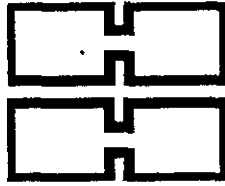


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37th ANNUAL REPORT 1998-99

bajaj group



## HERCULES HOISTS LIMITED

### *BOARD OF DIRECTORS*

**SHEKHAR BAJAJ** Chairman

**KLAUS CARL UEBEL**

**E. B. DESAI** (Alternate to Klaus Carl Uebel)

**NARESH CHANDRA**

**VINAYA MEHROTRA**

**KISHORILAL F. JHUNJHUNWALA**

**H. A. NEVATIA** Managing Director

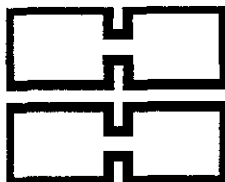


### *AUDITORS*

**M. L. BHUWANIA & CO.**  
Chartered Accountants

### *REGISTERED OFFICE*

110, MINERVA INDUSTRIAL ESTATE, MULUND (WEST), MUMBAI - 400 080.



## HERCULES HOISTS LIMITED

### DIRECTORS' REPORT

#### The Members,

The Directors present their 37th Annual Report together with the Audited Financial Accounts for the year ended 31st March, 1999.

#### 2. Financial Results:

	<b>This Year Rupees</b>	<b>Previous Year Rupees</b>
Sales (Net)	<b>171,058,867</b>	182,434,358
Gross Profit	<b>18,683,569</b>	29,418,071
Depreciation	<b>2,727,248</b>	1,856,370
Profit after Depreciation	<b>15,956,321</b>	27,561,701
Provision for taxation for the year	<b>2,800,000</b>	8,100,000
Net Profit after tax	<b>13,156,321</b>	19,461,701
Balance brought forward	<b>5,000,000</b>	5,000,000
Profit available for appropriation	<b>18,156,321</b>	25,029,609
Proposed Dividend	<b>3,200,000</b>	3,200,000
Tax on Distributed Profits	<b>352,000</b>	320,000
Transferred to General Reserve	<b>9,604,321</b>	16,509,609
Balance carried to Balance Sheet	<b>5,000,000</b>	5,000,000

3. The Directors recommend for consideration of shareholders at the Annual General Meeting payment of dividend of Rs.4.00 per share for the year ended 31st March, 1999, same as last year.

4. The sales are less due to the continuing slow-down in the economy, more particularly in the capital goods engineering industries.

The re-structuring of the operations of the Company started last year have continued. Twenty four employees accepted the voluntary retirement

under the Scheme of the Company at a cost of Rs.85.45 Lakhs during the year. Further investment in new machines has taken place and computerisation of information system is nearing completion.

The Company has negotiated an export order worth over Rs.6 Crores and the despatches have started from April, 1999 onwards. It is hoped that this order will be completed during the year 1999-2000 and similar orders will continue for next year also.

5. The fall in the profit is due to lower sales on the one hand and increase in the operating expenses on the other. The result of various actions enumerated above will start accruing in the current year and hence, the Company hopes for improved performance.
6. So far the products of the Company were marketed by M/s. Batliboi Limited. It has now been decided to form a new Company "Indef Marketing Services Private Limited" for marketing the Company's products more effectively. It will be a 50:50% Joint Venture Company of Hercules Hoists Limited and M/s. Batliboi Limited. Your approval is sought for this new arrangement.
7. Shri K.F. Jhunjhunwala and Shri K.C. Uebel, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.
8. You are requested to appoint Auditors for the period from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
9. The relations with the employees of the company have continued to be cordial.
10. The Company has achieved year 2000 (Y2K) compliance as on 31st March, 1999 for all its internal operations. The expenditure to ensure Y2K compliance has no material financial impact.
11. In terms of Section 217(1)(e) of the Companies Act, 1956, (as amended) and the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, your Directors furnish the additional information as required in the annexure hereto.

On behalf of the Board of Directors

**SHEKHAR BAJAJ**  
Chairman

Mumbai, 27th May, 1999.

**ANNEXURE**

- i) Information as required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988.

**A. Conservation of Energy:****(a) Power and Fuel Consumption****1. Electricity:****(a) Purchased**

Units

**351252**

319404

Total Amount (Rs.)

**1,719,731**

1,473,632

Rate/Unit (Rs.)

**4.90**

4.61

**(b) Own Generation**

Through Diesel Generator

Units

**3603**

2346

Units per litre of Diesel Oil

**1.30**

1.17

Diesel Cost (Rs.)

**30,315**

21,040

Rate/Unit (Rs.)

**8.41**

8.97

2,3 &amp; 4.Coal,Furnace Oil, Others/Internal Generation

**NIL**

NIL

**(b) Consumption per Unit of Production:**

From the records and other Books maintained by the Company in accordance with the provisions of the companies Act, 1956, the Company is not in a position to give the required information for the current year as well as the previous year.

**B. Technology Absorption:**

The Company does not have a separate Research and Development Dept. However, the Company's Engineers make constant efforts to improve the products in the areas of quality, performance, cost effectiveness, etc.

**C. Foreign Exchange Earnings & Outgoings:****(i) Foreign Exchange Earnings****1,474,087**

1,071,903

**(ii) Foreign Exchange Outgo:****a) Travelling Expenses (Rs.)****695,315**

164,176

**b) Raw Materials, Components & Machineries (Rs.)****17,512,393**

1,113,418

**c) Remittance of Dividend (Rs.)****160,000**

140,000

**Report of the Auditors to the Shareholders**

We have audited the attached Balance Sheet of MESSRS. HERCULES HOISTS LIMITED, as at 31st March, 1999 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report that :-

- 1) As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) 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.
- 2) Further to our comments in the Annexure referred to in paragraph 1 above :
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as it appears from our examination of the books;
  - (c) The Balance Sheet and the Profit and Loss Account dealt with by the Report are in agreement with the books of accounts;
  - (d) In our opinion, the profit and loss account and the balance sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required, and give a true and fair view:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999 and
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For and on behalf of **M/S.M.L. BHUWANIA & CO.,**  
Chartered Accountants.

**J. P. Bairagra**  
Partner.

Mumbai, 27th May, 1999

Annexure referred to in paragraph 1 of our report of even date.

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All these assets have been physically verified by the Management at reasonable intervals during the year. To the best of our knowledge, no material discrepancies have been noticed on such verification.
- ii) None of the fixed assets have been revalued during the year.
- iii) Stocks of finished goods, stores, spare parts and raw materials have been physically verified by the Management at reasonable intervals.
- iv) In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) According to the information given to us, no material discrepancies were noticed on such verification as compared to the book records.
- vi) On the basis of our examination of the stock records, we are satisfied that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- vii) The Company has not taken any loan from Companies under the same Management as defined under Sub-Section (1B) of Section 370 or from parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- viii) In our opinion, the rate of interest and other terms and conditions on which loan has been given to Company under the same management as defined under Section 370 (1B) and listed in the register maintained under Section 301 of the Companies Act, 1956 are prima facie not prejudicial to the interest of the Company.
- ix) The Company has given interest free loans to employees only, who are generally regular in repaying the amounts as stipulated.
- x) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of stores, raw materials including components, plant and machinery, equipment and other assets, and for the sale of goods.
- xi) In our opinion and according to the information and explanations given to us, the prices paid for the purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts entered in the Register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs.50,000/- or more in respect of each party, are reasonable having regards to reasonable market prices and/or the prices at which transaction for similar goods or services have been made with other parties.
- xii) As per information given to us, no unserviceable or damaged stores, raw materials or finished goods have been determined by the Company.
- xiii) In our opinion, the Company has complied with the provisions of Section 58-A of the Companies Act, 1956, and the Companies (Acceptance of Deposit) Rules 1975 with regard to the deposits accepted from the public.
- xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. *There are no by-products of the Company.*
- xv) In our opinion, the Company has an adequate internal audit system commensurate with its size and the nature of its business.
- xvi) The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the products of the Company.
- xvii) The Company is regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities. There were no arrears of either Provident Fund or Employees' State Insurance as at 31st March, 1999.
- xviii) According to the information and explanations given to us, the Company does not have any undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
- xix) On the basis of (i) the examination of the books of accounts, (ii) the vouchers examined by us and (iii) the explanations given to us on our inquiries, no personal expenses except those under service contract obligations with the Company's employees and/or accepted business practices have been charged to revenue account.
- xx) The Company is not a sick industrial Company within the meaning of Clause (o) of Sub-Section(i) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For and on behalf of **M/S.M.L. BHUWANIA & CO.,**  
Chartered Accountants.

**J. P. Bairagra**  
Partner.

Mumbai, 27th May, 1999.