

19th
Annual Report
2002



HARIG

HARIG CRANKSHAFTS LIMITED

BOARD OF DIRECTORS

(As on 31st August, 2002)

Mr. Deshbir Singh*Managing Director***Mr. J. W. Tetteroo****Mr. Anil Sharma****Mr. N. S. Parulekar****Mr. Devender Singh****Mr. Vasudev Bablani***Nominee IDBI***Mr. Rajesh Narang***Nominee IFCI***Mr. N. Sinha****Mr. S. M. Bathe***Nominee BIFR***COMPANY SECRETARY****Neelam Gupta****REGISTERED OFFICE &
WORKS**C-49, Phase II, NOIDA
Dist. 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**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 Nineteenth Annual General Meeting of the Company will be held on Friday, the 27th September, 2002 at 10.30 A.M at C-49, Noida Phase-II, Distt. Gautam Budh Nagar, U. P. to transact the following business :

ORDINARY BUSINESS

1. To consider, receive and adopt the Balance Sheet as at 31st March, 2002 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. N. Sinha who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and approve re-appointment of Auditor.

SPECIAL BUSINESS

5. 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 change in the remuneration of Mr. Deshbir Singh, Managing Director w.e.f. 1st April, 2000 till the residual period of his appointment as 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 be and are hereby authorized to alter and vary the aforesaid terms as to remuneration (including perquisites) within the ceiling limit in that behalf laid down in Schedule XIII to the Companies Act, 1956 as in force from time to time.

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."

6. Any other business with the permission of Chair.

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

Date : 31.8.2002

Place : Noida

(NEELAM GUPTA)
Company Secretary

Registered Office :

C-49, Noida Phase-II

Distt. Gautam Budh Nagar

U.P.

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 and Share Transfer Books of the Company will remain closed from Friday, 20th September, 2002 till Friday, 27th September, 2002 (both days inclusive).
4. Members who hold shares in the dematerialised form are requested to indicate without fail their DP ID and Client ID numbers in the attendance slip.
5. Members holding shares in physical form are encouraged to nominate a person to whom his shares in the Company vest in the event of his death.

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

At the Annual General Meeting held on 28th September, 1999, Mr. Deshbir Singh was reappointed as the Managing Director of the Company for a period of 5 years as set out in the said resolution. Keeping in view modifications/ changes made in Schedule XIII by the Government, it is expedient to revise the remuneration of Mr. Deshbir Singh, Managing Director as per Schedule XIII.

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval for change in the remuneration of Mr. Deshbir Singh, Managing Director w.e.f. 1st April, 2000 till the residual period of his appointment as set below :

Salary : Rs.75,000/- per month

Perquisites : Classified into three categories as detailed below:

a) Housing

The expenditure by the Company, on hiring furnished accommodation subject to a ceiling of 60% of the salary over and above 10% payable by him. In case no accommodation is provided by the Company, he shall be entitled to house rent allowance as above. In case accommodation 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 and 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.4,000/- p.a.

Category '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 Income Tax Act, 1961.

b) **Gratuity :** As per the Rules of the Company, but shall not exceed half months salary for each completed year of service.

Category 'C'

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

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. (5) 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.

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

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

Your Directors are pleased to present the Annual Report for the Year 2001-02 on the business and operations of the Company together with Balance Sheet as on 31st March, 2002 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. 16.12 Crores and Rs.18.63 Crores as against Rs.11.63 Crores and Rs.13.76 Crores respectively for the previous year. Thus, there is an increase in total income of 36%. During the period under review the PBDIT has increased from Rs.1.71 Crores to Rs.2.99 registering a growth of 75% over the last year.

The net loss of Rs.40.82 Crores during the period ending 31st March, 2002 is exclusive of adjustments of the negotiated settlement with the Financial Institutions.

FORGING INDUSTRY SCENARIO

Our Forging Plant caters primarily to the HCV, LCV and Tractor segments of the industry. The automotive sector have not shown any improvement during the last year. Despite this, the Company has been able to maintain its sales. Notwithstanding the above, the Company has registered a 20% 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.

During the year, Company has diversified into other products. The Company has entered into the field of forging Valve Bodies and Flanges of all sizes, thus reducing its dependence on the Automotive Industry.

MARKETING

During the year under review, your Company continued its drive to launch new products, both in the forging and machine form. Regular supplies are being maintained to all major OEMs and State Road Transport Undertakings as per their schedules.

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. The Company has better utilized its existing distribution/sales network by adding additional products such as camshafts, valve bodies, flanges and other forgings for the engineering industry.

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.

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 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 Anil Sharma and Shri N. Sinha, Directors retire by rotation and being eligible offer themselves for re-election.

During the year under review, Shri Prabhat C. Chaturvedi, Managing Director, PICUP, Chairman of your Company resigned from the Board of Directors on 25th May, 2002. During the period, Mr. Rajesh Narang has been nominated by IFCI in place of Mr. Deepak Sinha and PICUP has withdrawn the nomination of Mr. C. A. Venkateshwaran and has nominated Mr. Devender Singh 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

The report on Corporate Governance is enclosed in compliance with Clause 49 of the Listing Agreement.

DIRECTORS' RESPONSIBILITY STATEMENT

The financial statements for the year ended 31st March, 2002 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, 2002 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.

LISTING OF SHARES

The Company Shares are listed at Delhi Stock Exchange and Mumbai Stock Exchange. Due to the financial

constraints Company has not paid the Listing Fee to the Exchanges.

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
N. Sinha
Director

Place : Noida

Date : 31st August, 2002

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, 2002.

1. CONSERVATION OF ENERGY

The Company has over the previous years taken several steps to conserve energy wherever possible. This continues to remain area with studies, discussions and analyses being undertaken regularly for further improvements.

FORM 'A'

Form of Disclosure of Particulars with respect to Conservation of Energy

A. Power and Fuel Consumption		For the year ending March, 2002	For the year ending March, 2001
a. 1. Electricity			
Purchased			
Units (Lacs)	23.47	17.05	
Total Amount (In Lacs)	Rs. 112.52	Rs. 94.68	
Rate/Unit	Rs. 4.79	Rs. 5.55	
2. Diesel Oil			
Quantity (Kltrs.)	18.09	38.97	
Total Amount (In Lacs)	Rs. 3.25	Rs. 6.28	
Average Rate/Unit per ltr.	Rs. 18.00	Rs. 16.11	
3. Own Generation			
Through Diesel Generator			
Units (Lacs)	0.65	1.35	
Total Cost (Lacs)	Rs. 3.25	Rs. 6.28	
Cost per Unit (Rs.)	Rs. 5.00	Rs. 4.65	

ANNEXURE TO THE DIRECTORS' REPORT**HARIG****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 (Kwt)	46	48	N.A.	0.68	0.70	N.A.
Diesel Oil (Lts.)	—	—	N.A.	—	—	N.A.
Furnance Oil	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

C. TECHNOLOGY ABSORPTION**FORM 'B'**

Disclosure of Particulars with respect to absorption, research & development (R & D)

A. Research and Development (R & D)**1. Specific areas in which R & D carried out by the Company**

Research & Development is carried out for development of new products and for the improvement in the production process and quality of products.

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

The Company has improved the quality of existing products and entered into new products and has also been able to reduce the cost of production.

3. Future Plan of action

Management is committed to strengthen R & D activities to improve its competitiveness in times to come.

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.

B. 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.

C. Foreign Exchange Earnings & Outgo

During the year, Company has spend Rs.1,10,350/- in foreign exchange.