

**29th Annual Report
2002-2003**



CRANEX LIMITED



BOARD OF DIRECTORS

CHAIRMAN-CUM-MG. DIRECTOR	-	Shri S.C. Agrawal
DIRECTORS	-	Mr Anil K. Jain
	-	Mr Naresh K Jindal
	-	Mr M.C. Jain
	-	Mr Ashwini K. Jindal
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-110016
ADMINISTRATIVE OFFICE	-	57/1/19, Industrial Area Site - IV, Sahibabad-201010 (Ghaziabad)U.P.
BANKERS	-	Vijaya Bank Defence Colony, New Delhi - 110024.

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NOTICE

Notice is hereby given that the 29th Annual General Meeting of CRANEX LTD will be held on **Tuesday** the 23rd day of March 2004 at 4 P.M. at IMA House, (Indian Medical Association), near ITO, New Delhi-110002, to transact the following business :

AS ORDINARY BUSINESS :

1. To receive, consider, approve and adopt the Audited Accounts of the Company for the period (15 months) ended 31st December, 2003 together with the Director's and Auditor's 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 reappoint M/s P.D. Mittal & Co, Chartered Accountants, as Auditors to hold office from the conclusion of this AGM until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

AS SPECIAL BUSINESS :

4. TO CONSIDER WITH OR WITHOUT MODIFICATIONS, THE FOLLOWING RESOLUTION AS AN ORDINARY RESOLUTION.
"RESOLVED THAT pursuant to Sec-257 and other applicable provisions of the Companies Act, 1956, Mr Ashwini Kumar Jindal, Additional Director of the Company be and is hereby appointed as Director of the Company and shall be liable to retire by rotation".
5. To consider and if thought fit to pass the following Resolution as an ORDINARY RESOLUTION :
"RESOLVED THAT pursuant to Sec-257 and other applicable provisions of the Companies Act 1956, Mr M.C. Jain, Additional Director of the Company be and is hereby appointed Director of the Company and shall be liable to retire by rotation.
6. To consider and if thought fit to pass the following Resolution as a SPECIAL RESOLUTION "REDUCTION OF CAPITAL"
"RESOLVED THAT pursuant to the provisions of section 100 and other applicable provisions, if any, of the Companies Act 1956, Article 59 of the Company's Article of Association, and subject to confirmation by the Hon'ble High Court at New Delhi, the paid up value of 60,00,000(Sixty Lacs) Equity shares of Rs. 10/- each fully paid be reduced to 60,00,000(Sixty Lacs) equity shares of Rs. 1/- each fully paid up so as to reduce the paid up capital of Rs. 600 Lacs (Six Hundred Lacs) to Rs. 60 (Sixty) Lacs only to bring the paid up capital in parity with and making it representative of the residue of assets at present held by the Company, being the assets as per the valuation made by the Company".
FURTHER RESOLVED THAT subsequently 60,00,000 (Sixty Lacs) equity shares with face value of Rs. 1/- (One) each be recast into 6,00,000(Six Lacs) equity shares with a face value of Rs. 10/-(Ten) each.
7. FURTHER RESOLVED THAT the capital clause of the Memorandum of Association and Articles of Association of the Company be accordingly altered after the aforesaid reduction becomes effective and operational.
8. RESOLVED FURTHER that for the purpose of giving effect to the above Resolutions, the Board or the Committee of the Board specially constituted by the Board for the purpose or any person (s) whom the Board / the above Committee may nominate, to exercise its powers, including the powers conferred under the Resolutions, be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to utilisation / adjustment including passing of such accounting entries and / or making such other adjustments in the books of accounts as considered necessary to give effect to the above Resolutions or to carry out such modifications / directions as may be ordered by the Hon'ble High Court of Judicature at New Delhi to implement the aforesaid Resolutions.

By order of the Board

For CRANEX Limited

Registered Office

9, DDA Market, Katwaria Sarai,

New Delhi-110016

February 20th 2004

A. Gupta
Company Secretary

**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 the Share Transfer Books of the Company will remain closed from 20th March 2004 to 23rd March 2004 (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 Nos. 4 & 5**

Mr Ashwini Kumar Jindal and Mr M.C. Jain who were appointed additional Directors of the Company U/s 260 of the Companies Act 1956, on 20th Feb 2004 to hold office until the date of the 29th Annual General Meeting.

The Company has received notices from members of the Company signifying their intention to propose them as Directors of the Company.

The Board of Directors at their meeting approved the candidature of Mr A.K.Jindal and Mr M.C. Jain.

Hence this Resolution is commended for your approval to be passed as an ordinary Resolution.

None of the Directors except Mr A.K.Jindal and Mr M.C. Jain are interested in the Resolution.

ITEMS 6, 7 & 8

The Company has over the years been rationalizing and improving its operations through various measures in order to maintain its technological leadership and market competitiveness.

The Company has maintained a consistent record of profitability and payment of dividends.

However, during the past few years, its efforts in expansion of production capacity have met with many problems and unforeseen economic recession in the country especially in capital goods industry further accentuated the problems.

All expansion plans had to be cancelled resulting in very heavy losses and eroding the Company's net worth.

These losses have so far been classified as "Miscellaneous Expenditure" not written off.

In line with current trends and in furtherance of such financial restructuring policies, a comprehensive review has been undertaken to evaluate the current position and take remedial measures by making such adjustments in the books of accounts so as to give a true and fair view of the accounts of the Company.

The above proposal is expected to generate higher returns on actual capital employed and enhance share holder value in the long run.

The proposal is not likely to have any significant adverse impact on the present net worth of the Company for all practical purposes.

The Board wishes to assure the Share Holders that although the above proposal will reduce the paid-up capital of the Company to its current actual worth but will enable the Company to generate profit and distribute dividend on reduced capital and enhance Share Holders value in the long run.

Further the Board assures that this reduction of capital will not have any adverse effect on the interests of the Creditors of the Company.

The proposal does not warrant / involve any scheme of settlement, arrangement or compromise with any of its Creditors.

The proposal does not involve any cash out flow and hence would not affect the ability or liquidity of the Company to meet its obligation / commitments in the normal course of business.



The Articles of Association of the Company permits reduction of Capital vide Article No. 59 in any manner subject to the approval of the shareholders and as permitted by law.

The present proposal for reduction of capital is under section 100 of the Companies Act 1956.

Therefore, after obtaining the approval of shareholders of the above Resolution, the Company would seek the confirmation of the Hon'ble High Court of Judicature at New Delhi.

The proposal would be given effect to, only after receiving the confirmation of the Hon'ble High Court of Judicature at New Delhi and the Registrar of Companies, Delhi & Haryana, as may be required.

None of the Directors of the Company are interested or concerned in this proposed Resolution except to the extent of their shareholding.

The Director's recommend the above Resolution for approval of the members.

By order of the Board
For CRANEX Limited

Registered Office
9, DDA Market, Katwaria Sarai,
New Delhi-110016
20th February, 2004

A. Gupta
Company Secretary





DIRECTORS' REPORT

To

The Members,

CRANEX LIMITED, NEW DELHI

Your Directors have pleasure in presenting this 29th Annual Report and Audited Accounts for the period (15 months) ended 31st December, 2003.

FINANCIAL RESULTS

(Rs. in Lakh)

	Current Year Ended (15 months) 31.12.2003	Previous Year (15 months) 30.09.2002
Gross Revenue	259.55	200.82
Profit before Interest & Depreciation	104.82	55.85
Interest	10.13	13.55
Profit after interest but before depreciation	94.69	42.30
Less Depreciation	12.86	12.67
Profit / Loss after Depreciation	81.83	29.63
Provision for Tax	NA	NA
Profit / Loss after Tax	81.83	29.63

DIVIDEND

Keeping in view the present position of the company, your Directors do not recommend any dividend for the period ended on 31st December, 2003.

OPERATIONS

Your company had taken steps for increased production capacity.

However, the Indian economy, especially in capital goods industry faced great recession.

Your company took immediate remedial measures and its expansion of production capacity was cancelled as a stop loss measure.

We are glad to report that normal crane production continued to be profitable and your company continued its export activities.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirements of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:-

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
2. That the Directors have 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 as on 31st December 2003 and of the Profit & loss account of the Company for the period ended on that date.
3. 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.
4. That the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

A report on Corporate Governance along with management Discussion and analysis as prescribed by the Listing Agreement forms a part of the Annual Report -2003. A certificate from the auditors of the company is annexed to this report.

DEPOSITS

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



PERSONNEL

During the year, the Company enjoyed cordial relations with the employees at all locations.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Company's Articles of Association, Mr. A. K. Jain retires by rotation and being eligible offers himself for reappointment.

The Company has received notices from the members of the Company signifying their intention to propose Mr. M. C. Jain & Mr. Ashwini Kumar Jindal as Directors of the Company.

AUDITORS

The Auditors, M/s P.D. Mittal & Co., Chartered Accountant, retire and being eligible, offer themselves for reappointment.

ACKNOWLEDGEMENT

The Board acknowledges the understanding and support shown by all its employees, various Financial Institutions, Banks, Distributors, Customers, Suppliers and other business associates towards the conduct of the efficient operations of the Company.

For and on behalf of the Board of Directors

S.C. Agrawal
Chairman cum Mg. Director

New Delhi, 20th February, 2004





ANNEXURE TO THE DIRECTORS' REPORT

INFORMATIONS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

DISCLOSURES

A. Conservation of Energy

i) ENERGY CONSERVATION MEASURES TAKEN

The Company does not utilize 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 utilized 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. 3.94 Lakhs	(Rs. 3.56 Lakhs)
Consumption per Unit of Production	N.A.	

B. Technology Absorption

Research & Development (R&D)

- Specific areas in which R&D carried by the Company is in High-Tech Cranes and in the field of information Technology and Human Resources.
- Benefits derived as a result of the above R&D.

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

C. Foreign Exchange Earnings and Out Goings

Company has earned Foreign Exchange of Rs. 4,57,944 as against an outgo of Rs. 2,91,625 during the period under review.

ANNEXURE TO DIRECTORS' REPORT

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 and forming part of Directors' Report for the year ended 31-12-2003.

CORPORATE GOVERNANCE REPORT

Your company has been practicing the principal of good Corporate Governance since inception. Good Corporate Governance comprises of all activities that result in the control of the Company in a regulated manner which makes management transparent, accountable and fair.

In accordance with clause 49 of the Listing agreement with the domestic stock exchanges and best practices followed internationally on Corporate Governance, the details of compliance by the Company are as under:

PHILOSOPHY OF COMPANY ON CODE OF CORPORATE GOVERNANCE

The basic philosophy of the management of your Company has been to achieve excellence in order to augment shareholders' value.

BOARD OF DIRECTORS

Composition

The Company has an Executive Chairman and the number of Independent Directors is more than one-third of the total required number of Directors. The Managing Director being the only Executive Director on the Board of Directors of the Company.

None of the Directors on the Board is a member on more than 10 committees and Chairman of more than 5 committees (as specified in clause 49) across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by all the Directors.

The name and category of Directors on the Board, the number of Directorships and committee Memberships held by them, their attendance at the Board meetings held during the year and also at the last Annual General Meeting is given below:-

Name	No. of Board Meetings attended During 2003-04	Whether attended AGM held on 20.12.02	No. of Directorship(s)		No. of outside committee(s)	
			Public	Private	Member	Chairman
<u>Executive</u>						
Mr. S.C. Agrawal	16	Yes	NIL	NIL	NIL	NIL
<u>Non-Executive</u>						
Mr Anil K. Jain	16	Yes	NIL	NIL	NIL	NIL
Mr Naresh K Jindal	2	No	NIL	NIL	NIL	NIL
Mr M.C. Jain +	1	No	NIL	NIL	NIL	NIL
Mr Ashwini K Jindal +	1	No	NIL	NIL	NIL	NIL

+ appointed with effect from 20th February 2004

Information in cases of appointment or re-appointment of Directors as required under Listing Agreement is given as under:

Particulars of the Directors seeking appointment /re-appointment are furnished below:

Re-appointment :

Mr. Anil Kumar Jain is a sitting member on the Board. He retires by rotation and being eligible, offers for re-appointment .

New Appointment:

Mr. M.C. Jain is a senior businessman and joined the Board as Additional Director on 20th February 2004.

Mr. A. K. Jindal is a Senior executive and is an expert in materials management. He Joined the Board as Additional Director on 20th February 2004.

AUDIT COMMITTEE

The Board of the Company has constituted an Audit Committee on 17th August 2002 comprising of Non-Executive, Independent Directors. The Members of the Committee are well versed in finance & accounts/legal matters and general business practices. The Company Secretary acts as the Secretary of the Audit Committee.

The composition of the Audit Committee and the details of meetings attended by the members thereof are as follows:

Name of the Members	Category	No. of Meetings Attended
Mr. Anil Kumar Jain	Non-Executive Independent	6
Mr. Naresh K. Jindal	Non-Executive Independent	6

During the year, the Committee has met 6 times, as against the minimum requirement of 3 meetings. The dates on which the audit Committee Meetings were held are as follows:

- 27th August 2002
- 31st December 2002
- 28th March 2003