

**25th**

**Annual Report**

**2008**



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**HARIG**

**HARIG CRANKSHAFTS LIMITED**

**BOARD OF DIRECTORS****Mr Deshbir Singh***Chairman cum Managing Director***Mr Anil Sharma****Mr N.S Parutkar****Mr Devender Singh****Mr N Sinha****Mr. Gopal Patwardhan****Mr. Sushil Nanda****COMPANY SECRETARY****Mr. Hemant Singhal****REGISTERED OFFICE & WORKS**C-49, Phase II, Noida,  
Distt. Gautam Budh Nagar - 201 305  
Uttar Pradesh**STATUTORY AUDITORS****M/s J.K Arora & Co.**  
Chartered Accountants**BANKERS****Bank of India****REGISTRAR & SHARE TRANSFER  
AGENT****Beetal Financial & Services (P) Ltd**  
**Beetal House, 3rd Floor, 99, Madangir,**  
**Behind Local Shopping Centre,**  
**Near Dada Harsukhdas Mandir,**  
**New Delhi - 110062.****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 Twenty Fifth Annual General Meeting of HARIG CRANKSHAFTS LIMITED (the "Company") will be held on Tuesday 30<sup>th</sup> September 2008 at 11.00 A.M. at C-49, NOIDA Phase II, Dist. Gautam Budh Nagar 201 305 U.P. to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2008 and the Profit and Loss Account of the Company for the year ended on that date and the report of the Directors and the Auditor's thereon.
2. To appoint a director in place of Mr. N.S. Parulekar, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Devender Singh, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Gopal Patwardhan, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and approve appointment of Auditors.

By order of the Board  
For **HARIG CRANKSHAFTS LIMITED**

Place: NOIDA  
Date: 30.08.2008

**HEMANT SINGHAL**  
COMPANY SECRETARY

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY (IS) 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 HOLDING THE MEETING.
2. The Members are requested to notify change in their addresses, if any, specifying clearly the PIN CODE No.
3. The Register of Members and Share Transfer Books of the Company relevant thereto shall remain closed from Thursday 25th September 2008 till Tuesday 30<sup>th</sup> September 2008 (both days inclusive).
4. Members who hold shares in the dematerialized form are requested to indicate without fail their DP ID and Client ID Numbers in the attendance slip.
5. Members holding shares in the physical form are encouraged to nominate a person to whom his shares in the company shall vest in the event of his death.
6. Members are requested to affix their signature at the space provided on the attendance slip annexed to the proxy form and hand over the slip at the entrance to the place of the meeting.
7. As the Equity Shares of the Company of the nominal value of Rs. 10/- each has been sub-divided into 10 (Ten) Equity Shares of Re. 1/- each, the members who hold the shares in physical form are requested to surrender their share certificates to Beetal Financial & Services Pvt. Limited (Registrar & Transfer Agent of the Company) for getting new share certificates issued in lieu of the old certificates consequent upon the split of equity shares.

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

Your Directors are pleased to present the Annual Report for the year 2007-08 on the business and operations of the Company together with Balance Sheet as at 31<sup>st</sup> March 2008 and Profit and Loss Account for the year ended on that date.

**OPERATING PERFORMANCE**

|  | 2007-08 | (Rs. in Lacs)<br>2006-07 |
|--|---------|--------------------------|
| Total Income                           | 4247.85 | 5603.87                  |
| Operating Profit                       | 661.30  | 728.56                   |
| Less: Interest                         | 248.10  | 173.51                   |
| Cash Accruals                          | 413.20  | 555.05                   |
| Less: Depreciation                     | 307.66  | 299.68                   |
| Profit before Tax                      | 105.54  | 255.37                   |
| Provision for Taxation (including FBT) | 13.84   | 3.43                     |
| Profit after Tax                       | 91.70   | 251.94                   |

During the year under review the company achieved operating profit of Rs. 661.30 lacs and the net profit for the year was Rs. 91.70 lacs. The domestic sales of vehicles decelerated in 2007-08 after a period of robust growth in the previous years. The sharp increase in interest rates over the last one year has impacted the growth. **The spiralling steel prices and decision of automobile majors to produce components in-house, adversely affected the offtake in the last quarter of the financial year.**

**FUTURE OUTLOOK AND PROSPECTS**

India is being looked as the next manufacturing hub for auto components by leading automobile manufacturers, on account of cost effective supplies. The medium term outlook for the automotive industry remains positive with the vehicle market expected to grow at around 10% over the next 5 years. This augurs well for your company. The new crankshaft machining line imported from Daimler Chrysler, USA comprising of Ingersol Broaching, Deburring Robot, Landis Multiwheel Grinders, Micro Finishing Lapping, Mass Centering, CNC Turning and Moore Inspection equipments, is likely to be operational by October 2008.

However, the availability and price of steel are the major cause of concern for the industry.

**DIRECTORS**

Mr. J.W. Tetterroo ceased to be a Director with effect from 29<sup>th</sup> September 2007. Your Board places on record its appreciation of the services rendered by Mr. Tetterroo during his association with the company.

Mr. N.S. Parulekar, Mr. Devender Singh and Mr. Gopal Patwardhan, Directors retire by rotation and being eligible offer themselves for re-election.

**AUDITORS AND AUDITORS' REPORT**

M/s. J.K. Arora & Co. Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and have signified that they are eligible for re-appointment.

The observations of the auditors have been explained by way of notes to accounts.

**PERSONNEL**

During the year, none of the employee was in receipt of remuneration as prescribed under section 217(2A) of the Companies Act, 1956. The industrial relations during the year remained cordial.

**REPORT OF DIRECTORS & MANAGEMENT DISCUSSION****HARIG****DIRECTORS RESPONSIBILITY STATEMENT**

Your Directors' declare:

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and Fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.
3. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
4. that the directors had prepared the annual accounts on a going concern basis.

**ACKNOWLEDGEMENTS**

Your Directors" place on record the assistance extended by All India Financial Institutions, Banks, PICUP, the Central and State Government of Uttar Pradesh, and customers of the company.

Your Directors are grateful to the shareholders for their continued support.

For and on Behalf of the Board

Place: NOIDA  
Dated: 30.08.2008

**DESHBIR SINGH**  
CHAIRMAN & MANAGING DIRECTOR

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**HARIG****ANNEXURE TO THE DIRECTOR REPORT**

INFORMATION AS PER SECTION 217(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 31<sup>ST</sup> MARCH, 2008.

**1. Conservation of Energy**

- A. The Company has over the previous years taken several steps to conserve energy wherever possible. This continues to remain area with studies, discussions and analysis being undertaken regularly for further improvements.
- B. The induction heaters installed on the press line are more efficient and will have lower power consumption per kg, and shall also save fuel cost.

**FORM 'A'**

Form of disclosure of Particulars with respect to Conservation of Energy.

**A Power and Fuel Consumption**

| For the year ending<br>March 2008         |    |                            |                     | For the year ending<br>March, 2007 |                      |                  |
|---|----|----------------------------|---------------------|------------------------------------|----------------------|------------------|
| a   | 1. | Electricity Purchase       |                     |                                    |                      |                  |
|   |    | Units (Lacs)               | 34.04               |                                    |                      | 44.39            |
|   |    | Total/Amount (Rs. In Lacs) | 195.66              |                                    |                      | 203.80           |
|   |    | Rate /Unit                 | 5.75                |                                    |                      | 4.57             |
|   | 2. | Diesel Oil                 |                     |                                    |                      |                  |
|   |    | Quantity (Kltrs.)          | 0.60                |                                    |                      | 0.67             |
|   |    | Total Amount (Rs. In Lacs) | 19.92               |                                    |                      | 21.91            |
|   |    | Average Rate/unit per ltr. | 33.20               |                                    |                      | 32.70            |
| b. Consumption per unit of Production     |    |                            |                     |                                    |                      |                  |
| Machined Crankshafts<br>(per Crankshafts) |    |                            | Forgings (Per k.g.) |                                    |                      |                  |
|   |    | Standard<br>(if Any)       | Current<br>Year     | Previous<br>Year                   | Standard<br>(if any) | Current<br>Year  |
|   |    |                            |                     |                                    |                      | Previous<br>Year |
|   |    | Electricity (Kwt)          | 178.60              | 180.50                             | -                    | 2.25             |
|   |    |                            |                     |                                    |                      | 2.48             |

**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 products.
- Improvement actions are being taken to reduce the number of billets that are heated but not forged (commonly called drop outs). These actions will be given by the introduction and adherence to the correct process controls.
- Greater emphasis will be given to making quality parts that will not require additional operations (elimination re-work).
- All dies and tooling designs will be interrogated to identify ways to improve yield and reduce the number of defectives being produced.
- Training will be given to all employees associated with the production process in order that they can contribute to the reduction in waste, improvement in quality and productivity.
- Preventive maintenance will be carried out to reduce lost time and identify when corrective actions will be required.

**ANNEXURE TO THE DIRECTOR REPORT****HARIG****2. Benefits derived as a results of the above R & D**

- (a) 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.
- (b) Die life improvement and less die cost per ton.
- (c) Reduction in set up time and contingencies planning.

**3. Future Plan of Action**

- (a) The Management is committed to strengthen R & D activities to improve its competitiveness in times to come.
- (b) Promote a team working culture.
- (c) Create a total quality approach.
- (d) Provide a safe and ordered working environment.
- (e) Encourage ideas and invention at all levels of the work force.
- (f) Make quality parts in required numbers, on time, at the right cost.
- (g) Gas fired heat treatment furnace which shall result in cost benefit to the company.

**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 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.

**C. Technology Absorption, Adoption and Innovation****1. Efforts in brief, made towards technology absorption, adaptation and innovation**

- (a) The company has continued with its efforts to absorb the Press Forgings 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.
- (b) Fully automated line for crankshaft machining has been imported from Daimler Chrysler, USA. The training of operators is in-house.

**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 process, the efforts shall result in optimization of Raw Material utilization, lesser machining time, consequent reduction in energy consumption, better metallurgical properties, significant reduction in cost of production and also consumer satisfaction.

**C. Foreign Exchange Earnings & Outgo**

During the year, the Company has spent Rs. 16805/- (Traveling) and earned Rs. 1922268/-, in foreign exchange.

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

The Company has always been committed to the system of good corporate governance. The company acknowledges that there are three key aspects of Corporate Governance viz., accountability, transparency and equality of treatment for all stakeholders and has identified the roles and responsibilities and also the rights of the three constituents of Corporate Governance viz., the Shareholders, the Board of Directors and Management which would enhance shareholder value.

Adequate financial reporting and disclosures are the corner stones of good corporate governance. The Company has been disclosing information on issues concerning the Company's performance from time to time.

**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 |          | Other directorship |
|-------|--|-----------------------|----------|--------------------|
|       |  | Held                  | Attended |                    |
| 1.    | Shri Deshbir Singh MD Executive Promoter         | 5                     | 5        | -                  |
| 2.    | Shri J.W. Tetteroo (independent Non Executive) * | 3                     | -        | -                  |
| 3.    | Shri N.S. Parulekar (Independent Non Executive)  | 5                     | -        | 5                  |
| 4.    | Shri Anil Sharma (Independent Non Executive)     | 5                     | 1        | 4                  |
| 5.    | Shri N. Sinha (Independent Non Executive)        | 5                     | 4        | -                  |
| 6.    | Shri Devender Singh (Nominee PICUP)              | 5                     | -        | 3                  |
| 7.    | Mr. Sushil Nanda (Independent Non Executive)     | 5                     | 5        | -                  |
| 8.    | Mr. Gopal Patwardhan (Independent Non Executive) | 5                     | 1        | 11                 |

- Ceased to be a Director with effect from 29.09.2007

During the year no meeting of Remuneration Committee was held.

**AUDIT SUB COMMITTEE**

The Audit Committee consists of the following Directors:

1. Mr. Anil Sharma Independent & Non Executive Director
2. Mr. N. Sinha Independent & Non Executive Director
3. Mr. N.S. Parulekar Independent & Non Executive Director
4. Mr. Devender Singh Non Executive Director

The Audit Committee of the Company met four times during the financial year ended March 31, 2008.

Meeting of the Audit Committee are held just before the Board Meeting where the accounts of the Company are considered from the view point of approval of budgets, unaudited quarterly as well as whole years working results.

Terms of reference of the Audit Committee as per the guidelines set out in the listing agreements with the Stock Exchange and also as per Section 292A of the Companies Act. It interalia also include the overview of the Company's financial reporting processes, review of the half yearly and annual financial statements, the adequacy of internal control system, the financial and risk management policies etc.

The Managing Director, Statutory Auditor, Internal Auditors are invitees to the Audit Committee Meeting. The Company secretary was in attendance at these meetings.

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 shares 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 30 days as on the date of this report.