	(16,261)	44,414
Net cash from/(used in) operating activities	2,16,56,374	1,39,37,885
B CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(70,52,141)	(53,13,773)
Sale of Fixed Assets	8,51,691	61,403
Movement in Fixed Deposit	507	10,082
Movement in margin money	(15,00,000)	(5,00,000)
Dividend Received	19,524	18,624
Interest Received	1,51,216	45,836
Net Cash Flow from investing activities	(75,29,203)	(56,77,828)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings (Net)	(22,99,462)	(28,06,728)
Proceeds from short Term borrowings (Net)	17,04,273	63,11,922
Finance Cost	(1,40,46,964)	(1,17,49,720)
Net Cash from/(used in) Financing Activities	(1,46,42,153)	(82,44,526)
Net Cash increase/Decrease in cash & equivalents (A+B+C)	(5,14,982)	15,531
Cash & Cash Equivalents as at (Opening Balance)	31,59,825	31,44,294
Cash & Cash Equivalents as at (Closing Balance)	26,44,843	31,59,825
Cash & Cash Equivalents includes		
Cash & Cheques in Hand	1,67,956	1,64,867
Balance with schedule Banks	24,76,887	29,94,958
	26,44,843	31,59,825

Note: Previous Year figures have been regrouped, wherever found necessary

As per our report attached
for **SINGHI & CO.**
Chartered Accountants
Firm Reg No. 302049E

B.K. SIPANI
Partner
Membership No. 88926
Place: New Delhi
Dated: 30th May, 2012

GOVINDDEORA
Company Secretary

For and on behalf of the Board of Directors
B.G. MANDELIA
Vice Chairman &
Joint Managing Director

S.K. MANDELIA
Chairman &
Managing Director

V.K. KHANNA
Executive Director (Finance)

VIBHU BAKHRU
PARDEEP JAIN
Directors



HINDUSTAN EVEREST TOOLS LTD.

NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31st March, 2012 (Rs.)	As at 31st March, 2011 (Rs.)
NOTE 1: SHARE CAPITAL		
Authorised:		
23,00,000 ,(Previous Year 23,00,000) Equity share of Rs. 10/- each	2,30,00,000	2,30,00,000
20,000, (Previous Year 20,000) Redeemable Cumulative Preference Shares of Rs.100/-each.	20,00,000	20,00,000
	2,50,00,000	2,50,00,000
Issued, Subscribed and Paid-up:		
16,07,200, (Previous Year 16,07,200) Equity Shares of Rs. 10/- each fully paid up	1,60,72,000	1,60,72,000
	1,60,72,000	1,60,72,000

Notes:

(a) Reconciliation of Shares outstanding at the beginning and at the end of year are given below:

	As at 31.03.2012		As at 31.03.2011	
	Numbers	Rs.	Numbers	Rs.
Equity Shares outstanding at the beginning of the year	16,07,200	1,60,72,000	16,07,200	1,60,72,000
Add: Equity Shares Issued during the year	—	—	—	—
Less: Equity Shares bought back/ redeemed during the year	—	—	—	—
Equity Shares outstanding at the end of the year	16,07,200	1,60,72,000	16,07,200	1,60,72,000

(b) Details of shareholder holding more than 5% of the company as on reporting date are given below:

Name of the Shareholder	As at 31st march, 2012		As at 31st march, 2011	
	No. of Shares	Percentage	No. of Shares	Percentage
M/S Mandelia Investment Pvt. Ltd.	7,84,259	48.80%	7,64,094	47.54%
M/S Transparent Agro Pvt. Ltd.	89,990	5.60%	89,990	5.60%

(c) **Right attached to Equity Shares:** The company has one class of equity shares having a par value of Rs.10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

	As at 31.3.2012 (Rs.)	As at 31.3.2011 (Rs.)
--	-----------------------------	-----------------------------

NOTE 2 : RESERVES AND SURPLUS

(a) Capital Reserve:		
Opening Balance	7,52,400	7,52,400
(b) Revaluation of Fixed Assets Reserve		
Opening Balance	14,71,751	14,71,751
(c) Share Premium Account		
Opening Balance	73,28,000	73,28,000
(d) General Reserve		
Opening Balance	2,16,33,943	2,39,34,023
Less: Profit/(Loss) for the year as per Profit and Loss Statement	(66,26,663)	(23,00,081)
	1,50,07,280	2,16,33,942
Total	2,45,59,431	3,11,86,093



HINDUSTAN EVEREST TOOLS LTD.

NOTE-3 LONG TERM BORROWINGS

	Ref.	Non Current Portion		Current Maturities	
		As at 31st March' 2012 (Rs.)	As at 31st March' 2011 (Rs.)	As at 31st March' 2012 (Rs.)	As at 31st March' 2011 (Rs.)
(i) Secured	3.1				
Term loan from a bank		12,52,553	29,24,553	16,72,000	16,72,000
Working Capital Term Loan		—	12,17,223	12,17,223	50,00,000
Vehicle loan from Bank		19,88,060	23,35,161	11,37,331	11,44,224
Total (i)		32,40,613	64,76,937	40,26,554	78,16,224
(ii) Unsecured					
Loan from Managing Director & Joint Managing Director & their associates. (Interest free Loan)		5,31,51,862	5,22,15,000	—	—
Loan from a Body Corporate		50,00,000	50,00,000	—	—
Total (ii)		5,81,51,862	5,72,15,000	—	—
Total (i) + (ii)		6,13,92,475	6,36,91,937	40,26,554	78,16,224
(iii) Amount disclosed under the head "Other Current Liabilities"				(40,26,554)	(78,16,224)
Total (iii)		6,13,92,475	6,36,91,937	—	—

- 3.1 (a) Secured against Land, Building and Plant & Machinery and other immovable & movable fixed assets of the Company. These Loans further secured by personal guarantees of Chairman & Managing Director of the company.
- (b) (i) Term Loan from a bank carrying interest rate (BPLR(12.50%) +4.30%) and payable in quarterly installment of Rs. 4,18,000/.
- (ii) Working Capital Term Loan from a bank carrying interest rate (BPLR(12.50%)+ 4.80%) and payable in financial year 2012-13.
- (c) Vehicle loan from a bank secured by hypothecation of vehicles financed and carries interest rate of 10.50% to 12.50% per annum. Payable in 5-47 equal monthly installment beginning with April'2012.

NOTE 4: PROVISIONS

	Ref.	Long Term Portion		Short Term Portion	
		As at 31st March' 2012 (Rs.)	As at 31st March' 2011 (Rs.)	As at 31st March' 2012 (Rs.)	As at 31st March' 2011 (Rs.)
Provision for employees benefits					
– Gratuity	Note: 28.7	1,26,60,259	1,38,17,964	32,90,400	23,44,564
– Accrued Leave		15,86,792	14,54,697	6,24,449	2,45,557
Provision for Wealth Tax				36,328	62,675
Total		1,42,47,051	1,52,72,661	39,51,177	26,52,796



HINDUSTAN EVEREST TOOLS LTD.

	As at 31.3.2012 (Rs.)	As at 31.3.2011 (Rs.)
NOTE-5: OTHER NON CURRENT LIABILITIES		
Trade Deposits	80,41,732	75,73,066
	<u>80,41,732</u>	<u>75,73,066</u>

NOTE-6: SHORT TERM BORROWINGS

Short Term Loan from Banks (Repayable on demand):

Secured

Packing/ Cash credit facilities	7,45,05,675	6,90,11,732
	<u>7,45,05,675</u>	<u>6,90,11,732</u>

Nature of security

Packing/Cash Credit Limits from Bank secured by hypothecation of Raw Material Stores, Tools & Dies (not forming part of Plant & Machinery) Finished Goods, Work-in-progress, Bill 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. These Loans further secured by personal guarantees of Chairman & Managing Director of the company.

NOTE-7: TRADE PAYABLE

Sundry Creditors for goods & services	7.1 & 7.2	7,82,35,357	7,02,60,527
		<u>7,82,35,357</u>	<u>7,02,60,527</u>

7.1 The company has not received any Intimation from any of its suppliers regarding their status under the Micro Small Medium Enterprises Act and hence disclosures, relating to amounts unpaid as at the year end along with interest if any payable as required under the said Act have not been given.

7.2 Trade Payables are subject to reconciliation & confirmations.

NOTE-8: OTHER CURRENT LIABILITIES

Current maturities of long term debt	40,26,554	78,16,224
Interest accrued & due on Borrowings	10,80,000	10,70,417
Employee Emoluments	1,16,98,030	82,62,151
Statutory Dues Payable	70,37,826	69,02,555
Advance from & Credit balance of Customers	57,20,910	48,64,410
	<u>2,95,63,320</u>	<u>2,89,15,757</u>



NOTE-9 : FIXED ASSETS - TANGIBLE ASSETS

Description of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost as at 01.4.2011	Additions	Less Sales/ Adjustments	Total Cost as at 31.3.2012	Upto 31.3.2011	Provided During the year	Less Sales/ Adjustments	Total upto 31.3.12	As at 31.03.11	As at 31.03.12
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land (Free Hold)**	18,71,600			18,71,600	0			0		18,71,600
Building	2,24,15,263	1,06,941		2,25,22,204	1,06,78,579	3,86,284		1,10,64,863		1,17,36,684
Plant & Equipments	11,97,84,767	39,17,262		12,37,02,029	8,72,63,859	28,96,121		9,01,59,980		3,35,42,049
Laboratory Apparatus	2,31,939			2,31,939	2,24,867	432		2,25,299		6,640
Jigs & Fixture*	15,84,521	4,692		15,89,213	15,17,768	4,457		15,22,225		66,988
Motor Vehicle & Cycles	2,19,05,286	11,47,905	44,29,657	1,86,23,534	88,41,316	18,68,138	22,91,578	84,17,876		1,30,63,970
Electric Installations	62,45,449	1,44,962		63,90,411	52,42,592	92,886		53,35,478		10,54,933
Tubewell & Water Supply Installation	6,74,084			6,74,084	3,48,833	14,060		3,62,893		3,11,191
Furniture & Fixture	47,91,727	45,000	28,093	48,08,634	27,47,272	1,80,887		29,28,159		18,80,475
Air Conditioner*	24,17,039	2,42,131		26,59,170	15,13,066	1,99,044		17,12,110		7,47,060
Computers*	62,33,268	3,40,688		65,73,956	40,88,292	4,30,661		45,18,953		20,55,003
Other Office Equipments*	1,00,00,723	7,00,732	1,07,501	1,05,93,954	68,10,589	4,77,762		72,88,351		33,05,603
Fire Extinguisher	1,88,759			1,88,759	1,45,759	3,025		1,48,784		39,975
Weigh Bridge	3,36,238			3,36,238	3,13,463	1,538		3,15,001		21,237
Total	19,86,80,663	66,50,313	45,65,251	20,07,65,725	12,97,36,255	65,55,295	22,91,578	13,39,99,972		6,67,65,753
Previous Year	19,88,40,386	53,13,773	34,73,496	19,86,80,663	12,65,83,425	64,13,488	32,60,658	12,97,36,255		6,89,44,408

*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 31.3.2012 (Rs.)	As at 31.3.2011 (Rs.)
NOTE-10: NON CURRENT INVESTMENTS			
(Valued at lower of cost or Fair vale) (Other than trade.)			
Fully paid up Equity Shares			
Quoted (At Cost)			
1754 (Previous Year 1754 shares) of Rs. 10/- each M/S Jay Shree Tea & Industries Ltd	10.1	1,50,099	1,50,099
6000 (Previous Year 6000 shares) of Rs. 1/- each M/S Hindalco Industries Ltd		5,32,550	5,32,550
Unquoted (At Cost)			
4000 (Previous Year 4000 shares) of Rs. 10/- each M/S Bharat Commerce & Industries Ltd		1,21,404	1,21,404
		8,04,053	8,04,053
Less: Provision for diminution In value of long Term Investment		1,21,404	1,21,404
		6,82,649	6,82,649
Aggregate Book Value of Quoted investment		6,82,649	6,82,649
Aggregate amount of Unquoted investment		1,21,404	1,21,404
Aggregate Market Value of Quoted investment		7,93,278	15,44,558
10.1 877 equity shares of '10/- each received as bonus shares in earlier year.			
NOTE-11: DEFERRED TAX ASSETS			
On Unabsorbed Depreciation	11.1	88,28,263	99,45,324
On Retirement Benefits		56,12,027	57,95,580
		1,44,40,290	1,57,40,904
Less Deferred Tax Liabilities			
On Depreciation		88,28,263	99,45,324
Net Deferred Tax Assets		56,12,027	57,95,580
11.1 Deferred tax assets on unabsorbed depreciation has been been recognised to the extent deferred tax liability on timing difference of depreication provided , the reversal of which will result in sufficient income.			
NOTE-12 : LONG TERM LOANS & ADVANCES			
Unsecured, Considered Good			
Deposit with Govt. Department		20,32,530	20,32,530
Deposit with others		20,56,020	24,07,967
		40,88,550	44,40,497
NOTE-13: INVENTORIES			
	28.1(viii)		
(As taken. Valued and certified by the management)			
Raw Materials		1,60,84,490	1,46,30,696
Work-in-Progress (Hand Tools)		2,20,69,154	2,37,91,610
Finished Goods		6,72,50,371	6,97,30,690
Stock in trade		2,16,33,482	1,57,22,731
Stores,Spare Parts, Tools & Accessories etc. (includes dies ' 7107962/-(previous Year '6688453/-)		3,08,06,795	2,86,93,268
Others (Steel Scrap)		7,10,049	9,09,036
		15,85,54,341	15,34,78,031



HINDUSTAN EVEREST TOOLS LTD.

	As at 31.3.2012 (Rs.)	As at 31.3.2011 (Rs.)
NOTE-14: TRADE RECEIVABLE	14.1	
(Considered good unless otherwise stated)		
<u>Debts exceeding six months from due date:</u>		
Considered good	1,18,77,447	1,34,52,320
Considered Doubtfull	14,23,144	12,04,183
	1,33,00,591	1,46,56,503
Less: Provision for doubtfull debts.	(14,23,144)	(12,04,183)
	1,18,77,447	1,34,52,320
Other Debts		
Considered good	4,63,39,004	3,94,19,232
	5,82,16,451	5,28,71,552
14.1 (a) Trade Receivables become due on the date of Invoice.		
(b) Export Debts are not covered by any hedge instrument or otherwise Rs. 1,10,79,567/-(previous year Rs.29,75,881/-)		
(c) Trade Receivables are subject to reconciliation & confirmation.		
NOTE-15: CASH & BANK BALANCES		
Cash & Cash Equivalent		
Cash & Cheques in hand (As certified) in Current Account	167,956 24,76,887	1,64,867 29,94,958
	26,44,843	31,59,825
Earmarked balances with banks		
Fixed Deposit (Maturity Beyond 90 Days from deposit date) in Saving Account	1,94,109 8,000	1,94,616 8,000
Balances with bank to the extent held as margin money	22,50,000	7,50,000
	50,96,952	41,12,441
15.1 Pledged with Central Excise Authorities.		
NOTE-16:SHORT TERM LOANS & ADVANCES	16.1	
(Unsecured, Considered Good unless otherwise stated)		
Considered Good		
Pre-paid Expenses	6,88,797	6,33,545
Advances to Suppliers	43,00,089	52,85,287
Advances to Employees	9,12,799	9,80,750
Advance Tax / ax deducted at source	1,33,606	1,17,345
Balance with Excise Authorities	5,98,528	15,57,307
Total (a)	66,33,819	85,74,234
Considered doubtful		
Advances to Suppliers	3,85,203	3,85,203
Less:Provision for doubtful	(3,85,203)	(3,85,203)
Total (b)	—	—
Total (a) + (b)	66,33,819	85,74,234
16.1 Advance to suppliers are subject to reconciliation and confirmation.		



HINDUSTAN EVEREST TOOLS LTD.

	As at 31.3.2012 (Rs.)	As at 31.3.2011 (Rs.)
NOTE-17: OTHER CURRENT ASSETS		
Export Incentive Receivable	42,49,284	54,70,613
Interest accrued on Fixed Deposit etc.	2,66,564	2,66,564
	<u>45,15,848</u>	<u>57,37,177</u>

NOTE-18: COMMITMENTS AND CONTINGENT LIABILITIES

a) Commitments:		
Estimated amount of contract remaining to be excuted and not provided for (Advance paid Rs.NIL Previous year Rs. 40,000/-)	Nil	1,58,100
b) Contingent Liabilities		
Bonds & Bank Gurantees outstanding (Margine Money paid Rs. 1,83,000/- Previous year Rs. 1,83,000/-)	80,000	80,000



HINDUSTAN EVEREST TOOLS LTD.

NOTES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012.

	For the Year ended 31st March, 2012 (Rs.)	For the Year ended 31st March, 2011 (Rs.)
NOTE-19 REVENUE FROM OPERATIONS		
Sales (Hand Tools)		
Export Sales	18,13,61,565	15,33,14,835
Domestic Sales	23,62,42,256	22,07,66,773
Other Operating Revenue		
– Export Incentives	1,89,27,833	1,98,06,223
– Scrap Sale	97,98,587	81,65,224
Gross Revenue from Operations	4,46,3,30,241	40,20,53,055
NOTE-20: OTHER INCOME		
Miscellaneous Income	20	1,650
Interest Received	1,51,216	45,836
Dividend Received	19,524	18,624
Liability no longer required written back.	—	30,774
Exchange Rate Difference	12,71,449	8,79,252
Freight Subsidy	—	1,10,923
Rent Received	1,76,120	1,77,012
	16,18,329	12,64,071
NOTE-21: RAW MATERIAL CONSUMED		
Steel	7,10,73,230	6,91,01,480
Componenets	92,44,626	1,07,00,282
Nickel	56,78,092	56,12,466
Others	12,15,311	9,66,720
	8,72,11,259	8,63,80,948
NOTE-22: CHANGE IN INVENTORIES		
Inventories at the end of the year		
Finished Goods	6,72,50,371	6,97,30,690
Stock in Trade	2,16,33,482	1,57,22,731
Work-in-Progress (Hand Tools)	2,20,69,154	2,37,91,610
Others (Steel Scrap)	7,10,049	9,09,036
	11,16,63,056	11,01,54,067
Inventories at the beginning of the year		
Finished Goods	6,97,30,690	7,45,28,505
Trading Goods	1,57,22,731	1,51,74,046
Work-in-Progress (Hand Tools)	2,37,91,610	2,02,63,575
Others (Steel Scrap)	9,09,036	9,06,252
	11,01,54,067	11,08,72,378
	(15,08,989)	7,18,311
NOTE-23: EMPLOYEES BENEFITS EXPENSES		
Salaries,Wages,Bonus & Allowances	8,64,04,041	7,49,88,123
Contribution to Providebd & other Fund	46,65,102	46,60,633
Workers & Staff welfare Expenses	28,91,853	31,22,656
	9,39,60,996	8,27,71,412



HINDUSTAN EVEREST TOOLS LTD.

		For the Year ended 31st March, 2012 (Rs.)	For the Year ended 31st March, 2011 (Rs.)
NOTE-24: OTHER EXPENSES			
Stores dies Tools & Spare Parts Consumed	24.1	1,58,31,951	1,34,81,907
Packing Material Consumed		1,39,30,202	1,25,46,424
Power & Fuel		3,00,68,146	3,22,48,562
Increase/(Decrease) in Excise duty on Finished Goods Stocks		(2,15,205)	(4,35,094)
Repair Replacement& Renovation			
Machinery		77,68,969	67,39,088
Buildings		7,52,264	2,22,392
Others		41,89,993	51,46,269
Forwarding & Freight etc.		1,05,67,125	94,32,939
Commission to other selling Agents		35,08,757	33,45,007
Publicity & Advertisement		17,11,972	6,76,219
Cash Discount		48,92,236	50,28,656
Insurance		10,68,803	8,91,554
Sale Promotion Expenses		24,59,432	26,74,730
Rent		29,57,951	27,74,371
Rates & Taxes		1,79,913	1,68,365
Travelling & Conveyance (including Directors Travelling Rs.46,61,361/- (Previous year Rs. 31,53,033/-))		1,23,73,473	1,04,06,144
Vehicle Running & Maintanance		39,34,553	39,04,855
Printing & Stationery		15,07,403	15,01,276
Postage Telegrame & Telephone		27,65,673	27,10,260
Miscellanious Expenses		56,31,927	52,30,942
Professional & Legal expenses		12,98,341	13,51,455
Directors Fee		9,000	8,000
Payment to Auditors			
Audit Fee		1,00,000	1,00,000
Tax Audit Fee*		60,000	30,000
For Limited Review.		45,000	45,000
For Expenses		12,205	13,410
Sales Tax & Purchase Tax		78,509	1,11,123
Bad Debts/Sundry Debit Balances etc. written off.		5,42,617	73,768
Exchange Rate Flucation.		31,76,798	—
Provision for bad & doubtfull Debt/Advances		2,18,961	2,10,907
Provision for diminution in long term investment		—	1,21,404
Loss on Sale of Fixed Assets/Discarted (Net)		14,21,982	1,51,435
Bank Charges		8,47,066	7,86,844
		13,36,96,017	12,16,98,212

* Including Rs. 30,000/- provided for current year.

24.1 Cost of own manufactured Dies & Tools during the year as certified and valued by the Management Rs. 992337/-
(Previous year Rs. 1365059/-)



HINDUSTAN EVEREST TOOLS LTD.

	For the Year ended 31st March, 2012 (Rs.)	For the Year ended 31st March, 2011 (Rs.)
NOTE-25: FINANCE COST		
(a) Interest expenses		
Interest Expenses	1,35,10,118	1,10,26,784
Other Borrowing Cost	5,46,429	6,12,106
	<u>1,40,56,547</u>	<u>1,16,38,890</u>

NOTE- 26 :

Expenses/adjustment relating to previous years not separately shown and same have been debited/credited to respective heads of accounts Rs. 135240/- Net Debit (Previous year Rs. 147280/- (Net Credit)).

NOTE-27: EARNING PER SHARE (EPS)

Profit/(Loss) after Tax	(66,26,663)	(23,00,081)
No. of Shares of Rs. 10/-each.	16,07,200	16,07,200
Basic & Diluted EPS	(4.12)	(1.43)



HINDUSTAN EVEREST TOOLS LTD.

NOTE- 28: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES ON ACCOUNTS

28.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) **General Information**

Hindustan Everest Tools Limited (hereinafter referred to as 'the Company' HETL) is a manufacturer of Hand Tools. The Company's manufacturing facilities are located at village Jatheri P.O. Rai, Sonipat.

(ii) **Accounting Convention**

The financial statements are prepared under the historical cost convention, on the accrual basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting Standards as notified by The Companies (Accounting Standards) Rules, 2006 issued by the Central Government and the relevant provisions of Companies Act, 1956 of India.

(iii) **Use of Estimates**

The Preparation of financial statement require estimates and assumptions to be made that effect the reported amount of Assets and Liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period which the results are known/ materialised.

(iv) **Fixed Assets**

- i) Freehold Land is at revalued amount.
- ii) Buildings, Plant and Machinery & Other Fixed Assets are stated at cost.

(v) **Depreciation**

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)

(vi) **Investments**

Long term investments are stated at cost. The company provides diminution, Other than temporary, in the value of long term investments.

(vii) **Impairment of Assets**

Impairment of Assets are assessed at Balance Sheet date if any indication of impairment exist, the same is assessed and provide for.

(viii) **Inventories**

Inventories are valued at cost or net realisable value whichever is lower except dies, which is re-valued based on estimated useful life, Materials and other supplies held for the use in the production of inventories are not written down below cost of Finished products in which they will be incorporated are expected to be sold at or above cost. Cost is calculated on weighted average basis. cost comprises of all cost of purchases, cost of conversion and other costs incurred in bringing the inventory to their present condition an location. Excise Duty on finished goods lying inside factory/customs duty on goods lying at warehouse is also provided at the year end.

(ix) **Foreign Currencies**

Transaction in foreign curriency are accounted at exchange rates prevalling on the date of transation. Foreign curriency monetary as on Balance Sheet date are reconverted at the rate prevalling at the year end and the resultant net gains or losses are adjusted in the Profit and Loss Statement.

(x) **Retirement Benefits**

Year end liabilities in repect of retirement benefits towards Gratuity & Leave encashment to the employess of the company has been provided as per actuarial valuation.

(xi) **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 related to earlier years). Discount & rebates.



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(xii) 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.

(xiii) Deferred Taxation

In accordance with Accounting standard-22 Accounting for Taxes on Income notified companies (Accounting Standard Rules 2006), the deferred tax for timing differences between the accounting income and taxable income for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as on 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 realised in future and the same is reviewed at each Balance Sheet date.

(xiv) Others

Profit/Loss on sale raw material, components and stores, not being material, is being adjusted in respective consumption account and are not shown separately.

(xv) Contingent Liabilities

These are disclosed by way of notes on the Balance Sheet. Provision is made in the accounts on 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 the position stated in the Balance Sheet.

28.2 The company is engaged in the Hand tool 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.

	Current Year (Rs.)	Previous Year (Rs.)
(i) Overseas Sale*	20,02,89,398	17,31,21,058
(ii) Domestic Sale	22,47,63,129	20,79,72,258

* Including export incentive Rs. 1,89,27,833/- (Previous year Rs. 19806223/-)

All the business assets of the company are situated in India except export debtor Rs. 1,10,79,567/- (Previous year Rs. 29,75,881/-)

28.3 CIF VALUE OF IMPORTS

Stores & Spares	3,51,496	49,114
Finished Goods	18,16,161	1,79,048
	21,67,657	2,28,162

28.4 EXPENSES IN FOREIGN CURRENCY

Travelling	17,61,488	16,50,159
Commission	8,86,119	6,25,774
Advertisement & Publicity	6,66,171	11,870
Miscellaneous Expenses	2,02,199	1,76,130
	35,15,977	24,63,933

28.5 VALUE OF RAW MATERIAL, STORES AND SPARES PARTS CONSUMED

	Current Year Amount (Rs.)	Current Year Percentage	Previous Year Amount (Rs.)	Previous Year Percentage
Raw Material & components				
Imported	—	—	—	—
Indigenous	8,72,11,259	100	8,63,80,948	100
	8,72,11,259	100	8,63,80,948	100
Stores, Dies, Tools & Spare Parts				
Imported	3,51,496	1.63	49,114	—
Indigenous	1,54,80,455	98.37	1,34,32,793	100
	1,58,31,951	100	1,34,81,907	100



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	Current Year Rs.	Previous Year Rs.
28.6 EARNING IN FOREIGN EXCHANGE		
Export of Hand Tools (On FOB Bases)	18,13,35,032	15,32,18,215

28.7 DISCLOSURE PURSUANT TO ACCOUNTING STANARD -15 ON EMPLOYEES BENEFITS

1) Define Contribution Plan.

The Company has recognised the following amounts in the profit & loss Statement for the year Contribution to Employees Provident Fund Rs.46,65,102/- (Previous year Rs. 46,60,633/-)

2) Define Benefit Obligation (DBO)

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

a) A reconciliation of opening and closing balances of the present value of the defined benefit obligation (DOB)

A) Opening DOB as on 1st April,2011	1,61,62,528	1,34,07,418
Current Service Cost	8,59,770	8,91,864
Interest Cost	13,73,815	10,72,593
Acturial (gain)/Loss	(11,62,676)	21,10,925
Benefit Paid	(12,82,778)	(16,60,519)
Past Service Cost	—	3,40,247
Closing DOB as on 31st March,2012	1,59,50,659	1,61,62,528

B) Liability recognised in the Balance Sheet

Present value of the defined obligation at the end of the period	1,59,50,659	1,61,62,528
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Fair value of the plan assets at the end of the year	—	—
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Liability recognised in the Balance Sheet	1,59,50,659	1,61,62,528
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C) The total expenses recosined in the Profit & Loss Account

Current Service Cost	8,59,770	8,91,864
Interest cost	13,73,815	10,72,593
Past Service Cost	—	3,40,247
Acturial (gain)/Loss	(11,62,676)	21,10,925
Net Gratuity Cost	10,70,909	44,15,629

D) Actual Return on plan assets

E) Following are the Principal Acturial Assumptions used as at the balance sheet date

Discount rate	8.50%	8.00%
Expected rate of return on any plan assets		
Average salary escalation rate	6.00%	5.50%

The estimates of the future salary increase considered in acturial valuation, take account of inflation, seniority, promotion and other relevant factors. Defined benefit obligation are not funded.

28.8 RELATED PARTY DISCLOSURES

- a) Association of persons having significant influence on Key management personnel
 - S.K.Mandelia (HUF)
 - B.G.Mandelia (HUF)
- b) Key Management Personnel
 - Shri S.K.Mandelia (Chairman & Managing Director)
 - Shri B.G.Mandelia (Vice Chairman & Jt. Managing Director)
 - Shri V.K.Khanna (Executive Director Finance)
- c) Relative of the Key Management.
 - Mrs. Neeta Khanna-wife of Shri V.K.Khanna Excutive Director (Finance)
 - Shri Anant Vijay Mandelia Marketing Executive son of Shri B.G.Mandelia.



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<u>Transaction with related Parties</u>	Current Year (Rs.)	Previous Year (Rs.)
Remuneration Paid*		
a) Sh. Shravan Kumar Mandelia	4,51,318	4,46,300
b) Sh. Bal Gopal Mandelia	4,42,343	4,87,562
c) Vinod Kumar Khanna	8,31,537	7,37,656
d) Sh. Anant Vijay Mandelia	3,92,000	2,66,800
	21,17,198	19,38,318
Loan Received During the year		
Sh B.G. Mandelia (HUF)	25,86,862	8,43,000
Loan Paid During the year		
Sh. S.K. Mandelia	16,50,000	—
Outstanding Payable During the year		
a) Sh. Shravan Kumar Mandelia	9,08,000	25,58,000
b) Sh. Bal Gopal Mandelia	2,88,000	2,88,000
c) Sh. S.K. Mandelia (HUF)	2,69,00,000	2,69,00,000
d) Sh B.G. Mandelia (HUF)	2,50,55,862	2,24,69,000
	5,31,51,862	5,22,15,000
Rent Paid (Net of Recovery)		
a) Sh. Shravan Kumar Mandelia (HUF)	1,18,800	1,18,800
b) Sh. Bal Gopal Mandelia (HUF)	1,20,000	1,20,000
c) Mrs. Neeta Khanna	84,000	59,000
	3,22,800	2,97,800

* Including Rent Paid (net of recovery)

As per our report attached
for **SINGHI & CO.**
Chartered Accountants
Firm Reg No. 302049E

B.K. SIPANI
Partner

Membership No. 88926

Place: New Delhi

Dated: 29th May, 2012

GOVIND DEORA
Company Secretary

For and on behalf of the Board of Directors
B.G. MANDELIA
*Vice Chairman &
Joint Managing Director*

S.K. MANDELIA
*Chairman &
Managing Director*

V.K. KHANNA
Executive Director (Finance)

VIBHU BAKHRU
PARDEEP JAIN
Directors



**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 FORTY NINTH ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 29th September, 2012 and at any adjournment thereof at PHD House, opposite Asian Games Village, Siri Fort Road, New Delhi-110 016

Signed this _____ day of _____ 2012.

Registered Folio No. /Client ID No. _____ Signature _____

No. of shares held _____

Affix 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 Forty Ninth Annual General Meeting of the Company being held at PHD House, Opposite Asian Games Village, Siri Fort Road, New Delhi-110 016 on Saturday, the 29th September, 2012.

Registered Folio No. / Client ID 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.

BOOKPOST

If undelivered, please return to :

HINDUSTAN EVEREST TOOLS LTD.
Dohil Chambers, 46, Nehru Place,
New Delhi-110019

