



HARIG

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HARIG CRANKSHAFTS LIMITED

BOARD OF DIRECTORS

(As on 28th August, 2001)

Mr. Prabhat C. Chaturvedi	<i>Chairman</i>
Mr. Deshbir Singh	<i>Managing Director</i>
Mr. J. W. Tetteroo	
Mr. Anil Sharma	
Mr. N. S. Parulekar	
Mr. C. A. Venkateshwaran	
Mr. Vasudev Bablani	<i>Nominee IDBI</i>
Mr. Deepak Sinha	<i>Nominee IFCI</i>
Mr. N. Sinha	
Mr. S. M. Bathe	<i>Nominee BIFR</i>

COMPANY SECRETARY**Neelam Gupta****REGISTERED OFFICE**607, Ansal Bhawan
16, Kasturba Gandhi Marg
New Delhi-110001**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**MEMBERS MAY PLEASE NOTE****THAT NO GIFTS/COUPONS****SHALL BE DISTRIBUTED****AT THE MEETING**

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NOTICE**HARIG**

Notice is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Friday, the 28th September, 2001 at 9.30 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, 2001 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 & 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 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. Prabhat C. Chaturvedi who was appointed as a Director on the Board of Directors to fill in the casual vacancy caused by the resignation of Mr. Anup Pandey 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 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 be and is hereby appointed as a Director of the Company".

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 17, 18 and other applicable provisions of the Companies Act, 1956 and subject to the confirmation of the Company Law Board the Registered Office of the Company be shifted from 'NCT of Delhi' to the 'State of Uttar Pradesh'.

RESOLVED that subject to the confirmation of the Company Law Board, Clause II of the Memorandum of Association be altered by substituting the word "State of Uttar Pradesh" in place of "Union Territory of Delhi". AND FURTHER RESOLVED THAT the Managing Director and the Company Secretary of the Company be and are hereby authorised to file a petition before the Company Law Board and to appoint an authorised representative to appear for and represent the Company before the Board and to do all such acts, deeds and things as may be deemed necessary in the matter and to accept such modifications/alterations in the Special Resolution and the Clause II of the Memorandum of Association as may be directed by the Company Law Board while giving their approval and to modify the same accordingly."

By Order of the Board
for **HARIG CRANKSHAFTS LIMITED**

Date : 28.8.2001
Place : New Delhi

(NEELAM GUPTA)
Company Secretary

Registered Office :
607, 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 Monday, 17th September, 2001 till Friday, 28th September, 2001 (both days inclusive).

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

Mr. Prabhat C. Chaturvedi was appointed as a Director on the Board of Directors of the Company with effect from 6th November, 2000 to fill in the Casual Vacancy caused by the resignation of Mr. Anup Pandey and holds office upto the date of the ensuing Annual General Meeting of the Company.

Mr. Prabhat C. Chaturvedi 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 terms of the provisions contained in Section 257 of the Companies Act, 1956, proposing Mr. Prabhat C. Chaturvedi as the candidate for the office of Director liable to retire by rotation.

None of the Directors except Mr. Prabhat C. Chaturvedi may be deemed to be concerned or interested in passing this Resolution.

Item No. 6

The registered office of the Company is situated in a rented premises at 607, Ansal Bhawan, 16 Kasturba Gandhi Marg, New Delhi. To cut the cost of maintaining a separate office and for better utilisation of available manpower, your Company proposes to shift the registered office of the Company to its factory located at C-49, Phase-II, NOIDA, Distt. Gautam Budh Nagar, U.P.

The proposed amendment in the Memorandum of Association will enable the Company to carry on its business more economically and conveniently.

The Board of Directors of your Company solicit your approval to the Special Resolution.

None of the Directors is concerned or interested in the above Resolution.

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors are pleased to present the Annual Report for the Year 2000-01 on the business and operations of the Company together with Balance Sheet as on 31st March, 2001 and Profit and Loss Account for the year ended on that date.

FINANCIAL RESULTS

The sales and total income of the Company for the current financial year stood at Rs. 11.69 Crores and Rs.13.82 Crores as against Rs.11.64 Crores and Rs.12.98 Crores respectively for the previous year. Thus, there is an increase in total income of 6.47%.

The net loss of Rs.37.39 Crores during the period ending 31st March, 2001 is exclusive of adjustments of the negotiated settlement with the Financial Institutions. With the one time settlement, the profitability of the Company will improve substantially.

FORGING INDUSTRY SCENARIO

Our Forging Plant caters primarily to the HCV, LCV and Tractor segments of the industry. All these sectors have been experiencing slow down and fall in market demand during the last four years. Despite this, the Company has been able to maintain its sales. Notwithstanding the above, the Company has registered a 52% increase in the first Quarter of the current financial year when compared to the corresponding period of the last financial year. This is primarily due to development of new products and obtaining a larger share in the existing domestic market.

MARKETING

During the year under review, your Company has launched new products, both in forgings as well as machined crankshafts. Regular supplies are being made to all major OEMs and State Road Transport Undertakings.

With a new product range, the Company is concentrating on improving its Marketing and Sales distribution network. The Company is also enhancing business with its existing O.E. customers and establishing new customers in this segment.

DIVIDEND

Keeping in view the accumulated losses, your Directors regret their inability to recommend any dividend.

FIXED DEPOSITS

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

APPOINTMENT OF AUDITORS

M/s. J. K. Arora & Co., Chartered Accountants, hold the office until conclusion of the 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.

AUDITORS' REPORT

Regarding Note 16, delays in payments of Provident Fund and Employees State Insurance dues on a few occasions is due to deficient cash flow as a consequence of recessionary conditions 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.

BIFR STATUS

The Draft Rehabilitation Scheme, as prepared by the Financial Institutions was submitted to BIFR for approval. IDBI has raised certain objections in this Rehabilitation Scheme over the terms of sharing between the three lending institutions. However, IFCI has indicated that the One Time Settlement had been approved by representatives of the Institutions at all the 3 Senior Executive meetings. In view of the above, the BIFR Board has asked IDBI and Bank of India to consider the Proposal since IFCI and ICICI have already accepted the Draft Rehabilitation Scheme.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Energy conservation continues to be an area of major emphasis in your Company. The Company has adopted the strategy of bringing about general awareness among all its employees regarding energy conservation. Particulars with respect to conservation of energy and other areas as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report

ANNEXURE TO THE DIRECTORS' REPORT**HARIG**

of Board of Directors) Rules, 1988, are annexed hereto and form part of this report.

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 Anup Pandey, Jt. Managing Director, PICUP, Chairman of your Company resigned from the Board of Directors on 6th November, 2000 and Shri Prabhat C. Chaturvedi, 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. During the year, Mr. Deepak Sinha has been nominated by IFCI in place of Mr. Ravinder Singh, Mr. Vasudev Bablani was nominated by IDBI in place of Mr. U. S. Shah and BIFR has nominated Mr. S. M. Bathe as its Nominee on the Board of the Company.

PERSONNEL

Your Company recognises and places on record its conviction that employees are its most important and valuable asset.

During the year, none of the employees was in receipt of remuneration more than prescribed under Section 217(2A) of the Companies Act, 1956.

REPORT ON CORPORATE GOVERNANCE

Your Company has to implement Clause 49 of the Listing Agreement. The Company has already started taking all appropriate steps for evolving Corporate Governance Code to be in conformity with the prescribed conditions for being a better Business Organisation. Since 1991, the Company has an Audit Committee and hold its meetings regularly.

DIRECTORS' RESPONSIBILITY STATEMENT

The financial statements for the year ended 31st March, 2001 are in conformity with the applicable Accounting Standards and the same have been prepared on a going concern basis. The Directors accept the responsibility for the integrity and objectivity of these financial statements, as reflected through the consistent application of Accounting Policies. The Directors believe that the Financial Statements reflect a fairly true and fair view of the state of affairs of the Company as at 31st March, 2001 and of the losses of the Company.

The Directors confirm with reasonable assurance that established policies and procedures have been followed for safeguarding the assets of the Company and for preventing any other form of fraud and irregularities, subject to any limitations in any system and procedure and coverage thereof which should be recognised in weighing the assurance provided by any system of internal control.

ACKNOWLEDGEMENTS

Your Directors wish to thank and acknowledge the 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 support of the Foreign Collaborator and Harig India Limited to our Company.

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

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

for and on behalf of the Board of Directors

Deshbir Singh
Managing Director
Anil Sharma
Director

Place : New Delhi
Date : 28th August, 2001

INFORMATION AS PER SECTION 217(1)(E) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2001.

FORM 'A'

Form of Disclosure of Particulars with respect to Conservation of Energy

A. Power and Fuel Consumption	For the year ending March, 2001	For the year ending March, 2000
a. 1. Electricity		
Purchased		
Units (Lacs)	17.05	14.75
Total Amount (In Lacs)	Rs. 94.68	Rs. 107.98
Rate/Unit	Rs.5.55	Rs. 7.32
2. Diesel Oil		
Quantity (Kltrs.)	38.97	14.32
Total Amount (In Lacs)	Rs.6.28	Rs.1.95
Average Rate/Unit per ltr.	Rs.16.11	Rs.13.62
3. Own Generation		
Through Diesel Generator		
Units (Lacs)	1.35	0.50
Total Cost (Lacs)	Rs.6.28	Rs.1.95
Cost per Unit (Rs.)	Rs.4.65	Rs.3.90