

15th Annual Report 1998

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REPORT JUNCTION
HARIG

HARIG CRANKSHAFTS LIMITED

BOARD OF DIRECTORS

(As on 21st August, 1998)

Mr. I.K.Pande	Chairman
Mr. Deshbir Singh	Managing Director
Mr. J.W. Tetteroo	
Mr. N.S. Parulekar	
Mr. Anil Sharma	
Mr. C.Venkateshwaran	
Mr. Sushil Kumar	
Mr. N. Sinha	
Mr. B.K. Goswami	(BIFR 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. Gautam Budh Nagar (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 Fifteenth Annual General Meeting of the Company will be held on Monday, the 28th September, 1998 at 10.30 AM. at Carden Retreat, Bandh Road, Opp. Narain Ashram, Samalkha, New Delhi 110 037 to transact the following business :

ORDINARY BUSINESS

1. To consider, receive and adopt the Balance Sheet as at 31st March, 1998 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. Sushil Kumar who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. N.Sinha 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 224A and other applicable provisions, if any, of the Companies Act, 1956 M/s J.K. Arora & Co. 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 audits 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 I.K.Pande, 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

Date : 21.8.98

Place: New Delhi

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. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, is annexed hereto.
3. The Members are requested to notify change in their addresses, if any, specifying clearly their PIN CODE NO.
4. The Register of Members and Share Transfer Books of the Company will remain close from Wednesday, 10th September, 1998 till Monday, 28th September, 1998 (both days inclusive).

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**ITEM NO. (5)**

Mr. I.K.Pande was appointed as a Director on the Board of Directors of the Company with effect from 15th April, 1998 to fill in the casual Vacancy caused by the resignation of Kum.Nita Chowdhury and holds office upto the date of the ensuing Annual General Meeting of the Company.

Mr. I.K.Pande is an IAS officer 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. I.K.Pande as the candidate for the office of Director liable to retire by rotation.

None of the Directors except Mr. I.K.Pande may be deemed to be concerned or interested in passing this Resolution.

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

Date : 21.8.1998

Place: New Delhi

Registered Office:

603, Ansal Bhawan,

16, Kasturba Gandhi Marg,

New Delhi - 110 001.

HARIG**DIRECTORS' REPORT****TO THE MEMBERS**

Your Directors are pleased to present the Fifteenth Annual Report on the business and operations of the Company together with the audited Balance Sheet as at 31st March, 1998 and the Profit and loss Account for the year ended on that date.

FINANCIAL RESULTS

During the year the total income was Rs. 1053.16 Lacs resulting in Net loss of Rs. 2155.05 lacs after providing Rs 1717.01 lacs for interest and Rs. 297 lacs for depreciation.

During the year in spite of several internationally recognised new entrants in automobile industry the general depressed market conditions in the automotive ancilliary industry continued. Additionally, the labour unrest at the factory and consequent declaration of lock-out for two months further affected the total income which dropped as compared to the previous year.

The Comparison of Actual Financial Performance for the year 1997-98 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	(Rs. in Lacs)
		Actual
Total Income	6523	928
Profit after Tax	1482	(2123)
Earning per share	Rs. 6.88	

Non-achievement of projected turnover is attributed to poor capacity utilisation of Phase II of the project on account of recession in Automobile Industry and labour problem in the plant.

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.

AUDITORS' REPORT

Regarding Note 16, delays in payments of Provident Fund and Employees State Insurance dues on few occasions were partly due to the labour unrest in the factory and partly because of deficient cash flow resulting from the recession in the market. Steps are being taken to bring the arrears up to date.

Rest of the notes referred to in the Auditors Report are self-explanatory and require no explanation.

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

Your Directors are pleased to report that the discord between management and labour as a result of go slow tactics and indiscipline of the latter in April, 1997 necessitating lock out in the company in May, 1997 was subsequently successfully resolved. In the months thereafter, the atmosphere has been cordial.

Your Directors record their deep appreciation of valuable contribution and dedicated support of employees at all levels during the year and especially towards Quality Policy.

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. Sushil Kumar and Shri. N. M. Sinha, Directors retire by rotation and being eligible offer themselves for re-election.

During the year under review Shri. D.S.Bains, Chairman of your Company resigned from the Board of Directors. Km.Nita Chowdhury Managing Director, PICUP was appointed as Director to fill in the casual vacancy so caused. Km. Nita Chowdhury has also resigned from the Board of Director on April 15th, 1998. Shri I.K. Pande 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.

DIRECTORS' REPORT & ANNEXURE**HARIG****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 for and acknowledge the cooperation and assistance extended by PICUP, IFCL, IDBI, ICICI, Bank of India,

ANNEXURE I

Statement of particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of Directors' Report.

Sl.	Name of Employee	Designation	Age	Qualifications	Gross Remuneration (Rs.)	Experience (Yrs.)	Date of joining	Last Employment/ Designation held
A.	Employed throughout the financial year under review and were in receipt of remuneration for the financial year in aggregate not less than Rs.3,00,000/-							
1.	Deshbir Singh	Managing Director	58	B.Tech(Hons) M.S.(Mech.) & Aerospace Engineering	4,49,504	32	1.10.84	Managing Director Harig India Ltd.
B.	Employed for part of the year and were in receipt of remuneration not less than Rs. 25,000/- p.m.							
2.	Indra Roy Sharma	President	59	B.Tech(Hons)	4,000 p.m.	37	1.07.97	GM(Corp. Project Planne.) Hindustan Motors Limited

Notes

- 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.
- The nature of employment in all cases is contractual in nature.

Place : NEW DELHI
Date : 25th August, 1998

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 your 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 : 25th August, 1998

Mr. DESHBIR SINGH
MANAGING DIRECTOR

Mr. B.K.GOSWAMI
DIRECTOR

for and behalf of the Board of Directors
Mr. DESHBIR SINGH
MANAGING DIRECTOR
Mr. B.K.GOSWAMI
DIRECTOR

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 behalf of the Board of Directors

Mr. DESHBIR SINGH

Managing Director

Mr. B.K.GOSWAMI

Director

Place : NEW DELHI

Date : 25th August, 1998

Annexure - Form A**Form for Disclosure of Particulars with respect to Conservation of Energy.**

	For the year ending March, 1998	For the year ending March, 1997
A. Power and Fuel Consumption		
1. Electricity		
Purchased	21.80	31.47
Unit (Lacs)	Rs.110.87	Rs.123.22
Total Amount (in Lacs)	Rs.5.08	Rs.3.92
Rate/Unit		
2. Diesel Oil		
Quantity (K.Ltrs)	388.28	606.42
Total Amount (Rs.in Lacs)	Rs.31.35	Rs.43.42
Average rate/unit	Rs.8.07	Rs.7.16
3. Furnace Oil		
Quantity (K.Ltrs)	---	---
Total Amount (Rs.in Lacs)	---	---
Average rate/unit	---	---
4. Own Generation		
Through Diesel Generator		
Units (Lacs)	0.46	0.27
Rate/Units	Rs.2.69	Rs.1.30
Cost per Unit	Rs. 5.85	Rs. 4.80
B. Consumption per unit of Production :		

	Crankshafts (per Crankshaft)			Forgings (per kg)		
	Current Year	Previous Year	Standard (if any)	Current Year	Previous Year	Standard (if any)
Electricity(KWH)	53	73	N.A.	1.60	1.97	N.A.
Diesel Oil	N.A.	N.A.	N.A.	0.47	0.57	N.A.
Furnace Oil	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

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, Metallographical Microscope and Ultrasonic flow detector, Company aims not only 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 saving 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 aims 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 therefor and future plans of action.

Import of technology by the Company is only on account of imported Plant & Machinery. Imports 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.