



34th ANNUAL REPORT

2008 - 2009

CRANEX LIMITED



BOARD OF DIRECTORS

CHAIRMAN & Mg. DIRECTOR	-	Shri S.C.Agrawal
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: 201 010
BANKERS	-	Syndicate Bank
	-	Sahibabad: 201 010

NOTICE

Notice is hereby given that the 34th Annual General Meeting (AGM) of CRANEX Ltd. will be held on Tuesday the 29th. September 2009, 3 o'clock 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 31st. 2009 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. Ashwin Kumar Jindal 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 prepare and submit a Revised Draft Rehabilitation Scheme to IDBI, the Operating Agency now appointed by the Hon'ble BIFR in place of PICUP.

By order of the Board
For Cranex Limited
Director

Place: New Delhi
Dated: 01-09- 2009

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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 25th. September 2009 to 29th. September 2009 (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 Ashwin, Kumar Jindal, Director of the company, retires by rotation and being eligible offers himself for re-appointment.
9. 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.
10. 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.

11. 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.
12. 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 Hon'ble BIFR had appointed PICUP as the Operating Agency (OA). However the Hon'ble BIFR during hearing, appointed IDBI as the Operating Agency (OA) replacing PICUP and asked the Company to prepare and submit a revised Draft Rehabilitation Scheme (DRS) to IDBI to enable them consider and submit a fully tied up DRS to the Hon'ble BIFR.

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 IDBI, the Operating Agency (OA) now appointed by the Hon'ble BIFR.

By Order of the Board
for **Cranex Ltd.**
Director

Place: **New Delhi**

Date: 01-09-2009

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DIRECTORS REPORT

TO THE MEMBERS OF CRANEX LIMITED

Your Directors are happy to present the 34th Annual Report of the Company together with the Audited Accounts for the year ended March 31st.2009

FINANCIAL RESULTS:

	Current year ended 31 - 03 - 2009 (12 months)	(amount in rupees) Prev. year ended 31 - 03 - 2008 (12 months)
1. Gross Revenue	12,60,91,883	5,64,70,939
2. Profit before interest & depreciation	1,62,62,681	54,16,500
3. Interest (working capital)	6,31,005	2,74,226
4. Interest (Term Loan settlement PICUP)	0.00	56,01,352
5. Profit after Interest but before depreciation	1,56,31,676	(4,59,078)
6. Depreciation	4,84,419	13,19,602
7. Amortization of old P&M	1,16,07,394	00000000
8. Profit/loss after depreciation	35,39,863	(17,78,680)
9. Fringe benefit tax	92,705	74,281
10. Provision for tax	NA	NA
11. Profit/loss after tax	34,47,158	(18,52,961)

DIVIDEND:

Keeping in view the present financial position of the company, your Directors do not recommend any dividend for the year ended 31st.March 2009.

PERFORMANCE:

Your Company has recorded an increase of +119.49 % in turnover for the year over the previous year. For replacement of old plant and machineries, a sum of Rs.1,16,07,394 has been provided for amortization.



BACKGROUND OF REFERENCE TO BIFR

Your company, manufacturing EOT Cranes was profitable till the year ended 31st March 2000. In the year 1998, it ventured into a new project to manufacture Stainless Steel Wires, at its Sahibabad unit, to manufacture wire ropes required for its marine cranes. This project, however, failed causing very heavy losses. To meet pressing demands of creditors, all unencumbered assets had to be sold.

The net worth of the Company became negative and under statutory provisions of SICA, reference was made to the Hon'ble BIFR in January 2002 where it was registered as case No. 112/02 and again next year as case No. 167/03.

The Hon'ble BIFR appointed PICUP as the Operating Agency (OA) who were the only Secured Creditors, with directions to prepare a Draft Rehabilitation Scheme (DRS). As the Company paid off PICUP under an OTS, the Hon'ble BIFR appointed IDBI as the Operating Agency (OA) in place of PICUP and directed to prepare a revised DRS.

FUTURE OUTLOOK

The revised DRS, envisages reduction of capital by 90% adjusting part of the accumulated losses, and issue of fresh new 29,00,000 Equity Shares of Rs. 10/- each and allotment on Preferential basis making up the new Fully Paid up Equity of the Company Rs.350 lacs only, will be submitted to IDBI for their scrutiny and preparation of a Fully tied-up scheme for submission to the Hon'ble BIFR. After the revised scheme is Sanctioned by the Hon'ble BIFR, your company will be out of BIFR and will be able to get need based finance from banks and be able to grow to its full potential.

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 31st Dec 2008. 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 31st March 2009, 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 31st, 2009 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. Ashwin Kumar 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 are 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 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, and 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
01-09-2009

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 our 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. 10,03,500
(previous year: Rs. 9,24,300)

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. 17,04,634 (previous year Rs. 86,54,992).
- 2 The Company's foreign exchange outgo during the year has been Rs. 60,24,251 (previous year Rs. 1,78,266)

New Delhi
01-09-2009

On behalf of the Board of Directors

(S.C. Agrawal)
Chairman



MANAGEMENT DISCUSSIONS & ANALYSIS:

FUTURE GROWTH PLAN

1. FINANCIAL RE-STRUCTURE

- (a) Subject to orders of the Hon'ble BIFR, the company proposes to de-rate the existing share capital of Rs.600 lacs comprising of 60,00,000 ordinary shares of Rs.10/- each by 90 % bringing down the share capital from Rs.600 lacs to Rs.60 lacs only comprising of 6,00,000 shares of Rs.10/-each by part adjustment of Rs 540 lacs towards accumulated losses
- (b) Issue of fresh capital of Rs.290 lacs and allotment of new shares on Preferential basis, bringing up the Paid-Up capital of the company to Rs.350 lacs only.

2. OPORTUNITIES & THREATS

- (a) Crane manufacturing Industry, which is the main business of the Company, is poised for extensive growth. Cranes are required by all industries for new expansion/ and new installations besides replacement of old outdated cranes.
- (b) 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.
- (c) Subject to sanction of the Revised Rehabilitation Scheme by the Hon'ble BIFR, the Company is poised to focus on its core competence of manufacture of EOT Cranes and has plans for expansion of its product capacity which is expected to substantially increase its turnover and profitability.
- (d) The management has taken several cost cutting measures and the result thereof is expected in the coming years and will enable your company to offer competitive bids and enable it to bag large orders.
- (e) However, the orders are dependant on Govt requirements and expansion plans of industry.

3. FINANCIAL PERFORMANCE

Financial performance is expected to improve by the proposed steps

4. OUTLOOK

The company remains determined in its objective to practice the path of profitable and Sustained growth maximising operational efficiencies and striving to attain the highest standards of quality, safety and productivity to increase share holders value.

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.

For and on behalf of the Board of Directors

New Delhi
01-09-2009

S.C. Agrawal
Chairman.

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY: 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.

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 31.3.2009 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 :

- None of the Directors of your Company is a Member or Chairman of outside Committees of Companies in which they are Directors.
- None of the Directors of your Company is holding position of Directorship of other outside company...
- 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:

Sl. No.	Date of the Board Meetings	Place of Meeting	No. of Directors	Attendance
1.	28-04-2008	57/1, Site-iv, Industrial Area, Sahibabad	5	5
2.	7-06-2008	-Do-	5	5
3.	31.07-2008	-Do-	5	5
4.	19-08-2008	-Do-	5	5
5.	21-10-2008	-Do-	5	5
6.	28-01-2009	-Do-	5	5
7.	25-02-2009	-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 attended while holding the office	Attendance at the last AGM	Seetings 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. Ashwini 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. The Code has been posted on the website of your company - www.cranexltd.com.

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 2009

New Delhi
01-09-2009

S.C. Agrawal
Chairman

II. AUDIT COMMITTEE

The Audit Committee comprises of three Independent Non-Executive Directors. During the year Shri Anil Kumar Jain with extensive financial and accounting knowledge, was Chairman of the Audit Committee. The Audit Committee covers all the functions envisaged under section 292A of the Companies Act as well as clause 49 of the Listing Agreement. The meeting of Audit committee were held on 28-01-'08; 21-10-'08; 28-01-'09; 25-02-'09. Company is not paying any sitting fees for attending the meeting of Audit Committee. The terms of reference stipulated by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement are given as apart of Directors report.

The Constitution of the Committee and the attendance of each member of the Committee is given below:

Name of the Member	Number of Meetings	
	Held	Attendeant
Shri Anil J. Jain (Chairman)	4	4
Shri Ashwani K. Jindal	4	4
Shri M.C. Jain	4	4