

28th

Annual Report

2001-2002

CRANEX LIMITED

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BOARD OF DIRECTORS

CHAIRMAN-CUM-MG. DIRECTOR	- Shri S.C. Agrawal
DIRECTORS	- Mr. Anil K Jain - Mr. Naresh K Jindal - Mr. Anil Sharma
COMPANY SECRETARY	- Mr. A. Gupta
AUDITORS	- P.D. Mittal & Co. Chartered Accountant 70, Daryaganj, New Delhi-110002
REGISTERED OFFICE	- 9, DDA MARKET KATWARIA SARAI NEW DELHI - 110 016
ADMINISTRATIVE OFFICE	- 57/1, Industrial Area Site-IV, Sahibabad-201 010 (Ghaziabad) U.P. Phone : 0120-2895396
BANKERS	- Standard Chartered Bank 17, Parliament Street New Delhi-110 001

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NOTICE

Notice is hereby given that the 28th Annual General Meeting of CRANEX LIMITED, will be held on Friday the 20th day of December 2002, at 2 P.M. at IMA House (Indian Medical Association), Near ITO, New Delhi - 110 002, to transact the following business:-

AS ORDINARY BUSINESS:

1. To receive, consider approve and adopt the audited Accounts of the Company for the year ended 30th September, 2002 together with the Directors' and Auditors' Report thereon.
2. To consider and approve the re-appointment of Mr. Anil Kumar Jain as Director of the company who being eligible, offers himself for re-appointment.
3. To re-appoint M/s. P.D.Mittal & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

AS SPECIAL BUSINESS:

4. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

RESOLVED THAT Mr. Naresh K Jindal who was appointed as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 Board Meeting held on 11.4.2002 be and is hereby Appointed as a Director of the Company liable to retire by rotation ".

5. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

RESOLVED THAT Mr. Anil Sharma who was appointed as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 at the Board Meeting held on 16.11.2002 be and is hereby Appointed as a Director of the Company liable to retire by rotation ".

6. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION:

"RESOLVED that the Board be and is hereby authorised to refer the company to BIFR as the net worth of the company as at 30th September 2002, is completely eroded and it is a sick company under the provisions of The Sick Industrial Companies (Special Provisions) Act 1985. (SICA)"

7. TO CONSIDER AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS, THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

"RESOLVED THAT subject to the provisions of Section 269, 310 read with schedule XIII and other applicable provisions, if any of the Companies Act 1956, the company hereby accords its approval to the appointment of Shri S.C Agrawal as Executive Chairman cum Managing Director in whole time employment with the company for a period of five years w.e.f. 1.4.2000 on the terms and conditions as are contained in the draft of agreement proposed to be entered into between the company and Mr. S.C Agrawal placed before the meeting and initialed by Managing Director for the purposes of identification and with liberty to the Board of Directors and Shri S.C Agrawal within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956, or any amendment thereto or any reenactment thereof and, if necessary, as may be agreed between Board of Directors and Shri S.C. Agrawal. Further that in the event of any amendment or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, or as provided in any re-enactment, repeal or modification thereof, the Board of Directors be and is hereby authorised to vary or increase the remuneration including perquisites within such prescribed limits or ceiling and the aforesaid terms and conditions between the company and Shri S.C Agrawal be suitably amended to give effect to such modifications, relaxation or re-enactment without requiring any further resolution or consent of the shareholders of the company and lastly that the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary, desirable or expedient to give effect to this resolution."

By Order of the Board
For Cranex Limited

A. Gupta
Company Secretary

Place : New Delhi
Date : 16.11.2002

**Notes :**

1. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of this notice.
2. The Register of Members and Share Transfer Books of the Company was closed from 19th September 2002 to 21st September 2002 (both days inclusive).
3. A member entitled to attend and vote is entitled to appoint a proxy to attend 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 the Company at its Registered Office not less than 48 hours before the meeting. Form of proxy is enclosed.
4. Members are requested to intimate to the Company change, if any, in their addresses registered with the Company, quoting their Folio Nos.
5. Members are requested to bring their respective copies of the notice and attendance slip to the meeting.
6. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the Registered Office of the Company during office hours on all working days except Sundays and Holidays between 11.00 A.M. to 1.00 P.M. upto the date of Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4 & 5**

Mr. Naresh K Jindal and Mr. Anil Sharma were appointed as additional Directors of the Company on 11.4.2002 and 16.11.2002 respectively. Company has received a notice Under Section 257 of the Companies Act, 1956 from the members of the Company proposing them as Directors of the Company. The approval of the members is required to continue them as Director of the Company. The Directors recommended this resolution for approval of the Share Holders as Ordinary Resolution. None of the Directors except Mr. Naresh K Jindal and Mr. Anil Sharma are interested in the Resolution to the extent of their shareholding, if any.

ITEM NO. 6

The Board of Directors have formed the opinion that the net worth of the Company is Completely eroded and that it is mandatory that the company has to make a reference to BIFR as required under the provisions of the Sick Industrial Companies (Special Provisions) Act 1985 (SICA). The Audited Accounts as on 30th September 2002 are to be the basis for this reference. None of the Directors of this Company are concerned or interested in the resolution except to the extent of their shareholding.

ITEM NO. 7

Mr. S.C Agrawal Chairman cum Managing Director had been appointed for 5 years at the 21st AGM held on 25th March 1995 in terms of Section 269, 310 and Schedule XIII of the Companies Act for a period of five years. It is proposed to reappoint him as a whole time Director for a further period of 5 years w.e.f. 1.4.2000 at a remuneration as may be decided by the Board of Directors. The necessary approval Under Section 269, 310 & Schedule XIII of the Companies Act, 1956 and any other applicable provisions of the Companies Act is required under item No.7 of the notice. The members of the Company are requested to consider and approve the matter. None of the Directors of this Company are concerned or interested in the resolution except to the extent of their shareholding.

By Order of the Board
For Cranex Limited

A. Gupta
Company Secretary

Place : New Delhi
Date : 16.11.2002



DIRECTORS' REPORT

To The Members,

CRANEX LIMITED, NEW DELHI.

Your Directors have pleasure in presenting this 28th Annual Report and Audited Accounts for the year ended 30th September 2002.

FINANCIAL RESULTS :

	Current Year Ended (15 months) 30.09.2002	(Rs. in Lakh) Previous Year (15 months) 30.06.2001
Gross Revenue	200.82	329.90
Profit before Interest & Dep.	55.85	(1323.34)
Interest	13.53	21.92
Profit after Interest but before depreciation	42.32	(1345.26)
Less Depreciation	12.67	27.93
Profit/Loss after Depreciation	29.63	(1373.19)
Provision for Tax	NA	NA
Profit/Loss after Tax	29.63	(1373.19)

DIVIDEND

Keeping in view the present position of the company, your Directors do not recommend any dividend for the period ended on 30th September 2002.

(1) REFERENCE TO BIFR

- (a) As per the Audited Accounts of the Co. as on 30th September 2002, it is observed that the Company's net worth has been eroded.
- (b) As per provisions of Sick Industrial Companies (Special Provision) Act 1985, (SICA) it is mandatory that a reference to BIFR be made on the prescribed format.
- (c) The necessary resolution for reference to BIFR has been proposed in the notice of the AGM.

(2) MANAGEMENT DISCUSSIONS & ANALYSIS :

(a) NEGOTIATED SETTLEMENTS:

Your Board has succeeded in out-of-court negotiated settlements with most of its secured and unsecured creditors on very reasonable terms and the few pending cases are in advance stage of negotiation and are expected to be settled shortly.

(b) DOMESTIC MARKET:

To mitigate to some extent the adverse capital goods industry market, your company has focussed on rebuilding and reconditioning of cranes for major users e.g. Indian Railway, BHEL etc. who have responded favorably.

(c) DEFENCE SUPPLIES:

Defence continues to be a major market segment where your company is well poised and enjoys excellent credibility.

(d) EXPORT:

Export continues to be predominantly to USA and is likely to grow in future.

(e) INFORMATION TECHNOLOGY

Your company is re-orienting its I.T infrastructure and is facilitating its customer focus specially in USA particularly for Business Process Out- Sourcing (BPO).

(f) HUMAN RESOURCES

Your company has set up a Human Resources Development division with focus on Health Care, Hospitality industry and Information Technology.



(g) **INTERNAL CONTROL SYSTEMS**

The management committee meets at suitable intervals to discuss various issues that directly influence the business and take strategic decision to ensure that your company's financial health and shareholders interest are protected.

(h) **COSTS**

Cost management contained to be one of the major focus areas. The thrust was on consolidating the gains, prioritising resources allocations, reducing debts by negotiated settlements and extracting more value from every resources used. Your company has been able to reduce material cost and operating expenses, manpower cost also has gone down by wage settlements.

(i) **FUTURE OUTLOOK**

The Government initiative to increase credit flow, increased allocation for irrigation projects, the National Highway development and increased defence expenditure should provide the necessary impetus for sustained growth.

(j) **PERFORMANCE**

The necessary forces are seen to be under control now and your company has been able to turn around and attain a small profit in operation this year.

Your Directors hope that with reference from BIFR, your company will be able to restructure itself in the future and become healthy again shortly.

(k) **DIRECTORS**

During the year Mr. R.N. Vazir and Mr. Sandeep Singhal have resigned on 11th April 2002 from the Directorship of the company due to indifferent health. The Board places on record the appreciation for their valuable services during their tenure as Directors of the Company.

Mr. Anil Kumar Jain, Director of the Company has been recommended for reappointment under item 2 of the notice and being eligible, offers himself for reappointment.

(l) **CAUTIONARY NOTE**

The statement forming part of the Directors Report may contain certain forward looking remarks within the meaning of applicable securities law & regulations. Many factors could cause the actual results, performance and achievements of the co. to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements.

3. **CORPORATE GOVERNANCE**

Under clauses 49 of the listing Agreement with the Stock Exchanges, concept of corporate Governance, have been introduced. The Corporate Governance for your company is applicable from the financial year 2001-2002. Efforts are being taken by the company to implement various mandatory and non-mandatory requirement under the Corporate Governance. The management of the Company have put their effort to follow the various rules and regulations in the spirit of the provisions. Company is making efforts to comply with the mandatory requirement and also non-mandatory requirements unless otherwise explained in the respective points.

All the information are annexed as Annexure - 2.

a. **Deposits**

The Company has not accepted any deposit pursuant to Sec.58A of the Companies Act, 1956.

b. **Particulars of Energy Consumption, Foreign Exchange Earnings & Outgo**

As per section 217(1)(C) of the Companies Act, 1956 read with the companies disclosure of particulars in the Report of the Board of Directors rules 1988, and forming part of the Directors Report for the year ended 30th September 2002 are annexed hereto.



c. **Particulars of Employees**

Information as per sub section (2A) of section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) rules 1975 your Directors confirm that the Company, had no employee with a salary of Rs.1,00,000/- or more per month for any part of the year or Rs. 12,00,000/- in aggregate if employed throughout the year and hence no separate schedule is attached.

4. Directors Responsibility Statement

The members of the Board place on record the Directors' Responsibility Statement as under section 217(2A) of the Act :

- (i) That in the preparation of the annual accounts, the applicable accounting standards had been followed except that gratuity liabilities accounted for on cash basis along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments 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 & 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 this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a going concern basis.

5. Auditors

The Auditors M/s P.D. Mittal & Co., Chartered Accountant, New Delhi, shall retire at the conclusion of this Annual General Meeting. They have offered themselves for reappointment. They have confirmed that if appointed, their appointment shall be within the limits of section 224(IB) of the Companies Act, 1956. The Board recommends their appointment.

6. Acknowledgement

The Directors place on record their appreciation of the contribution made by employees in the conduct of business and restructuring operations during the year.

For and on behalf of the Board of Directors

Place : New Delhi

Dated : 16th November, 2002

S. C. Agrawal

Chairman cum Mg. Director

**ANNEXURE I****I. INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.****A. Conservation of Energy****i) ENERGY CONSERVATION MEASURES TAKEN**

The Company does not utilise Electricity significantly. However to have the uninterrupted flow of production standby arrangements have been made by way of Gensets.

ii) ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY

Nil

iii) IMPACT OF MEASURES AT (A) & (B) ABOVE FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT ON THE COST OF PRODUCTION OF GOODS.

Due to interrupted supply of power the main power supply connection has not been utilised to the full and still minimum charges has to be paid and to that extent there is some wastage of resources.

iv) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION ARE AS FOLLOWS :-

Worth	Rs.3.56 Lakhs	(Rs.3.50Lakhs)
Consumption per unit of Production	N A.	

B. Technology Absorption**Research & Development (R&D)****1. Specific areas in which R&D carried by the Company is in High-Tech Cranes and in the field of Information Technology.****2. Benefits derived as a result of the above R&D**

The R&D programme is of continuous process and benefit to the Company will be available in the forthcoming years.

C. Foreign Exchange Earnings and Outgoings

Company has earned Foreign Exchange of Rs.14,89,961 as against an outgo of Rs. 2,99,000 during the period under review.

ANNEXURE -II**Compliance of the Corporate Governance (Part - II)****(Mandatory Requirements)**

- (i) Company's philosophy : As a public listed Company it adheres to listing agreement requirements. The Company has complied in all material respects with the feature of corporate governance as specified in the Listing Agreement.

(ii) Board of Directors :**a) Composition and Category of**

Directors	: Promoter & executive	- 1
	Non executive (Independent)	- 3
	Total	- 4