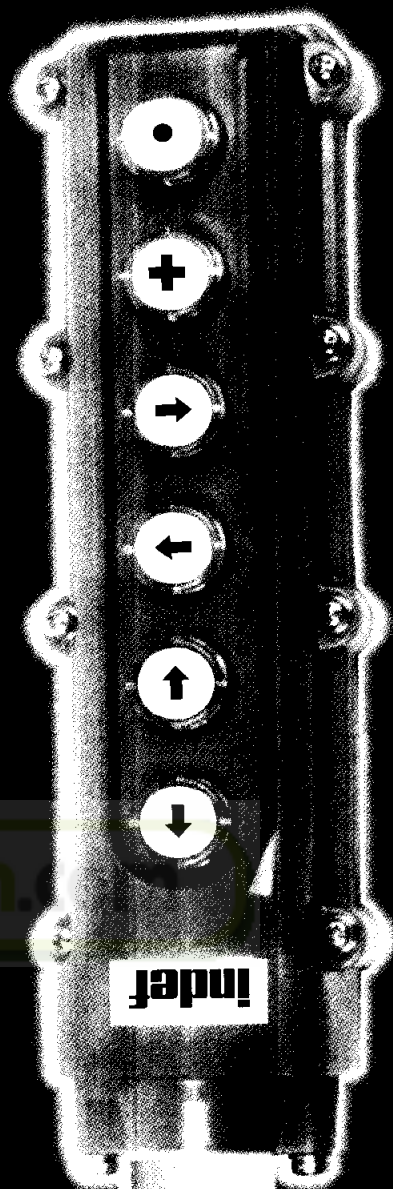
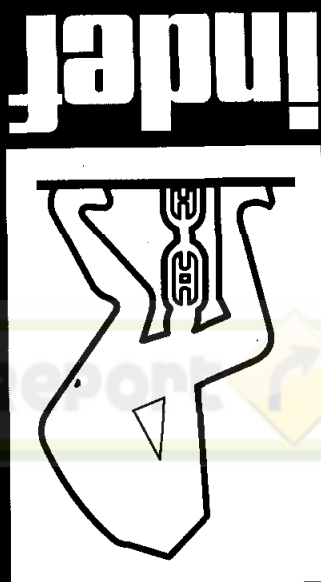
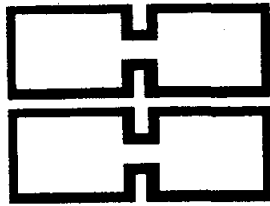


HERCULES HOISTS LIMITED
39th ANNUAL REPORT 2000 - 2001





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

Report  Junction.com

BANKERS

1. BANK OF INDIA
2. THE BANK OF RAJASTHAN LTD.

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 39th Annual Report together with the Audited Financial Accounts for the year ended 31st March, 2001.

2. Financial Results:

	This Year Rupees	Previous Year Rupees
Sales (Net)	229,498,883	195,422,515
Gross Profit	14,722,399	12,270,813
Depreciation	5,159,616	4,489,451
Profit after Depreciation	9,562,783	7,781,362
Provision for taxation for the year	800,000	900,000
Net Profit after tax	8,762,783	6,881,362
Balance brought forward	5,000,000	5,000,000
Profit available for appropriation	13,864,490	12,122,217
Proposed Dividend	3,200,000	—
Interim Dividend	—	3,200,000
Corporate Tax on Dividend	326,400	352,000
Transferred to General Reserve	5,338,090	3,570,217
Balance carried to Balance Sheet	5,000,000	5,000,000

3. The Directors recommend for consideration of the shareholders at the Annual General Meeting payment of dividend of Rs.4.00 per share for the year ended 31st March, 2001, subject to deduction of tax, if any, as against Rs.4.00 per share in the last year.
4. The exports this year are Rs.2.37 Crores as compared to Rs.4.16 Crores last year, partly due to restructuring of the main buyer company in U.K. and partly due to market conditions there. However, local sales have more than offset the export short-fall. This was achieved by introduction of new hand hoists and aggressive efforts of the marketing company. The Company had to offer price reductions and incentives to maintain order inflow. The recession in the capital goods industry is continuing and is a cause for worry.
5. The Agreement with M/s. Batliboi Limited for the 50:50 joint venture marketing company "Indef Marketing Services Limited" was terminated with effect from 1st February, 2001 and your Company bought over their shares (1,00,000 shares of Rs.10.00 each) at the face value of Rs.10.00 Lakhs and paid a compensation of Rs.1.00 Crore towards exiting from the joint venture and non-competition by them for a period of 5 years, as provided in the Agreement. M/s. Indef Marketing Services Limited has thus become a wholly owned subsidiary of the Company with effect from 23rd March, 2001.
6. The Company has completed the development of new range of Chain Electric Hoists and Ratchet Lever Hoists, both of which will contribute to increase in exports as well as local markets in the current year. The Company is also developing new range of Wire Rope Electric Hoists jointly with M/s. Bull S.r.l., Italy.
7. The previous Wage Agreement with the workmen had expired on 31st December, 1999. After prolonged negotiations, a settlement was reached and an Agreement was signed on 30th March, 2001. The new Agreement will be in force until 31st December, 2003, under which the workmen have agreed to increase productivity by 15%. The relations with the employees have continued to be cordial.
8. Shri Naresh Chandra and Shri K.F. Jhunjhunwala, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.
9. The Board of Directors of your Company state:
 - (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable standards had been followed;
 - (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are 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 that period;

- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.
10. 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.
11. No employees are getting remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975. 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, 12th June, 2001.

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:

The Company's manufacturing process is not energy intensive. The details of energy consumption and costs are as follows:

(a) Power and Fuel Consumption	Current Year	Previous Year
1. Electricity:		
(a) Purchased Units	451485	420174
Total Amount (Rs.)	2,213,203	1,968,142
Rate/Unit (Rs.)	4.90	4.68
(b) Own Generation		
Through Diesel Generator		
Units	2490	2547
Units per litre of Diesel Oil	1.25	1.27
Diesel Cost (Rs.)	27340	27,916
Rate/Unit (Rs.)	10.98	10.96
2,3 & 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 has developed new range of hand chain hoists as per designs received from the buyers in U.K. These hoists are being sold locally also and have been well received in the market. The Company has switched over to CNC machine tools for better quality and productivity. The Company's engineers have continued to improve the design and quality of the existing products.

C. Foreign Exchange Earnings & Outgoings:

(i) Foreign Exchange Earnings	23,347,548	41,608,222
(ii) Foreign Exchange Outgo	15,077,486	11,698,477

- II) Statement pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report for the year ended 31st March, 2001

None

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of MESSRS. HERCULES HOISTS LIMITED, as at 31st March, 2001 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 (Auditor's 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) On the basis of our review of the confirmations received from the companies in which the Directors of the Company are directors and the information and explanations given to us, none of the Directors of the Company are, prima facie, as at 31st March, 2001 disqualified from being appointed as directors of the Company under clause(g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) 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, 2001 and
 - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date;

For **M/S. M.L. BHUWANIA & CO.,**
Chartered Accountants.

Mumbai, 12th June, 2001

J.P.Bairagra
Partner

**ANNEXURE TO THE AUDITORS' REPORT**

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

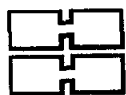
- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All these assets have been physically verified by the Management at reasonable intervals during the year. To the best of our knowledge, no material discrepancies have 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, secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. In terms of sub section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31st October, 1998.
- viii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. In terms of sub section (6) of Section 370 of the Companies Act, 1956, provisions of the Section are not applicable to a Company on or after 31st October, 1998.
- 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 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. There are no sales to such 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 generally 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, 2001.
- 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, 2001 for a period of more than six months from the date they became payable.
- xix) On the basis of (i) the examination of books of accounts, (ii) the vouchers examined by us and (iii) the explanation 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.
- xxi) As explained to us, in respect of the trading activities of the Company, there are no damaged goods determined by the Company.

For **M/S. M.L. BHUWANIA & CO.,**
Chartered Accountants.

J.P.Bairagra
Partner

Mumbai, 12th June, 2001



HERCULES HOISTS LIMITED

Balance Sheet as at 31st March, 2001

	Schedule	Rupees	Rupees	As at 31st March, 2000 Rupees
SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
a) Share Capital	1	8,000,000		8,000,000
b) Reserves & Surplus	2	<u>126,905,201</u>		<u>121,567,111</u>
			134,905,201	129,567,111
2. LOAN FUNDS				
a) Secured Loans	3	19,612,525		8,635,955
b) Unsecured Loans	4	<u>28,621,000</u>		<u>19,388,000</u>
			48,233,525	28,023,955
			<u>183,138,726</u>	<u>157,591,066</u>
APPLICATION OF FUNDS				
1. FIXED ASSETS	5			
a) Gross Block		82,187,291		71,684,680
Less: Depreciation		<u>19,800,349</u>		<u>15,100,398</u>
Net Block		62,386,942		56,584,282
b) Technical know-how		-		246,245
c) Capital work in progress		-		<u>10,400</u>
			62,386,942	56,840,927
2. INVESTMENTS	6		3,203,299	14,398,300
3. CURRENT ASSETS, LOANS AND ADVANCES				
a) Inventories	7	55,122,180		53,683,419
b) Sundry Debtors	8	41,539,125		69,378,922
c) Cash & Bank Balances	9	2,976,912		7,204,082
d) Other Current Assets	10	42,728,301		3,054,831
e) Loans & Advances	11	<u>22,363,281</u>		<u>14,134,802</u>
		164,729,799		147,456,056
Less: CURRENT LIABILITIES & PROVISIONS				
a) Liabilities	12	44,147,623		61,104,217
b) Provisions	13	<u>3,526,400</u>		-
		47,674,023		61,104,217
NET CURRENT ASSETS			117,055,776	86,351,839
4. MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	14		492,709	-
			<u>183,138,726</u>	<u>157,591,066</u>
Notes forming part of the accounts	19			

As per our report attached of even date

For **M/s. M.L. BHUWANIA & CO.**
Chartered Accountants

J.P. BAIRAGRA
Partner

Mumbai, 12th June, 2001.

SHEKHAR BAJAJ - Chairman

H.A. NEVATIA - Managing Director

Profit and Loss Account for the period ended 31st March, 2001

	Schedule	Rupees	Rupees	Previous Year Rupees
INCOME				
Sales		229,498,883		195,422,515
Other Income	15	12,754,430		5,471,062
Profit on Sale of Assets		385,999		1,384,697
			242,639,312	202,278,274
EXPENDITURE				
Cost of Materials Consumed	16	116,860,158		90,993,103
Operating & Other Expenses	17	95,839,635		80,448,535
Interest & Finance Expenses	18	5,217,120		4,276,913
Depreciation		5,159,616		4,489,451
			223,076,529	180,208,002
Profit for the year before Extraordinary Items			19,562,783	22,070,272
Less: Extraordinary Items - Payment under				
1. Gratuity Additional Funding with LIC			-	(4,288,910)
2. Compensation for Non-Competition			(10,000,000)	(10,000,000)
Profit for the year before tax			9,562,783	7,781,362
Less: Provision for taxation			(800,000)	(900,000)
Profit after tax			8,762,783	6,881,362
Add/(Less)				
Balance brought forward from previous year			5,000,000	5,000,000
Income Tax adjustments of earlier years			101,707	240,855
Balance available for appropriation			13,864,490	12,122,217
Interim Dividend			-	(3,200,000)
Proposed Dividend			(3,200,000)	-
Corporate Dividend Tax			(326,400)	(352,000)
Transfer to General Reserve			(5,338,090)	(3,570,217)
Balance carried to Balance Sheet			5,000,000	5,000,000

Notes forming part of the accounts

19

As per our report attached of even date

For M/s. M.L. BHUWANIA & CO.
Chartered AccountantsJ.P. BAIRAGRA
PartnerMumbai, 12th June, 2001.

SHEKHAR BAJAJ - Chairman

H.A. NEVATIA - Managing Director

Schedule Nos. 1 to 19 annexed to and forming part of the Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the period ended 31st March, 2001.

	Rupees	Rupees	As at 31st March, 2000 Rupees
SCHEDULE '1' - "SHARE CAPITAL":			
Authorised:			
10,00,000 Equity Shares of Rs.10/- each		<u>10,000,000</u>	<u>10,000,000</u>
Issued, subscribed and Paid Up:			
800,000 Equity Shares of Rs.10/- each Fully paid-up. (Out of the above, 25,000 Equity Shares of Rs.10/- each are allotted as fully paid-up for consideration other than cash and 725,000 Equity Shares of Rs.10/- each are allotted as fully paid-up Bonus Shares by Capitalisation of Reserves).		<u>8,000,000</u>	<u>8,000,000</u>
SCHEDULE '2' - "RESERVES & SURPLUS":			
General Reserve			
Balance as per last Balance Sheet	116,567,111		112,996,894
Add : Transferred from Profit & Loss Account	<u>5,338,090</u>		<u>3,570,217</u>
		<u>121,905,201</u>	<u>116,567,111</u>
Profit & Loss Account		<u>5,000,000</u>	<u>5,000,000</u>
		<u>126,905,201</u>	<u>121,567,111</u>
SCHEDULE '3' - "SECURED LOANS":			
Cash Credit from Banks		<u>19,612,525</u>	<u>8,635,955</u>
Note: Secured by hypothecation of stock and book debts. Also secured by collateral security of equitable mortgage of the Company's Fixed Assets.			
		<u>19,612,525</u>	<u>8,635,955</u>
SCHEDULE '4' - "UNSECURED LOANS":			
Fixed Deposits		<u>18,621,000</u>	<u>19,388,000</u>
Development Credit Bank Limited (Short Term Loan)		<u>10,000,000</u>	<u>-</u>
		<u>28,621,000</u>	<u>19,388,000</u>
SCHEDULE '5' - "FIXED ASSETS":			

(Figures in Rupees)

Assets	Gross Block (At Cost)				Depreciation				Net Block	
	As at 31.3.2000	Additions	Deduction/ adjustment	As at 31.3.2001	Upto 31.3.2000	Deductions	For the year	Upto 31.3.2001	Ason 31.3.2001	As on 31.3.2000
Land	266005	-	-	266,005	-	-	-	-	266005	266,005
Building	16,898,978	-	-	16,898,978	1,822,061	-	268,535	2,090,596	14,808,382	15,076,917
Effluent Treatment Plant	34,450	-	-	34,450	880	-	2,556	3,436	31,014	33,570
Plant & Machinery	38,879,061	7,049,397	351,211	45,577,247	8,995,729	333,651	3,437,909	12,099,987	33,477,260	29,883,332
Jigs & Fixtures	4,707,024	867,818	-	5,574,842	1,000,863	-	336,871	1,337,734	4,237,108	3,706,161
Factory Fixtures	605,514	-	-	605,514	208,849	-	22,188	231,037	374,477	396,665
Machine Accessories	202,956	-	-	202,956	143,565	-	5,302	148,867	54,089	59,391
Dies & Patterns	1,655,248	2,315,747	129,403	3,841,592	621,768	114,324	467,103	974,547	2,867,045	1,033,480
Electrical Installations	2,368,511	-	-	2,368,511	659,016	-	96,446	755,462	1,613,049	1,709,495
Furniture & Fittings	3,246,550	605,140	59,652	3,792,038	866,599	6,789	310,415	1,170,225	2,621,813	2,379,951
Office Equipments	1,190,944	210,242	5,467	1,395,719	322,582	4,901	57,672	375,353	1,020,366	868,362
Vehicles	1,629,439	-	-	1,629,439	458,486	-	154,619	613,105	1,016,334	1,170,953
As at 31.3.2001	71,684,680	11,048,344	545,733	82,187,291	15,100,398	459,665	5,159,616	19,800,349	62,386,942	56,584,282
As at 31.3.2000	70,933,785	4,407,093	3,656,198	71,684,680	13,777,801	3,166,854	4,489,451	15,100,398	56,584,282	-
Capital W. i. P.	10,400	-	10,400	-	-	-	-	-	-	10,400
Technical Know-How	246,245	-	246,245	-	-	-	-	-	-	246,245

Note: 1. Building includes premises valuing Rs. 110,975 and Office Equipment valuing Rs. 161,531 given on lease.
2. Building includes Residential Flat of Rs. 2,263,752.
3. Furniture & Fittings includes assets valuing Rs. 679,519 and Plant & Machinery includes assets valuing Rs. 143,400 given to Managers Scheme located at their residence.