



## **THIRTY SECOND ANNUAL REPORT 2006-2007**

### **CRANEX LIMITED**

9, DDA MARKET, KATWARIA SARAI, NEW DELHI 110 016

Ph. : 0120-3240427, 2895396

E-mail : [info@cranexltd.com](mailto:info@cranexltd.com); Website : [www.cranexltd.com](http://www.cranexltd.com)



## BOARD OF DIRECTORS

<b>CHAIRMAN &amp; Mg. DIRECTOR</b>	-	Shri S.C.Agrawal
<b>WHOLE TIME : Executive Director</b>	-	Shri Piyush Agrawal
<b>INDEPENDENT DIRECTORS</b>	-	Shri Anil Kumar Jain
	-	Shri Ashwani Kumar Jindal
	-	Shri M.C.Jain
<b>COMPANY SECRETARY</b>	-	Shri A. Gupta
<b>STATUTORY AUDITORS</b>	-	P.D.Mittal & Co.
		Chartered Accountants
		70, Daryaganj
		New Delhi: 110 002
<b>REGISTERED OFFICE</b>	-	9, DDA market
		Katwaria Sarai
		New Delhi: 110 016
<b>PLANT &amp; ADM. OFFICE</b>	-	57/1/19, Ind. Area Site IV
		Sahibabad: 201 010
<b>BANKERS</b>	-	Syndicate Bank
		Sahibabad

**CRANEX LIMITED**

9,DDA Mkt., Katwaria Sarai, New Delhi: 110 016

**NOTICE**

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of CRANEX Ltd. will be held on Friday the 28<sup>th</sup> September 2007, at 2 P.M. in the afternoon at 9, DDA Mkt, Katwaria Sarai, New Delhi 110 016, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider, and adopt the Audited Balance Sheet of the Company as at March 31<sup>st</sup> 2007 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To elect a Director in place of Mr. Ashwini K. Jindal who retires by rotation and being eligible offers himself for re-election.
3. To appoint M/s P.D.Mittal & Co. Chartered Accountants Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass with or without modification, the following resolution as an ORDINARY RESOLUTION:

RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 (herein after referred to as the De-listing Guidelines) and subject to the provisions of the Companies Act 1956 (including any statutory modifications or re-enactments thereof for the time being in force), the Securities Contract (Regulation) Act 1956 and the rules framed there under, listing agreements and all other applicable rules, regulations and guidelines and subject to the approvals, consents, permissions or sanctions of Securities and Exchange Board of India (SEBI), Stock-Exchanges where the shares of the company are listed and other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, consents, permissions, or sanctions which may be agreed to by the Board of Directors of the Company (herein after referred to as a Board and expressions shall be deemed to include any committee of the Board) the consent of the Company be and is hereby accorded to the Board of Directors of the company to get the shares de-listed from the Delhi Stock Exchange Association Ltd, New Delhi and the Board of Directors be and is hereby authorised to do all acts, deeds and things required to implement this resolution

Place : New Delhi

Dated : 01-09- 2007

By order of the Board  
For Cranex Limited,

Company Secretary

**NOTES:**

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and on a poll, to vote instead of himself/herself and a proxy need not be a Member of the Company. The instrument appointing the Proxy to be valid, shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the Meeting.
2. Explanatory Statement of material facts pursuant to Section 173 of the Companies Act, 1956, for item no. 4 of the Notice is annexed hereto and forms part of the Notice.
3. Members/Proxies are requested to bring the attendance slip sent with the Annual Report duly filled-in for attending the Meeting. Members who hold shares in the dematerialised form are requested to indicate their DP ID & Client ID Numbers in the Attendance slip.
4. The register of Director's Shareholding maintained u/s 307 of the Companies Act, 1956, would be available for inspection by the members at the AGM.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 24<sup>th</sup> September '07 to 28<sup>th</sup> Sept '07 (both days inclusive)
6. For shares held in physical form, any change in address may be intimated immediately to the Company's share transfer division by quoting the Folio number(s).  
However, for shares held in demat form, change in address, nomination, power of attorney etc. may be intimated directly to the member's DP.
7. Members seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
8. Shri Ashwini K. Jindal, Director, retires by rotation and being eligible offers himself for re-appointment. The Information pursuant to Corporate Governance clause 49 of the Listing Agreement(s) is furnished in the statement of Corporate Governance and is a part of this Annual Report.
9. The statutory auditors of the company P.D.Mittal & Co. have expressed their willingness for re-appointment as the company's statutory auditors and are eligible for the same.
10. Members are requested to consolidate multiple share certificate/multiple folios into one share certificate/one folio to save on the cost of dematerialising their share holdings.
11. Members are advised that the copies of the Annual Report will NOT be distributed at the venue of the AGM and hence they are advised to bring their copies of the Annual Report, which are mailed by the Company to them at their registered address.

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

The Securities and Exchange Board of India (SEBI) had issued directives for de-listing of securities with any exchange as (De-listing of Securities) guidelines, 2003, (herein after referred as the De-listing Guidelines) incorporating provisions for de-listing of securities of a body corporate voluntarily by the promoters or an acquirer or any other person from the Stock Exchange.

Presently, The company's equity shares are listed at

1. Delhi Stock Exchange, New Delhi
2. The Bombay Stock Exchange, Mumbai.

With the extensive networking of the Stock Exchange Mumbai (BSE) and the extension of BSE terminals to other cities as well, investors have access to online dealings in the company's equity shares across the country. The trading in the equity shares of the company in any case takes place on the BSE and there is no trading of company's shares at Delhi Stock Exchange. It is also observed that the listing fees paid to Delhi Stock Exchange is a complete waste as no trading takes place at Delhi Stock Exchange.

The company has proposed this resolution which will enable it to de-list its equity shares and company's membership from Delhi Stock Exchange.

The Company's equity shares shall continue to be listed and traded on Bombay Stock Exchange as usual.

Your Directors recommend the Special resolution for your approval.

None of the Directors is concerned or interested in the above resolution.

By Order of the Board  
for Cranex Ltd.,

Place : New Delhi  
Dated : 1-09-2007

Company Secretary



## DIRECTORS REPORT

### TO THE MEMBERS OF CRANEX LIMITED

Your Directors are happy to present the 32<sup>nd</sup> Annual Report of the Company together with the Audited Accounts for the year ended March 31<sup>st</sup> 2007.

### FINANCIAL RESULTS:

(amount in rupees)

Current year ended  
(12 months)  
31-03-2007

Prev. year ended  
(12 months)  
31-03-2006

1.	Gross Revenue	4,32,99,299	3,91,30,675
2.	Profit before interest & depreciation	35,81,949	38,35,157
3.	Interest	5,03,365	3,48,138
4.	Profit after Interest but before depreciation	30,78,584	34,87,019
5.	Depreciation	12,46,480	12,39,221
6.	Profit/loss after depreciation	18,32,104	22,47,798
7.	Fringe benefit tax	1,09,114	96,432
8.	Provision for tax	1,18,005	NA
9.	Profit/loss after tax	16,04,985	21,51,366

### DIVIDEND :

Keeping in view the present financial position of the company, your Directors do not recommend any dividend for the year ended 31<sup>st</sup> March 2007.

### PERFORMANCE :

Your Company has recorded an increase of +10.65 % in turnover for the year over the previous year. However, due to write-off of certain bad debts, in spite of the profit being higher due to increased turnover, the net profit accounted for is lower than the previous year.

### BIFR :

The matter is still pending before the Hon'ble BIFR and orders sanctioning the Draft Rehabilitation Scheme (DRS), are awaited.

### TERM LOAN REPAYMENTS :

Your Directors have offered PICUP for an amicable settlement of their dues and it is expected that the same will be settled shortly, when your Company will become Debt Free.

### FUTURE OUTLOOK :

Your company's main business is manufacture of Capital Goods, which are in great demand due to large infrastructure projects and rapid industrialisation in the country. Your Company with an excellent track record of 32 years, enjoys great goodwill and has its order book full for the current year. Your major customers are Defence establishments and other high priority Govt Projects e.g. BHEL, HAL, BEL, Railways, Power Projects etc besides Steel plants, Oil exploration Projects, etc.

### NEW BUSINESS & EXPANSION PLANS :

Your Company has proposed in the DRS submitted to Hon'ble BIFR, plans to embark on a plan to modernise its manufacturing facilities conforming to world standards and to expand its production capacity. This is expected to be implemented after receipt of orders of the Hon'ble BIFR.





## MARKETING & GROWTH POTENTIAL :

Your Company has been further strengthening its marketing strategies and enhancing the customers satisfaction. Your Directors are constantly aware of new opportunities and higher value added product range for which they are negotiating with world leaders for collaborations in India and other countries.

## SUBSIDIARY :

The Company's Wholly Owned Subsidiary Company "Cranex International Inc", in Virginia (U.S.A) has been working satisfactorily and has reported substantially increased profit in the year ended 31<sup>st</sup> Dec'06 compared to previous year. It has been rendering marketing services to your company, and is likely to contribute significantly in future. The details required under Section 212 of the Companies Act, 1956 has been enclosed herewith in this Annual report.

## DEMATERIALIZATION OF SHARES :

As the Members are aware, the Company's shares are in the compulsory demat mode facilitated through NSDL and CDSL. Your Directors earnestly appeal to all of you to demat your shares of the company and derive the benefits of holding the shares in electronic form.

## DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Sec.217(2AA) of the Company's Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2007, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
2. That the Directors had selected such accounting policies and applied them consistently and made judgement 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 your Company for the year under review.
3. That the Directors had 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 if, as and when they arise.
4. That the Directors had prepared the accounts for the year ended March 31<sup>st</sup> 2007 on a "Going Concern" basis

## CORPORATE GOVERNANCE :

Your Company is committed to the standards of Corporate Governance and in this direction has laid down well documented internal policies, procedures including Board and Committee procedures and practices in particular relation with Shareholders, Customers, Suppliers and Employees in order to enhance the long-term Shareholder value and maximize interest of all stakeholders.

Your Company has complied with the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance.

A detailed Report on Corporate Governance and a Certificate from the Auditors of your Company regarding the compliance of conditions of Corporate Governance and a Management Discussion and Analysis report have been attached to form part of the Annual Report.

## DIRECTORS :

In accordance with the requirements of the Companies Act, 1956 and the Company's Articles of Association, Mr. Ashwini K. Jindal, Director of the Company, retires by rotation and being eligible offers himself for reappointment. Your directors solicit your approval for his reappointment as a director of the company.

## PARTICULARS OF EMPLOYEES :

During the period under review, the company had no employee who was covered under section 217(2 A) Companies Act 1956.

## FIXED DEPOSIT

During the year under review your company has not invited any deposits from the Public U/s 58 A Act of the Companies Act, 1956.

## LISTING

At present the securities of the Company are listed at Bombay Stock Exchange. The company has paid the listing fees to Bombay Stock Exchange for the current year. Action for de-listing from Delhi Stock Exchange will be taken after approval of the proposed resolution.

## AUDIT COMMITTEE

Pursuant to the provisions of clause 49 of the listing agreement, the Company had constituted an Audit Committee of the Board of Directors consisting of three independent Non Executive Directors. Shri Anil K.Jain holds the office as Chairman of the Committee. During the year under review Shri Ashwani K.Jindal and Shri M.C.Jain were also the members of the Audit Committee.

**The terms of reference stipulated by the Board to the Audit Committee are, as contained under Clause 49 of the Listing Agreement, i.e**

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focussing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgement by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.

## AUDITORS:

M/s. P.D.Mittal & Co. Chartered Accountants the company's Auditors retire at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment which, if made, will be in confirmation with the provisions of Section 224 (1B) of Companies Act, 1956.

## ACKNOWLEDGEMENT:

Your Directors commend the continuing commitment and dedication of employees at all levels. The Directors would also like to thank all other stakeholder, including bankers and other business associates, who have provided sustained support and encouragement. This has understandably, been critical for all the Company's success The Directors look forward to their continued support in the years to come,

New Delhi

01-09-2007

On behalf of the Board of Directors

(S.C.Agrawal) Chairman.





## ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION PURSUANT TO COMPANIES (Disclosures of Particulars in Report of Board of Directors) Rules, 1988 forming part of the Report of the Directors:

### A. Conservation of Energy :

1. The Company's requirement of electricity is not very large.
2. The Company does not utilize power supply from State Electricity Board.
3. To ensure continuous and need based requirements, your Company has, its own, in-house diesel generating sets of different capacities.
4. To conserve electricity and save cost, different capacity D.G .sets are utilised as per actual load requirements
5. Your company is examining cost and utility of installing solar power units for use during low load requirements.
6. The total cost of power generation during the year has been Rs.7,06,830/- (previous year: Rs. 6,97,942/-)

### B. Technology Absorption :

The particulars regarding Technology Absorption are not applicable to Your Company. However, your company is constantly improving its technology to match world standards which is reflected in the new orders being received from very quality conscious customers.

### C. Foreign Exchange Earnings and Outgo :

1. The Company's Foreign Exchange earning during the year under review, has been Rs.21,27,788/- (previous year Rs.10,08,927/-).
2. The Company's foreign exchange outgo during the year has been Rs.1,95,140 (previous year Rs.2,07,898/-)

New Delhi  
01-09-2007

On behalf of the Board of Directors

(S.C.Agrawal) Chairman.

## MANAGEMENT DISCUSSIONS & ANALYSIS :

### Industry Structure & Developments :

1. Capital Goods Industry, which is the main business of the Company, is poised for extensive growth. Cranes are required for all Infrastructure projects and by all industries for new expansion/installations besides replacement.
2. Your Company, having an excellent track record of past 32 years of producing highest standard of Cranes for Defence and other Govt Projects, got very encouraging response from satisfied customers and has got confirmed orders on hand for the current year's estimated production.
3. Subject to sanction of the Rehabilitation Scheme by the Hon'ble BIFR, the Company is poised to enlarge its product range with further value-added products and is expected to substantially increase its turnover and profitability.
4. Strength and Opportunities: Defence Supplies: The Company has an excellent track record with the Defence Establishments which will continue to be the main focus area, besides other high priority



strategic Govt Projects e.g. Atomic Energy, Space Organisations, Infrastructure projects for Road and Ports, etc who have planned large budgets for the purpose. As your Company is relatively smaller in its capacity and has lesser expenditure levels compared to its competitors in the organised sector, it can withstand and sustain competitive bidding.

5. Risks and concerns:: The future growth and projections are based on the rehabilitation scheme submitted to the Hon'ble BIFR for approval and is based on compromise settlement of term loan offered to PICUP.
6. **CAUTIONARY STATEMENT** : The statement forming part of the Directors' Report and "Management Discussion and Analysis" describing the Company's objectives, estimates, expectations, or projections may be "Forward Looking" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations, include Government regulations, patent laws, tax regime, economic developments within India and countries in which the Company conducts business, litigation and other allied factors.

### 7. **CORPORATE GOVERNANCE REPORT :**

Good Corporate Governance refers to a system that entails transparency, fairness, accountability and integrity. The Company is committed to transparency in all its dealings and places uncompromising emphasis on integrity and regulatory compliance.

The Company's philosophy on Corporate Governance is proactively meeting its obligations to its Shareholders and creating goodwill with all its stakeholders.

#### I. **Board of Directors**

The Board of Directors comprises of two whole time Directors, one being the Managing Director and the other a whole time Executive Director while the other three are Independent Professional Directors.

The matters are placed before the Board for their consideration and approval as specified under Annexure 1 of the Listing Agreement.

The composition of the Board of Directors as at 31.3.2007 is as under :

Name	Category
1. Mr. S.C.Agrawal	Chairman & Managing Director
2. Mr. Piyush Agrawal	Whole Time Executive Director
3. Mr. Anil O.K. Jain	Non-Executive, Professional Independent Director
4. Mr. Ashwini K.Jindal	Non-Executive, Professional Independent Director
5. Mr. M.C.Jain	Non-Executive, Professional Independent Director

#### Notes :

- a) None of the Directors of your Company is a Member or Chairman of outside Committees of Companies in which they are Directors.
- b) No director is related to any other Director on the Board except Mr. S.C.Agrawal and Mr Piyush Agrawal who are related to each other.

#### **BOARD MEETINGS**

The Board of Directors met 10 times during the year under review as against the minimum requirement of 4 times. The dates, place and the number of directors present at the meetings therein are mentioned below: