

**26th**

**Annual Report**

**2009**



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**HARIG**

for Harig Crankshafts Limited

Authorised Signatory

**HARIG CRANKSHAFTS LIMITED**

## BOARD OF DIRECTORS

Mr Deshbir Singh

*Chairman cum Managing Director*

Mr Anil Sharma

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  
E-mail: [harig@harigcrankshafts.com](mailto:harig@harigcrankshafts.com)

## 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.  
Tel.: 011-29961281  
E-mail : [beetal@beetalfinancial.com](mailto:beetal@beetalfinancial.com)

**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 Sixth Annual General Meeting of HARIG CRANKSHAFTS LIMITED (the "Company") will be held on Wednesday 30<sup>th</sup> September 2009 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 consider, receive and adopt the Balance Sheet as at 31<sup>st</sup> March, 2009 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. Anil Sharma, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Sushil Nanda, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. N. Sinha, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and approve appointment of Auditors.

**SPECIAL BUSINESS**

6. To consider, and if thought fit, to pass with or without modification the following Resolution as a SPECIAL 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 and subject to the approval of the Central Government, if applicable, the Company hereby accords its approval for re-appointment of Mr. Deshbir Singh as Managing Director for a period of five years w.e.f. 1<sup>st</sup> November 2009 at remuneration as set below:

Salary : Rs. 1,50,000 per month

Perquisites : Classified in to three Categories A, B and C as detailed

**Category 'A'**

- 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 subject to a ceiling of 10% of the 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 dependant 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.

**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 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.

## Category 'C'

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

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

FURTHER RESOLVED that in the event of loss or inadequacy of profit in any financial year he shall be entitled to receive the aforesaid remuneration as the minimum remuneration as per the Companies Act, 1956.

FURTHER RESOLVED that if in any financial year, during the tenure of Mr. Deshbir Singh as Managing Director, the Company has inadequate profits as computed under the applicable provisions of the Companies Act, 1956 notwithstanding the above, Mr. Deshbir Singh shall be entitled to receive remuneration in accordance with provisions of Section 198, 390, 349 and 350 of the Act.

FURTHER RESOLVED that the Board of Directors and / or its committee be and are hereby authorized to regulate the payment of remuneration to Mr. Deshbir Singh from time to time within the aforesaid limits.

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

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

Place: NOIDA  
Date: 31.08.2009

**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. Explanatory statement pursuant to Section 173 (2) of the Companies Act 1956 in respect of item No. 6 is annexed herewith.
3. The Members are requested to notify change in their addresses, if any, specifying clearly the PIN CODE No.
4. The Register of Members and Share Transfer Books of the Company relevant thereto shall remain closed from Tuesday 29<sup>th</sup> September 2009 till Wednesday 30<sup>th</sup> September 2009 (both days inclusive).
5. 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.
6. 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.
7. 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.
8. 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.
9. Relevant details, in terms of Clause 49 of the Listing Agreement in respect of the Directors retiring by rotation and proposed to be re-appointed are as under:
  - (a) Mr. Anil Sharma, 61 years is an Engineer by profession and was Deputy General Manager (Projects) with PICUP. He has rich and varied experience of Project Management and has been associated with the Company since 1991.
  - (b) Mr. Sushil Nanda, 70 years is an Engineer by profession and has held various positions at senior level in leading public sector undertakings. Mr. Nanda has vast experience in management of large undertakings and has been associated with the Company since 2006.

- (c) Mr. N. Sinha, 76 years is an Engineer by profession and has been associated with various private sector enterprises in automobile applications. Mr. N. Sinha has been a Director of the Company since 1991.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 6

The present term of Mr. Deshbir Singh as Managing Director is terminating on 31<sup>st</sup> October 2009. The Remuneration Committee at its meeting held on 31<sup>st</sup> August 2009 has recommended his re-appointment for another period of 5 years with effect from 1<sup>st</sup> November 2009. Further, subject to the approval of Central Government and other authorities as required under the Companies Act, 1956 and other enactments, the remuneration as set out in the resolution was approved for recommendation to the shareholders.

The Board recommends the resolution for the approval of shareholders.

None of the Directors except Mr. Deshbir Singh shall be deemed to be concerned or interested in the resolution. This may also be treated as an abstract of terms of appointment of Mr. Deshbir Singh as Managing Director of the Company under Section 302 of the Companies Act, 1956.

The following disclosures are made in terms of appointment and payment of remuneration to Mr. Deshbir Singh as a Managing Director.

#### GENERAL INFORMATION ABOUT THE COMPANY

##### A) Nature of Industry

The Company is an auto ancillary manufacturing company. It mainly manufactures forged and machined crankshafts, stub axles and other automotive parts.

##### B) Commercial Production

The Company started commercial production in two phases. First phase started its commercial production in 1992 whereas second phase started its commercial production in 1995. The Company is in the process of expanding its Crankshafts Machining line by installing the most modern technology available.

##### C) Financial Performance

The Company has been increasing its turnover and profits regularly under the management of the Managing Director.

##### D) Export Performance

The company mainly exports through indirect export.

#### PROFILE OF APPOINTEE

Shri Deshbir Singh, aged 69 years is B. Tech (Hons) Mech IIT, Kharagpur and MS (Mech. & Aerospace), IIT Chicago, has over 45 years of experience in Engineering Automotive Industry, both in India and USA. He is considered as authority in his sphere of activity. Besides, he has been a member of various Governments and non-Government bodies like CII etc in his sphere of activity. He has been the main driving force in the setting up of the Company

#### Past Remuneration:

The Central Government has approved remuneration of Rs. 1,50,000 per month (Rupees One lac fifty thousand) during the year 2008-09 inclusive of perquisites and benefits, for the period from 1.11.04 to 31.10.09

#### Proposed Remuneration:

The details of proposed remuneration is given in the resolution.

#### Comparison with industry:

The remuneration of Managing Director is based on a pricing program that takes in to account both market practice as well as internal business consideration. From market viewpoint, the Company has positioned the remuneration package in line with other organizations and internal responsibility and competency levels form the basis of remuneration.

#### Other information:

The company was incurring loss due to high cost debts of the Financial Institutions. However, with the 'One Time Settlement' with all the Financial Institutions and with the induction of funds by way of preferential allotment for repayment of high cost debts and infusion of working capital, growth in the sales of the Company as well as increase in the profitability of the company is expected in near future.

The resolutions set as above may be considered accordingly. The Board of Directors recommends the same for your approval.

**TO THE MEMBERS**

Your Directors are pleased to present the Annual Report for the year 2008-09 on the business and operations of the Company together with Balance Sheet as at 31<sup>st</sup> March 2009 and Profit and Loss Account for the year ended on that date.

**OPERATING PERFORMANCE**

	<b>(Rs. In Lacs)</b>	
	<b>2008-09</b>	<b>2007-08</b>
Total Income	2011.84	4247.85
Operating Profit	208.68	661.30
Less: Interest	297.36	248.10
Cash Accruals	-88.68	413.20
Less: Depreciation	308.09	307.66
Profit/Loss before Tax	-396.77	105.54
Provision for Taxation (including FBT)	3.32	13.84
Profit/Loss after Tax	-400.09	91.70

During the year under review, the auto industry witnessed turbulent times, which affected the performance of automobile majors, and cheaper import of crankshafts from China. Your Company also suffered on account of decline in demand due to these factors. The Government of India also imposed dumping duty on cheap crankshafts import. The Government of India announced stimulus packages for revival of the industry and the demand for vehicles and auto components is reviving.

**FUTURE OUTLOOK AND PROSPECTS**

With the announcement of stimulus packages by the Government of India the automobile industry is showing signs of revival and outlook for the next couple of years remains positive. The new crankshafts machining line is likely to commence commercial production by January 2010, and shall improve the profitability of the Company.

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

**DIRECTORS**

Your Directors deeply condole the demise of Mr. N.S. Parulekar and accordingly he has ceased to be a Director of the Company. Your Board places on record its appreciation of the services rendered by Mr. Parulekar during his association with the company.

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

Mr. Deshbir Singh, Managing Director is proposed to be reappointed as Managing Director for a further period of 5 years with effect from 1<sup>st</sup> November 2009.

**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.

**DIRECTORS REPORT****HARIG****DIRECTORS RESPONSIBILITY STATEMENT**

our 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  
**DESHBIR SINGH**  
**CHAIRMAN & MANAGING DIRECTOR**

Place: NOIDA

Dated: 31.08.2009

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**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 March 2009	For the year ending March 2008
a 1. Electricity Purchase		
Units (Lacs)	28.41	34.04
Total/Amount (Rs. In Lacs)	163.88	195.66
Rate /Unit	5.77	5.75
2. Diesel Oil		
Quantity (Kltrs.)	0.68	0.60
Total Amount (Rs. In Lacs)	24.39	19.92
Average Rate/unit per ltr.	35.87	33.20

**b. Consumption per unit of Production**

	Machined Crankshafts (per Crankshafts)			Forgings (Per k.g.)		
	Standard (if Any)	Current Year	Previous Year	Standard (if any)	Current Year	Previous Year
Electricity (Kwt)		180.60	178.60	-	2.37	2.25

**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**

- (a) Research & Development is carried out for development of new products and for the improvement in the production process and quality of products.
- (b) 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.
- (c) Greater emphases will be given to making quality parts that will not require additional operations (elimination of the work).
- (d) All dies and tooling designs will be interrogated to identify ways to improve yield and reduce the number of defectives being produced.
- (e) 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.
- (f) Preventive maintenance will be carried out to reduce lost time and identify when corrective actions will be required.



**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. 11,53,552/- (previous year Rs. 16,805/-) (Traveling) and earned Rs. 4,71,770/- (previous year Rs. 1922268/-), in foreign exchange.