



# 33rd ANNUAL REPORT

## 2007-2008



**CRANEX LIMITED**



## BOARD OF DIRECTORS

CHAIRMAN & Mg. DIRECTOR	: Shri S.C. Agarwal
WHOLE TIME Executive Director	: Shri Piyush Agrawal
INDEPENDENT DIRECTORS	: Shri Anil Kumar Jain : Shri Ashwani Kumar Jindal : Shri M.C. Jain
STATUTORY AUDITORS	: P.D. Mittal & Co. Chartered Accountants 70, Daryaganj New Delhi - 110 002
REGISTERED OFFICE	9, DDA, Market Katwaria Sarai New Delhi - 110 016
PLANT & ADM. OFFICE	: 57/1, Ind. Area Site - IV Sahibabad - 201010
BANKERS	: Syndicate Bank Sahibabad - 201010



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**CRANEX LIMITED**  
9,DDA Market, Katwaria Sarai, New Delhi: 110 016

**NOTICE**

Notice is hereby given that the 33<sup>rd</sup> Annual General Meeting (AGM) of CRANEX Ltd. will be held on Tuesday the 30<sup>th</sup> September 2008, at 11 o'clock in the forenoon 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> 2008 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. M.C. Jain, who retires by rotation and being eligible, offers himself for re-election.
3. To appoint M/s P.D. Mittal & Co., Chartered Accountants and statutory 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 directives of the Hon'ble BIFR, the Board of Directors of the company, be and are hereby authorised to negotiate and finalise the mutually acceptable outstanding dues of the ERS Term Loan of PICUP in full and final settlement and submit a fully tied up revised Draft Rehabilitation Scheme (DRS) for the re-habilitation of the company incorporating the following:

- (a) De-rating the existing share capital of the company by 95 % by adjustment against accumulated losses.
- (b) Issue new Equity Shares of the company, at par, and allot them on Preferential basis
- (c) De-merge the company in two separate companies to enable Cranex Ltd. to focus on its core competence of manufacture of EOT Cranes and the other new de-merged resultant company on infrastructure and manufacture of special purpose machines
- (d) The de-merged resultant new company to issue 3,00,000 Equity shares, in the ratio of 1:1, free of cost, to the share holders of Cranex Ltd after de-rating of its share capital by 95%.
- (e) Issue new Equity Shares for the de-merged resultant company, at par and/or premium for allotment on Preferential Basis
- (f) Apply to Bombay Stock Exchange for listing and trading of the shares of the de-merged resultant company, besides trading of the shares of Cranex Ltd.

By order of the Board  
For Cranex Limited  
(Director)

Place : New Delhi  
Dated: 19-08- 2008

**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 28<sup>th</sup> September 2008 to 30<sup>th</sup> September 2008 (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 M.C. Jain, Director of the company, 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 hereby informed that 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

The company had obtained a Term Loan from PICUP under Equipment Re-finance Scheme (ERS) in 1998, which is in default due to the sickness of the company accruing over due interest besides penal interest.

For grant of a Sanctioned Scheme (SS) by the Hon'ble BIFR, a fully tied up revised Draft Rehabilitation Scheme (DRS) has to be prepared in joint consultation with the Operating Agency (OA) which is possible only after settlement with PICUP, and incorporating all relevant relief and measure proposed for rehabilitation of the company

Consent of the share holders of the company is required, for settlement with PICUP and incorporating all measures and relief contemplated for finalisation of the Revised Draft Rehabilitation Scheme (Revised- DRS).

The relevant features of the DRS and corresponding accruing advantages to the share holders are indicated below:

- (a) De-rating the existing Share capital of Cranex Ltd. by 95% by adjustment against the accumulated losses
- (b) Income tax has accepted the losses and has allowed carry forward of losses giving the company tax shelter by over Rs 900 lacs
- (c) Issue of new Equity Shares at par and allotment on Preferential Basis
- (d) This will make the net worth of the company positive and will enable it to pay dividend
- (e) Reduced share capital will substantially improve the EPS and resultant market price
- (f) De-merge Cranex Ltd. in two companies, parent company to focus on its core competence of manufacture of EOT Cranes and the resultant de-merged company to focus on infrastructure and manufacture of special purpose machines
- (g) The de-merged resultant new company to offer 3,00,000 Equity Shares, free of cost, in the ratio of 1:1, to the share holders of Cranex Ltd. after de-rating of its paid-up Share Capital by 95%
- (h) Raising working capital for the new resultant de-merged company by issue of Equity Shares at par and/or premium, and allotment of Shares on Preferential Basis, and applying to Bombay Stock Exchange for listing

By Order of the Board  
for Cranex Limited,

Place: New Delhi  
Date: 19-08-2008

Director



## DIRECTORS REPORT

### TO THE MEMBERS OF CRANEX LIMITED

Your Directors are happy to present the 33<sup>rd</sup> Annual Report of the Company together with the Audited Accounts for the year ended March 31<sup>st</sup> 2008.

### FINANCIAL RESULTS:

	Current Year Ended (12 Months) 31.03-2008	(Amount in Rupees) Prev. Year Ended (12 Months) 31.03.2007
1. Gross Revenue	5,64,70,939	4,32,99,299
2. Profit before interest & depreciation	54,16,500	35,81,949
3. Interest (Working Capital)	2,74,226	5,03,365
4. Interest(Term Loan Settlement PICUP)	56,01,352	0.000
5. Profit after Interest but before depreciation	-(4,59,078)	30,78,584
6. Depreciation	13,19,602	12,46,480
7. Profit/loss after depreciation	-(17,78,680)	18,32,104
8. Fringe benefit tax	74,281	1,09,114
9. Provision for tax	0.00	1,18,005
10. Profit/loss after tax	-(18,52,961)	16,04,985

### 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 2008.

### PERFORMANCE

Your Company has recorded an increase of +22.18 % in turnover for the year over the previous year. However, due to payment of term loan interest to PICUP in full and final settlement, in spite of the profit being higher due to increased turnover, the net profit accounted for is lower.

### REHABILITATION SCHEME

Your company, which had a track record of continuous profit, suffered very heavy loss in the year 2000-2001, resulting in its net worth becoming negative, and reference being made to the Hon'ble BIFR under the statutory provisions of Sick Industrial Companies (Special Provisions) Act, 1985. PICUP was appointed Operating Agency (OA) through whom a Draft Rehabilitation Scheme was submitted, which has been pending for want of full and final settlement of the Term Loan from PICUP.

### PICUP TERM LOAN REPAYMENT

PICUP has agreed to the company's compromise settlement, in principle, for an amicable settlement of their dues and it is expected that the same will be settled shortly, paving the way for approval of rehabilitation scheme by the Hon'ble BIFR

### BIFR

The Hon'ble BIFR have directed the company and PICUP to try to arrive at a mutually acceptable full and final settlement and the Operating Agency (OA) to submit a fully tied up Revised Draft Rehabilitation Scheme for consideration of the Hon'ble BIFR.

### REVISED DRAFT REHABILITATION SCHEME

In the best interest of the share holders and future growth of the company, the following features are proposed to be incorporated in the Revised Draft Rehabilitation Scheme are put hereunder for your kind approval:

- The Paid-Up Share Capital of the Company to be De-Rated by 95 % by adjustment against the accumulated losses reducing the existing number of equity shares from 60,00,000 to 3,00,000
- Issue of new shares, at par, for working capital, and allot them on Preferential Basis
- De-Merge the company in two separate companies, to enable the parent company Cranex Ltd to focus on its core competence of manufacture of EOT Cranes and the other de-merged resultant company to focus on the sun rise industry of Infrastructure and manufacture of special purpose machines
- The resultant de-merged new company to offer 3,00,000 equity shares , FREE OF COST to the share holders of Cranex Ltd after de-rating of its paid-up share capital in the ratio of 1:1
- Issue Equity Shares for working capital, at par and/or premium, and allot them on Preferential basis
- Apply to Bombay Stock Exchange for Listing of the newly resultant de-merged company



## **FUTURE OUTLOOK**

Cranex Ltd's core competence is in design and manufacture of EOT Cranes and is considered to be one of the most technically advanced crane manufacturing companies in India having expertise of 32 years with technical collaboration with Germany and USA

Having been accredited as a premier crane manufacturing company of India, the order book is always full for the whole year in advance. Large expansion plans are awaited to be implemented immediately after the Hon'ble BIFR issue orders for the Sanctioned Scheme

Your company is now on a turn around stage with your continued co-operation and is expected to post very good results in the future after coming out of BIFR

## **DE-MERGED NEW RESULTANT COMPANY**

Immediately after orders of the Hon'ble BIFR, which is expected in the near future, the new company will allot, FREE OF COST, 3,00,000 equity shares to the share holders of Cranex Ltd in the ratio of 1:1

After completing required formalities, the new company will apply to Bombay Stock Exchange for Listing and trading of their shares.

This new company will focus on the sun rise industry of Infrastructure and manufacture of Special-Purpose machines which have great potential in the developing infrastructure of the country

## **SUBSIDIARY**

The Company's Wholly Owned Subsidiary Company "Cranex International, Inc, in Virginia (U.S.A) has been working satisfactorily and has reported good results. However, audited results have not yet been received for the year ended 31<sup>st</sup> Dec. 2007.. The provisional 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 2008, 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> 2008 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. M.C. Jain, 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 are covered under section 217(2A) 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 Exchanges for the current year. Action for de-listing from Delhi Stock Exchange has been taken as approved by you in the last AGM.

### **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.
- h. 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.

### **ACKNOWLEDGMENT**

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

19-08-2008

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.
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 no load requirements.
6. The total cost of power generation during the year has been Rs. 9,24,300/- (previous year: Rs.7,06,830/-)

### 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. 86,54,992/- (previous year Rs.21,27,788/-).
2. The Company's foreign exchange outgo during the year has been Rs. 1,78,266/- (previous year Rs.1,95,140/-)

New Delhi  
19-08-2008

On behalf of the Board of Directors

S.C. Agrawal  
(Chairman)

## 1. 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 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 7 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:

S.No.	Date of the Board Meetings	Place of Meeting	No. of Directors	Attendance
1.	28-04-2007	57/1, Site-IV, Industrial Area, Sahibabad	5	5
2.	05-07-2007	-DO-	5	5
3.	01-09-2007	-DO-	5	5
4.	19-10-2007	-DO-	5	5
5.	30-10-2007	-DO-	5	5
6.	16-01-2008	-DO-	5	5
7.	25-02-2008	-DO-	5	5

The Attendance record of the Directors at the Board Meetings held during the year under review and the last Annual General Meeting is as under: Further the Non Executive Directors are paid sitting fees as Rs 5000/- annually instead of each meeting of the Board of Directors. Managing Director and Whole time Directors are not entitled for any sitting fees.

Name of the Directors	Number of Board Meeting held while holding the Office	Number of Board Meeting held while holding the Office	Attendance at the Last AGM	Sitting fees paid (Rs.)
1. Mr. S.C. Agrawal	7	7	Yes	None
2. Mr. Piyush Agrawal	7	7	Yes	None
3. Mr. Anil K. Jain	7	7	Yes	Yes
4. Mr. Awhwini K. Jindal	7	7	Yes	Yes
5. Mr. M.C. Jain	7	7	Yes	Yes

Apart from sitting fees for attending Board meetings, no other fees/compensation is paid to the Non Executive Directors.

## Code of Conduct

The Board of Directors of your company have laid down a Code Of Conduct (the code) applicable to all Board and Senior Management personnel of your company. A declaration from the CEO of your company to the effect that all Board Members and Senior Management personnel of your company have affirmed compliance with the code, forms a part of this report.

## DECLARATION

As provided under Clause 49 of the listing Agreement with Bombay Stock Exchange, the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 2008

NEW DELHI

19-08-2008

**S.C. AGRAWAL**

(Chairman)