

20th

Annual Report

2003



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HARIG

HARIG CRANKSHAFTS LIMITED

BOARD OF DIRECTORS

(As on 27th August, 2003)

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
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**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 Twentieth Annual General Meeting of the Company will be held on Tuesday, the 30th September, 2003 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, 2003 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 approve appointment of Auditor.
5. Any other business with the permission of the chair.

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

Date : 27.8.2003

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 Tuesday, 16th September, 2003 till Tuesday, 30th September, 2003 (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.

TO THE MEMBERS

Your Directors are pleased to present the Annual Report for the year 2002-03 on the business and operations of the Company together with Balance Sheet as on 31st March 2003 and Profit & Loss Account for the year ended on that date.

OPERATING RESULTS

The Sales and total Income of the Company for the Current Financial Year stood at Rs. 18.34 Crores and Rs. 20.91 Crores as against Rs. 16.12 Crores and Rs. 18.63 Crores respectively for the previous year. Thus, there is an increase in total income of 12.24%.

The net loss of Rs. 45.25 Crores during the period ending 31st March 2002 is excludes of adjustment of the negotiated settlement with the Financial Institutions.

FORGING INDUSTRY SCENARIO

There is growth in Automotive Sector due to increase in GDP. Hence the demand for forging is likely to increase, as Automotive Sector is major consumer of the forging.

FUTURE OUTLOOK AND PRODUCTS

The forgings in India are proving to be more cost effective and thus the prospects of Exports from India will improve.

RISK AND CONCERNS

The availability and price of steel are causing concern to the Forging Industry.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper and adequate system of internal control to ensure that all activities are monitored and controlled against any unauthorized use or disposition of assets, and that the transactions are authorized, recorded and reported correctly.

The Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines. The Audit Committee of the Board of Directors reviews the adequacy of internal controls.

FINANCIAL PERFORMANCE

- (a) **Share Capital:** The Company issued and subscribed Share Capital consists of Equity Share Capital only. The paid up capital of the Company as at 31st March 2003 stood at Rs. 18.35 Crores.
- (b) **Reserves and Surplus:** During the period under review the reserves stood at Rs. 1.77 Crores.
- (c) **Current Assets and Liabilities:** The current assets and liabilities stood at Rs. 18.39 Crores and Rs. 7.95 Crores for the last year. The net current assets at the end of the period stood at Rs. 10.44 Crores.

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 Company Act, 1956.

APPOINTMENT OF AUDITORS

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

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

PERSONNEL

Your Company recognizes 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 as Annexure B, 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 fairly true and fair view of the state of affairs of the Company as at 31st March 2003 and the losses of the Company.

The Directors confirm with reasonable assurance that established policies and procedures have been followed for

ANNEXURE TO THE DIRECTORS' REPORT**HARIG**

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 recognized in weighing the assurance provided by any system of internal control.

LISTING OF SHARES

The Companies Shares are listed at Delhi Stock Exchange and Mumbai Stock Exchange. Due to the financial constraints Company has not paid the Listing Fee of the Exchanges.

ACKNOWLEDGEMENTS

Your Directors wish to thank and acknowledge the assistance extended by PICUP, IFCL, IDBI, and 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 continues help and support of the Foreign Collaborator and Harig India Limited to our Company.

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

The Directors are 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 : 27th August, 2003

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, 2003.

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, 2003 **For the year ending**
March, 2002

a. 1. Electricity

Purchased		
Units (Lacs)	24.54	23.47
Total Amount (In Lacs)	Rs. 131.20	Rs. 112.52
Rate/Unit	Rs. 5.35	Rs. 4.79

2. Diesel Oil

Quantity (Kltrs.)	30.25	18.09
Total Amount (In Lacs)	Rs. 5.96	Rs. 3.25
Average Rate/Unit per ltr.	Rs. 19.71	Rs. 18.00

3. Own Generation

Through Diesel Generator		
Units (Lacs)	1.09	0.65
Total Cost (Lacs)	Rs. 5.96	Rs. 3.25
Cost per Unit (Rs.)	Rs. 5.47	Rs. 5.00

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)	47.35	46	N.A.	0.51	0.68	N.A.

B. 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 product.

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.35,57,360 in foreign exchange.

SHAREHOLDERS' INFORMATION

The Companies Securities are listed at the following 2 Stock Exchanges in India :

- | | |
|---|--|
| 1. The Delhi Stock Exchange
Association Limited
(Regional Stock Exchange)
DSE House
3/1, Asaf Ali Road
NEW DELHI-110 002 | 2. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI 400 001 |
|---|--|

Note : Due to financial constraint, the annual listing fee for both the exchanges has not yet been paid.

CORPORATE GOVERNANCE**HARIG****COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Corporate Governance at HARIG assumes a great deal of importance. The driving force of Corporate Governance at HARIG are its core values- Trust in people, Entrepreneurship, Customer Orientation and the Pursuit of Excellence.

Actual management vests with a team of senior executives, led by Managing Director. They are vested with operational and financial powers through a well-structured process of delegation. The Company envisages the attainment of high level of transparency and accountability in the functioning of the Company and the conduct of its business internally and externally.

BOARD OF DIRECTORS

The board of directors manages the business of the Company. The board formulates the strategy and regularly reviews the performance of the Company against previously agreed objectives.

S. No.	Name of Director	No. of Board Meetings held		Other Directorships
		Meetings held	Attended	
1.	Shri. Deshbir Singh – Managing Director	5	5	2
2.	Shri J W Tetteroo	5	—	2
3.	Shri N S Parulekar	5	—	11
4.	Shri Anil Sharma – PICUP Nominee	5	3	10
5.	Shri Vasudev Bablani – IDBI Nominee	5	3	—
6.	Shri N Sinha	5	2	1
7.	Shri Rajesh Narang – IFCI Nominee	5	2	2
8.	Shri Devender Singh – PICUP Nominee	5	3	2
9.	Shri S M Bathe – BIFR Nominee	5	—	4

Remuneration committee has been constituted in August, 2002. During the year, no meeting of the committee was held.

AUDIT SUB COMMITTEE

The Audit Committee consists of the following independent and non-executive Directors:

1. Mr. Anil Sharma
2. Mr. Rajesh Narang
3. Mr. N S Parulekar
4. Mr. Devender Singh

The meetings of the Audit Committee are held before the Board Meetings where the accounts of the Company are considered from the view point of approval of budgets, unaudited quarterly as well as full years working results

The Company Secretary acts as the Secretary of the Audit Committee.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The committee meets once a month to look into the share transferred during the period and status of dematerialization. In addition it ensures that no complaints are pending against the Company either from any shareholder or any other authority.

All the complaints/requests received from the shareholders during the last financial year were attended/replied as and when received. There is no case of share transfer or any other correspondence pending for more than 15 days as on the date of this report.

GENERAL BODY MEETING

A. Location and time where last three AGMs were held:

S. No.	AGM Date	Location	Time
1.	28.11.2000	A 18 Ansal Farm Villas Satbari Distt. Mehrauli New Delhi 110 030	9.30 A.M.
2.	28.09.2001	A 18 Ansal Farm Villas Satbari Distt. Mehrauli New Delhi 110 030	10.00 A.M.
3.	27.9.2002	C 49 NOIDA Phase II Distt. Gautam Budh Nagar U.P.	10.30 A.M.