

14th Annual Report 1997

MD.			BKC	✓
CS			DPY	ND
RO			DIV	ND
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

HARIG

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HARIG CRANKSHAFTS LIMITED

BOARD OF DIRECTORS

(As on 26th June, 1997)

Mr. D.S. Bains	Chairman
Mr. Deshbir Singh	Managing Director
Mr. J.W. Tetteroo	
Mr. N.S. Parulekar	
Mr. Anil Sharma	
Mr. S.K. Mittal	
Mr. Sushil Kumar	
Mr. N. Sinha	
Mr. V.P. Ahuja	(IFCI Nominee)
Mr. Bawa Grover	(ICICI Nominee)
Mr. U.S. Shah	(IDBI Nominee)

COMPANY SECRETARY

Mrs. Neelam Gupta

REGISTERED OFFICE

603, Ansal Bhawan,
16, Kasturba Gandhi Marg,
New Delhi - 110 001.

WORKS

C-49, Phase II, NOIDA,
Distt. Ghaziabad (U.P.)

STATUTORY AUDITORS

M/s. J.K. Arora & Co.
Chartered Accountants.

BANKERS

Bank of India
Central Bank of India
ANZ Grindlays Bank

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NOTICE**HARIG**

NOTICE is hereby given that the 14th Annual General Meeting of the Company will be held on 31st July, 1997 at 10.00 A.M. at Khasra 97, Saraswati Farm House, Ghitorni Village, Mehrauli, New Delhi-110 030 to transact the following business :

ORDINARY BUSINESS

1. To consider, receive and adopt the Balance Sheet as at 31st March, 1997 and the Profit & Loss Account of the Company for the year ended on that date and the reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. Anil Sharma who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. K. Mittal who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956 M/s J.K. Arora, Chartered Accountants, New Delhi, be and are hereby appointed as Auditors of the Company to hold office from conclusion of this meeting until the conclusion of next Annual General Meeting at a remuneration to be decided by the Board of Directors. Further, resolved that they be paid out of pocket expenses incurred in the conduct of audit and duties performed by them other than those in their capacity as Statutory Auditors as approved by the Managing Director."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. D.S. Bains, who was appointed as an Additional Director on the Board of Directors holds office upto the date of this Annual General Meeting but is eligible for appointment and in respect of whom the Company has received a Notice in writing, pursuant to Section 257 of the Companies Act, 1956 from a Member of the Company proposing his appointment as Director of the Company and who has consented, if appointed, to act as Director of the Company and whose period of office shall be liable to determination by retirement of Directors by rotation."

By Order of the Board
for **HARIG CRANKSHAFTS LIMITED**
(NEELAM GUPTA)
COMPANY SECRETARY

Place : New Delhi

Dated : 26th June, 1997

Registered Office:

603, Ansal Bhawan,

16, Kasturba Gandhi Marg,

New Delhi - 110 001.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY(IES) IN ORDER TO BE EFFECTIVE, DULY STAMPED, MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Members are requested to notify change in their addresses, if any, specifying clearly the PINCODE NO.
3. The Register of Members of Share Transfer Books of the Company Will remain closed from Wednesday, 16th July, 1997 till Thursday, 31st July, 1997 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 6**

Mr. D. S. Bains was appointed as additional Director on the Board of Director of the Company with effect from April 17th, 1997 and holds office upto the date of the ensuing Annual General Meeting of the Company.

Mr. D.S. Bains is an IAS officer from U.P. cadre and holds at present the position of Managing Director, PICUP. Your Directors feel that it will be in the Company's interest and benefit to have his association and to gain from his wise counsel and hence recommend his appointment as a Director of the Company.

A Notice has been received from a Member as required in the terms of the provisions contained in Section 257 of the Companies Act, 1956 proposing Mr. D.S. Bains as the Candidate for the office of Director liable to retire by rotation.

None of the Directors except Mr. D. S. Bains may be deemed to be concerned or interested in passing this Resolution.

By order of the Board
CERTIFICATE OF THE BOARD FOR HARIG CRANKSHAFTS LIMITED
For HARIG CRANKSHAFTS LIMITED (NEELAM GUPTA)
COMPANY SECRETARY

Dated : 26th June, 1997

Place : New Delhi

Regd. Office:

603, Ansal Bhawan,

16, Kasturba Gandhi Marg

New Delhi - 110 001

(NEELAM GUPTA)

Company Secretary

TO THE MEMBERS

(Rs. in Crores)

Your Directors are pleased to present the Fourteenth Annual Report on the business and operations of the Company together with the audited Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date.

FINANCIAL RESULTS

(Rs. in lacs)

Particulars	for the year ended 31.03.97	for the year ended 31.03.96
Total Income	1398.90	897.12
Gross Profit/(Loss) before interest & depreciation	80.46	(2.43)
Interest	1417.74	1027.09
Depreciation	298.42	97.61
Expenses transferred to product development	-	676.46
Increase in stock due to die development	-	319.89
Net Profit/(Loss)	(1635.70)	(130.78)

During the year under review, total income of your company increased by 55% from Rs. 897 lacs to Rs. 1398 lacs, because of which there has been no operating loss during the year. However, because of the heavy interest cost and higher depreciation, the net result during the year under review has been an increase in loss.

There was a substantial increase in the interest during the year due to foreign currency loan having been converted into rupee loan carrying much higher rate of interest and on account of loan amount increasing because of devaluation of the rupee. Also some of the financial institutions have charged penal rate of interest. Because of these factors, the amount of interest charged went up by Rs. 390 lacs.

Depreciation charged during the year under review, is for a full year as per Schedule XIV of the Companies Act 1956, whereas during the previous year, it was charged on capacity utilisation basis. This has resulted in an increase of Rs. 201 lacs in depreciation.

The year under review being the first year of Commercial Operations, even though the capacity utilisation of the Forge Shop was low, the operating expenses have been absorbed from the income, which is the forerunner for profitable operations in future years. With the increase in market demand and consequent increase in capacity utilisation in future years, the performance of the company is likely to improve.

The comparison of Actual Financial Performance for the year 1996-97 with the projections indicated in the Letter of Offer dated 8th March, 1995 pursuant to Clause 43 of the Listing Agreement are as under :

Particulars	Projections	Actual
Total Income	65.23	13.98
Profit after Tax	13.07	(16.35)
Earning per share	6.15	NIL

Non-achievement of projected turnover is attributed to low capacity utilisation in Forge Shop wherein major portion of investment has been made; because of this year being the first year of operations.

DIVIDEND

Keeping in view the loss during the year, your Directors regret their inability to recommend any dividend.

MARKETING

During the year under review, your Company like in last year, continued regular supplies to all major State Road Transport Undertakings. The company has also launched new products for catering to the demands of heavy vehicles thereby increasing the range of products, which have been well received in the market in a relatively short period.

EXPORTS

During the year under review your Company has added some more countries as buyers and few more countries have already evinced interest which will result in larger exports in future years.

AUDITORS' REPORT

The notes referred to in the Auditors Report are self explanatory and require no elucidation.

In regard to observation of the Auditors in para 2 (a) of their report, in view of the losses suffered by the Company in the current year and erosion of net worth of the Company, the Board of Directors have taken steps for filing a report with the Board for Industrial Finance and Reconstruction (BIFR).

FIXED DEPOSITS

Your Company, during the year under review, has not accepted any deposit from the public within the meaning of Section 58 A of the Companies Act, 1956.

PERSONNEL

During the month of April, 1997 after workers resorted to go slow, indiscipline and illegal strike, Company had to enforce lock out on 2nd May, 1997. Since then it has been partially lifted on 23rd May, 1997 and 27th May, 1997 after taking necessary undertakings from the workers. Otherwise relations with employees have been cordial.

DIRECTORS

In accordance with the provisions of Section 256 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company, Shri. Anil Sharma and Shri. S. K. Mittal, Directors retire by rotation and being eligible offer themselves for re-election.

DIRECTORS' REPORT & ANNEXURE**HARIG**

During the year under review Shri Siddhartha Behura, Chairman of your Company resigned from the Board of Directors Shri. Atul Chaturvedi Managing Director, PICUP was appointed as Director to fill in the casual vacancy so caused. Mr. Atul Chaturvedi has also resigned from the Board of Directors on April 19th, 1997, Shri D.S. Bains Managing Director, PICUP was appointed as an Additional Director and he ceases to hold office on commencement of the ensuing Annual General Meeting but has consented to be appointed as a Director on the Board of Directors of your Company, liable to retire by rotation.

APPOINTMENT OF AUDITORS

M/s. J.K. Arora & Co., Chartered Accountants hold the office until conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received the requisite certificate from M/s. J.K. Arora & Co., Chartered Accountants to the effect that their re-appointment, if effected, would be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956.

OTHER INFORMATION

In terms of Section 217(1) of the Companies Act, 1956 and the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, your Directors furnish the additional

information in Annexure II forming part of this Report.

ACKNOWLEDGMENTS

Your Directors wish to thank and acknowledge the cooperation and assistance extended by PICUP, IFCI, IDBI, ICICI, Bank of India, the Central Government, Government of Uttar Pradesh and the local authorities for their guidance and support.

Your Directors wish to place on record their appreciation for the continued help and co-operation extended by the Foreign Collaborator and Harig India Limited to our Company.

Your Directors also wish to place on record their admiration and appreciation of the dedicated efforts put in by the officers and staff at all levels.

The Directors are also grateful to you, the shareholders for your continued patronage.

for and behalf of the Board of Directors

Place : NEW DELHI
Date : June 26, 1997

DESHBIR SINGH
(MANAGING DIRECTOR)

N.S. PARULEKAR
(DIRECTOR)

ANNEXURE**Annexure I**

Statement of particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 and forming part of Directors' Report.

Employed throughout the Financial year and in receipt of remuneration, in the aggregate not less than Rs. 1,44,000 per annum.

Sl.	Name of Employee	Designation	Age	Qualifications	Gross Remuneration (Rs.)	Experience (Yrs)	Date of joining	Last Employment/ Designation held
1.	Deshbir Singh	Managing Director	57	B.Tech (Hons) M.S. (Mech.) & Aerospace Engineering	4,21,504	31	1.10.84	Managing Director Harig India Ltd.

Notes :

- There were no employees who were employed for a part of the Financial Year and were in receipt of remuneration at rate which in the aggregate was not less than Rs. 12,000 per month.
- The services of Mr. Deshbir Singh, Managing Director are governed by the resolution passed at the Annual General Meeting held on 20th September, 1994.
- Remuneration, as aforesaid, includes Salary, House Rent Allowance, Other allowances and taxable value of the perquisites.

CERTIFIED TRUE COPY
For HARIG INDUSTRIES LIMITED

New Delhi
26th June, 1997

(NEELAM GUPTA)

Company Secretary

For and on behalf of the Board of Directors.

Deshbir Singh
Managing Director

N.S. Parulekar
Director.

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HARIG**ANNEXURES****Annexure II****A. CONSERVATION OF ENERGY**

At Harig, energy conservation is regarded as a major factor in enhancing cost competitiveness. Energy conservation and optimisation is achieved from the design stage of the plants itself and is then maintained and improved in the normal plant operations. Continuous updating of energy conservation efforts is achieved by frequent energy audits at operating levels.

B. TECHNOLOGY ABSORPTION

The information required to be disclosed under Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is furnished in Form B as annexed hereto.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO.

During the year Company has not made any transaction in Foreign Exchange.

For and on behalf of the Board of Directors.

New Delhi
26th June, 1997

Deshbir Singh
Managing Director

N.S. Parulekar
Director.

Annexure - Form A

Form for Disclosure of Particulars with respect to Conservation of Energy.

	For the year ending March, 1997	For the year ending March, 1996
A. Power and Fuel Consumption		
1. Electricity		
Purchased		
Unit (Lacs)	31.47	25.55
Total Amount (In Lacs)	Rs. 123.22	Rs. 56.36
Rate/Unit	Rs. 3.92	Rs. 2.21
2. Diesel Oil		
Quantity (K.Ltrs)	606.42	659.00
Total Amount (Rs. in lacs)	Rs. 43.42	Rs. 42.07
Average rate/unit per ltr.	Rs. 7.16	Rs. 6.39
3. Own Generation Through Diesel Generator		
Units (Lacs)	0.27	0.79
Total cost (lacs)	Rs. 1.30	Rs. 2.36
Cost per Unit (Rs.)	Rs. 4.80	Rs. 3.32

B. Consumption per unit of production :

	Machined Crankshafts (per Crankshaft)			Forgings (per kg)		
	Current Year	Previous Year	Standard (if any)	Current Year	Previous Year	Standard (if any)
Electricity (KWH)	73	52	N.A.	1.97	1.65	N.A.
Diesal Oil	-	N.A.	N.A.	0.57	0.69	N.A.
Furnance Oil	-	-	N.A.	-	-	N.A.

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ANNEXURES

HARIG

Annexure-Form B

Form for Disclosure of particulars with respect to absorption, research and development (R&D)

1. Specific areas in which R & D carried out by the Company

As a part of Research and Development efforts Company has installed raw material testing devices to ensure better long life quality products. By using CAD/CAM along with sophisticated imported direct reading vacuum emission Spectrometer, Metallurgical Microscope and Ultrasonic flow detector, Company aims not only to improve the characteristics of the product and achieve reduction in raw material cost but also ensures precision and cost, effective machining of Crankshafts.

2. Benefits derived as a results of the above R & D

As a result of using machines mentioned above, Company expects to achieve higher accuracy in specification of the product as also increased production in addition to considerable raw material savings that can be achieved.

3. Future plan of action

Development of new processes and techniques being a continuous and ongoing process, the Company endeavours to continue the efforts made in this direction.

4. Expenditure on R&D

(i) Capital (ii) Recurring (iii) Total (iv) Total R&D Expenditure as a percentage of total turnover.

The Company intends to make R&D an integral part of the Corporate Philosophy and attains to develop consciousness for devising new technologies and processes at all levels and with this objective in view, the expenditure incurred on Research & Development has not been quantified and segregated.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

The Company has continued with its efforts to absorb the Press Forging Technology and manufacture of Forging dies for it, with the help of Computer Aided Design/Computer Aided Manufacturing (CAD/CAM) for efficient and precise manufacture of Forging Dies. In addition, the new processes and technologies developed through R&D have been adapted and absorbed in manufacturing techniques.

2. Benefits derived as a result of the above efforts e.g. Product improvement, Cost-Reduction, Product development, Import substitution etc.

By virtue of the measures adopted by the Company and which are in progress, the efforts shall result in optimisation of Raw Material utilisation, lesser machining time, consequent reduction in energy consumption, better metallurgical properties, significant reduction in cost of production as also consumer satisfaction.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished

- Technology imported
- Year of import
- Has Technology been fully absorbed?
- If not fully absorbed, where this has not taken place, reasons therefore and future plans of action.

Import of technology by the Company is only on account of imported Plant & Machinery imported since 1987 and has been largely absorbed. The machinery for the manufacture of forgings had been imported in the year 1990 and efforts are being continued to absorb the Forging Technology as also the technology to manufacture Forging Dies.