

16th
Annual Report
1999



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HARIG CRANKSHAFTS LIMITED

BOARD OF DIRECTORS

(As on 25th August, 1999)

| | |
|-------------------------|-------------------|
| Mr. Ganga Din Yadav | Chairman |
| Mr. Deshbir Singh | Managing Director |
| Mr. J.W. Tetteroo | |
| Mr. Anil Sharma | |
| Mr. N.S. Parulekar | |
| Mr. C.A. Venkateshwaran | |
| Mr. U.S. Shah | Nominee IDBI |
| Mr. M.M. Sikka | Nominee IFCI |
| Mr. B.K. Goswami | Nominee BIFR |
| Mr. N. Sinha | |

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 Sixteenth Annual General Meeting of the Company will be held on Tuesday, the 28th September, 1999 at 10.00 A M at Charming Meadows, A-18 Ansal Farm Villas, Satbari (Distt. 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, 1999 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. J.W. Tetteroo who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. N.S. Parulekar 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, Chartered Accountants, New Delhi, be and are hereby re-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 Ganga Din Yadav who was appointed as a Director on the Board of Directors to fill in the casual vacancy caused by the resignation of Mr. I K Pande and who 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 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, be and is hereby appointed as a Director of the Company".

6. To consider and if thought fit to pass the following resolution with or without modification(s) as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 198,269,309,310,311 read with the Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the Company hereby accords its approval for the re-appointment of Mr. Deshbir Singh as Managing Director for a period of 5 years w.e.f. 1st November, 1999, on terms and conditions including remuneration as are set out in the explanatory statement.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profit in any year the minimum remuneration will be determined as per Schedule XIII to the Companies Act, 1956.

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to take such steps as may be necessary to give effect to this resolution".

By order of the Board
for HARIG CRANKSHAFTS LIMITED

(NEELAM GUPTA)
COMPANY SECRETARY

Date : 25.8.99

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 the PINCODE NO.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday 16th September, 1999 till Tuesday, 28th September, 1999 (both days inclusive).
5. With effect from 1st November, 1999 the Registered Office of the Company is shifting to 607, Ansal Bhawan, 16 Kasturba Gandhi Marg, New Delhi-110001.
6. Unclaimed/Unpaid Refund of application money received by the Company in Public Issue in 1990 shall be credited to Investor Education and Protection Fund under Section 205(C) of the Companies Act, 1956. No claim shall lie against the Company or the Fund after transfer of money to this Fund.

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

Mr. Ganga Din Yadav was appointed as a Director on the Board of Directors of the Company with effect from 22nd April, 1999 to fill in the Casual Vacancy caused by the resignation of Mr. I K Pande and holds office upto the date of the ensuing Annual General Meeting of the Company.

Mr. Ganga Din Yadav is an IAS officer and holds at present the position of Dy. 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. Ganga Din Yadav as the candidate for the office of Director liable to retire by rotation.

None of the Directors except Mr. Ganga Din Yadav may be deemed to be concerned or interested in passing this Resolution.

Item No. (6)

At the Annual General Meeting held on 29th December, 1988, Mr. Deshbir Singh was appointed as the Managing Director of the Company. Approval of the members for his re-appointment was obtained at the Annual General Meetings held on 10th August, 1989 and 20th September, 1994.

The present term of Mr. Deshbir Singh is expiring on 31st October, 1999. At the meeting of Board of Directors held on 25th August, 1999, Board has approved his re-appointment for further period of 5 years at the remuneration detailed below:

Salary : Rs. 45,000-2,000-55,000 per month.

Perquisites : Perquisites shall be restricted to an amount equal to the annual salary or Rs. 87,500/-per month, whichever is less. Perquisites are classified into three categories 'A', 'B', & 'C' as under:

CATAGORY 'A'

- a) Housing : The expenditure by the Company, on hiring furnished accomodation subject to ceiling of 60% of the salary over and above 10% payable by him. In case no accomodation is provided by the Company, he shall be entitled to house rent allowance as above. In case accomodation is owned by the Company, 10% of his salary shall be deducted by the Company. The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962 subject to a ceiling of 10% of his salary.
- b) Medical reimbursement: Reimbursement of expenses incurred for self and family subject to a ceiling of one month salary for each year or three month's salary over a period of three years.
- c) Leave Travel Concession: Leave Travel concession for self and family once in a year incurred in accordance with the rules of the Company.
Explanation: Family means spouse, the dependent parents and the dependent children of the Managing Director.
- d) Club fees: Fees of clubs subject to a maximum of two clubs. No admission and life membership fees will be paid.
- e) Personal Accident Insurance: Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs. 4000/- p.a.

NOTICE & DIRECTORS' REPORT**HARIG****CATAGORY 'B'**

- a) Contribution towards Provident Fund and Pension/Superannuation Fund will not be considered or included for the computation of ceiling on perquisites to the extent that these either, singly or to put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity: As per the Rules of the Company, but shall not exceed one half months salary for each completed year of service.

CATAGORY 'C'

Provision of car with driver and telephone at residence, will not be considered as perquisite.

Provided further that personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to him.

Directors recommend the resolution set out at Item No. (6) of the Notice for approval of the Shareholders.

The above may be treated as notice pursuant to Section 302 of the Companies Act, 1956.

Mr. Deshbir Singh is deemed to be concerned or interested in the resolution which pertains to his appointment and remuneration payable to him.

None of the other Directors of the Company are, in any way, concerned or interested in the said resolution.

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors are pleased to present the Sixteenth Annual Report on the business and operations of the Company together with the audited Balance Sheet as at 31st March, 1999 and the Profit and loss Account for the year ended on that date.

FINANCIAL RESULTS

In the year gone by, your Company was able to hold its sales and total income to almost the same as the previous year, inspite of severe recession. During this period, the major players in the forging industry suffered a drop of 30% and more in sales.

The sales and total income of the Company for the year stood at Rs. 1012.20 lacs. The net loss of Rs. 2580.76 lacs, after providing Rs. 2238.63 lacs for interest and Rs. 296.44 lacs for depreciation does not take into account the benefits of various reliefs and concessions sought from the Financial Institutions.

The main reason for the requirement of these concessions are: —

- (i) Massive devaluation of the Rupees against Foreign Currency resulting into more than doubling the original debt liability.
- (ii) Delay of two years in obtaining power from UPSEB despite the load already being sanctioned well in advance.
- (iii) Increase in pre-operative expenses and other overheads during the longer implementation period.
- (iv) Subsequently, due to depressed market conditions, full potential of the state-of-art technology absorbed and adapted could not be achieved.

FORGING INDUSTRY SCENARIO

Since 1996-97, the economy started slowing down. The growth

rate of the automobile sector dipped to half of that of the previous year. This was the time when your Company was getting ready to enter in a big way. To make matters worse, at the same time Forgoing majors increased their capacity. This landed the Forging industry in a very difficult situation.

The impact of the above was directly visible when the capacity utilisation of the industry fell from 70% to 40% at the time when commercial vehicle sales slipped. Till recently, the capacity utilisation of the forgoing industry as a whole was 50%. For an industry that counts on utilisation, these figures have trimmed the bottom lines. During this period, we did restructuring, cut down costs and brought in efficiencies, wherever possible.

Your Company, in the first quarter of the current year achieved a much better performance, reaching more than 30% capacity utilisation level. With a silver lining by way of improvement in the general situation of the economy, particularly the automobile sector, which essentially generates the demand for forgoing products better results will follow. The Company during the first 5 months of the current financial year has achieved a sales turnover of approx. Rs. 6.5 crores, which is 41.3% more than that achieved during the same period in the previous year. These healthy developments will go a long way in improving the prospects of the Company.

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 has launched crankshafts for a LCV manufacturer and other major components

used on Tractor and HCVs. Regular supplies are being made to all major OEMs and State Road Transport Undertakings. With the market of HCVs showing signs of improvement the current year seems to be a promising year. The Company during the current financial year is scheduled to launch new products catering to the demands of heavy vehicles thereby increasing its manufacturing range.

AUDITORS REPORT

Regarding note 16, delays in payments of Provident Fund and Employees State Insurance dues on few occasions is due to deficient cash flow resulting from 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 elucidation.

YEAR 2000

The Company has initiated comprehensive steps to ensure its preparedness to deal with Y2K problems on its existing systems. The systems are Y2K compliant to the extent of 90% and are expected to be fully compliant by September, 1999.

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.

BIFR STATUS

Your Company has filled a revised proposal to BIFR for the revival of the Company. It is holding continuous discussions with all the Financial Institutions and Banks involved to settle the matter at the earliest.

PERSONNEL

Your Directors record their deep appreciation of the valuable contribution and dedicated support and co-operation received from all sections of employees.

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 J.W. Tetteroo and Shri N. S. Parulekar, Directors retire by rotation and being eligible offer themselves for re-election.

During the year under review Shri I.K. Pande, Chairman of your Company resigned from the Board of Directors on 22nd April, 1999, Shri Ganga Din Yadav Jt. Managing Director, PICUP was appointed as a Director to fill in the casual vacancy so caused

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. The Industrial Finance Corporation of India Limited (IFCI) has nominated Mr. Manmohan Sikka, GM on the board of your Company. Mr. Sushil Kumar, Nominee Director-Harig India Limited has resigned from the board consequent to his retirement from Harig India Limited.

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

There is no employee under Section 217(2A) of the Companies Act, 1956.

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 I 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.

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

Deshbir Singh
Managing Director
N.Sinha
Director

Place : New Delhi
Date : 25th August, 1999